

**SANTA CRUZ COUNTY
BOARD OF SUPERVISORS INDEX SHEET**

Creation Date: 9/15/08

Source Code: CAOXX

Agenda Date: 9/23/08

INVENUM: 61450

Resolution(s): 223-2008

Ordinance(s):

Contract(s):

Continue Date(s): [1] 11/18/08

Index: --Letter of the County Administrative Office of September 14, 2008
--Resolution Accepting and Appropriating Unanticipated Revenue
--Attachment 1: Transfer of Responsibility
--Attachment 2: Transfer of Responsibility agreements
--Attachment 3: Joint Declaration of the **AOC**

Item: 12. ACCEPTED AND FILED report on Phase 1 of the Court Facility transfer process; approved various transfer agreements with the Administrative Office of the Court (AOC) for the Juvenile Court, Jail Court, and for leased court office space located at 303 Water Street; adopted RESOLUTION NO. 223-2008 accepting and appropriating unanticipated revenue in the amount of \$15,601 from the Administrative Office of the Courts for reimbursement for the Juvenile Court facility related costs; approved a Joint Declaration that provides for an extension of the transfer agreements for the Main Courthouse, the Court occupied space in the County Administration Building, and the new Watsonville Courthouse to December 31, 2008; and approved related actions, including a report back on or before November 18, 2008 with the Phase 2 transfer agreements for the remaining Court facilities, as recommended by the County Administrative Officer



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073

(831) 454-2100 FAX: (831) 454-3420 TDD: (831) 454-2123

SUSAN MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

September 14, 2008

APPROVED AND FILED
BOARD OF SUPERVISORS

DATE: 9/23/08
COUNTY OF SANTA CRUZ
SUSAN A. MAURIELLO

Agenda: September 23, 2008

EX-OFFICIO CLERK OF THE BOARD

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

BY *Alicia Mauriello*
JEDP

COURT FACILITY TRANSFER

Dear Members of the Board,

The purpose of this report is to recommend approval for the first phase of transfer agreements that are required to transfer responsibility for the maintenance of all local trial court facilities from the counties to the State. As your Board is aware, County staff has been working for some time with staff from the Administrative Office of the Court (AOC) on the specifics of the transfer agreements.

BACKGROUND

By way of brief background, Senate Bill 1732 (Escutia 2002), the Trial Court Facilities Act of 2002 (the Act), set out a framework and procedures for transferring responsibility for court facilities from the counties to the State through negotiated transfer agreements. Senate Bill 1732 was jointly sponsored by the California State Association of Counties (CSAC) and the AOC and represented the third and final step in centralizing responsibility and authority for court operations, court employees, and court-related facilities with the State.

The facility transfer is modeled after the court operations transfer that was concluded in 1998. Provisions are similar, in that it is intended to be revenue neutral for counties, with an annual maintenance of effort county facility payment (CFP) that is based upon the County's historic costs for maintenance, utilities, and other facility related costs indexed to the date of transfer. The CFP's are developed by counties, and require approval by the AOC and the State Department of Finance (DOF). Once the transfers are approved, the State assumes all costs for maintenance, improvements, building equipment, etc. for the Court exclusive use areas and their share of the common areas of any shared use buildings.

The Act provides for transfer agreements to take many forms, with the most common being a Transfer of Responsibility (TOR) that is primarily used for shared use buildings where the County and the Court occupy separate areas (Court or County exclusive use areas) of the same building. This is the most common arrangement statewide and, with the exception of the new Watsonville Courthouse, is true in Santa Cruz County. Arrangements for joint occupancy in shared use buildings are managed through a Joint Occupancy Agreement (JOA), which defines the basic management structure for day-to-day and long-term facility related activities. Where the building is a stand alone, or solely occupied court facility, the law provides for a transfer of Title (TOT) agreement, which transfers the fee title to the State, unless the building is historic or encumbered for debt.

Senate Bill 1732 envisioned that transfers statewide would be concluded before June 30, 2007; however, an array of challenges and transactional complexities impeded the successful execution of transfer agreements within the original timeframe. Many of the issues that were identified during the early transfer stages required legislative resolution and thus a number of follow-up bills were enacted as technical clean-up measures. Most recently, Assembly Bill 1491 (Jones 2008) was enacted to extend the transfer deadline to December 31, 2009. The bill also established interim dates for transfers, or "tiers", that provide "incentives" for transfers through the application of inflators to the County CFP. Importantly, Assembly Bill 1491 also established a process to extend the transfer agreement deadline through mutual agreement between the County and the AOC, which suspends the "inflator". This will apply in Santa Cruz County for the major Court facilities as described below.

At this time we are recommending that your Board approve Phase 1 of the transfer process, which includes:

- ✓ A Transfer of Responsibility (TOR) agreement and a Joint Occupancy Agreement (JOA) for the Juvenile Court at the Probation Center on Graham Hill Road (Attachment 1). These agreements are based on templates that the AOC is using for facilities statewide and are then modified for each facility as required. The agreements have been carefully reviewed and negotiated by County Counsel and County Administrative Office staff with the AOC and they will serve as templates for the larger facilities. Provisions included in these agreements reflect and provide greater detail for the policies set forth in the Act. These include:
 - the County acting as the managing party for the facility, including the common areas, parking lot and grounds;
 - the Court's responsibility to pay for all maintenance, equipment and utilities for the Court exclusive use area;
 - provisions for payment of shared costs for common area expenses;
 - procedures for emergencies and replacement of damaged facilities;
 - provisions for compensation of equity rights and relocation costs if the County exercises its right to require the Court to vacate the property;
 - procedures for mediation and dispute resolution as provided in the Act; and,
 - certification of the annual CFP for the Juvenile Court at \$15,601.

With regard to the CFP amount, the TOR contemplates approval of this amount by the DOF since the County's methodology has already been approved by the DOF. Should DOF require a modification of the amount, or is unable to approve the CFP by September 30, 2008, we will return to your Board with an amendment to the agreement. A resolution

accepting and appropriating unanticipated revenue in the amount of \$15,601 into Index 451000- Contribution to the Superior Court- is included in Attachment 1 and will provide for the quarterly payments of the CFP and the receipt of reimbursement from the State for the Court exclusive use area and share of the common area expenses.

- ✓ Modified TOR agreements for the Jail Court at the Water Street Main Detention Facility (Attachment 2) and for a small court office space located at 303 Water Street, which is part of a larger leased space for the Probation Department (Attachment 3). These agreements provide for the County to continue maintenance responsibilities for these smaller court facilities until a later date to maintain greater efficiency for the County and the local Court. Under these modified agreements, the County will not pay the CFP's until such time as the State takes over the responsibility for these facilities. The CFP's are \$11,494 for the Jail Court and \$7,234 for the lease space.
- ✓ A Joint Declaration of the AOC and the County that provides for an extension of the transfer agreements for the Main Courthouse, the Court occupied space in the County Administration Building, and the new Watsonville Courthouse to December 31, 2008 (Attachment 4). These are the largest of the facilities and the most complex, but we anticipate completing these transfer agreements by mid-November 2008. A significant amount of work on the transfer and occupancy agreements has been completed to date and all CFP calculations have been submitted to the AOC for their review.

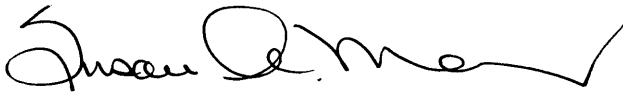
With your Board's approval of the transfer agreements and the Joint Declaration, the County will have successfully completed Phase 1 of the Court Facility transfer process. Our office would like to extend our appreciation for the work to date to the Court Facility Transfer Team: County Counsel Dana McRae, General Services Director Gerry Dunbar and his staff Carol Johnson, Auditor-Controller Mary Jo Walker, Real Property Chief Ken Hill, and Carol Girvetz, Assistant County Administrative Officer.

It is therefore Recommended that your Board:

- 1) Accept and file this report on Phase 1 of the Court Facility transfer process;
- 2) Approve a Transfer of Responsibility (TOR) agreement and a Joint Occupancy Agreement (JOA) for the Juvenile Court at the Probation Center on Graham Hill Road;
- 3) Adopt a resolution accepting and appropriating unanticipated revenue from the State in the amount of \$15,601 for the Juvenile Court County Facility Payment (CFP) and for receipt of State reimbursement for the Juvenile Court facility-related costs;
- 4) Approve modified Transfer of Responsibility (TOR) agreements for the Jail Court at the Water Street Main Detention Facility and for leased court office space located at 303 Water Street;
- 5) Approve a Joint Declaration of the AOC and the County that provides for an extension of the transfer agreements for the Main Courthouse, the Court occupied space in the County Administration Building, and the new Watsonville Courthouse to December 31,2008;

-
- 6) Authorize the Chairperson of the Board to sign these documents on behalf of the County; and,
 - 7) Direct the County Administrative Office to return with the Phase 2 transfer agreements for the remaining Court facilities on or before November 18, 2008.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

cc. Superior Court
Auditor-Controller
County Counsel
General Services
Real Property
Administrative Office of the Court (AOC); Attn: Denny Jones and Charles Martel, Esq.

SAM/CHG/H:\COURTS\StateTransferFacilities\Transfer1BdLtr092308.doc

LIST OF ATTACHMENTS

ATTACHMENT 1—

- Transfer of Responsibility (TOR) agreement and a Joint Occupancy Agreement (JOA) for the Juvenile Court at the Probation Center on Graham Hill Road
- Aud-60- Resolution accepting and appropriating unanticipated revenue from the State in the amount of \$15,601 for the Juvenile Court County Facility Payment (CFP) and for receipt of State reimbursement for the Juvenile Court facility-related costs

ATTACHMENT 2—

- Transfer of Responsibility (TOR) agreements for the Jail Court at the Water Street Main Detention Facility and for leased court office space located at 303 Water Street

ATTACHMENT 3—

- Joint Declaration of the AOC and the County that provides for an extension of the transfer agreements for the Main Courthouse, the Court occupied space in the County Administration Building, and the new Watsonville Courthouse to December 31, 2008

**BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA**

Resolution No. 223-2008

On the motion of Supervisor Beautz
Duly seconded by Supervisor Campos
The following resolution is adopted:

RESOLUTION ACCEPTING AND APPROPRIATING UNANTICIPATED REVENUE

Whereas, the County of Santa Cruz is a recipient of funds from **the State of California-Administrative Office of the Court (AOC)** for reimbursement for **the Juvenile Court facility related costs (CFP)**; and

WHEREAS, THE County is the recipient of funds in the amount of **\$15,601** which are either in excess of those anticipated or are not specifically set forth in the current fiscal year budget of the County; and

WHEREAS, pursuant to Government Code Section 29130 (c) I29064 (b), such funds may be made available for specific appropriation by four-fifths vote of the Board of Supervisors;

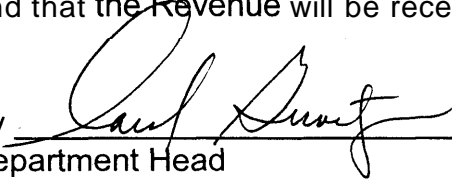
NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller accept funds in the amount of **\$15,601** into Index 451000- General Fund Contribution to the Superior Court:

<u>T/C</u>	<u>Index Number</u>	<u>Revenue Subobject Number</u>	<u>Account Name</u>	<u>Amount</u>
	451000	0840	State- Trial Court	\$15,601

and that such funds be and are hereby appropriated as follows:

<u>T/C</u>	<u>Index Number</u>	<u>Expenditure Subobject Number</u>	<u>PRJ/UCD</u>	<u>Account Name</u>	<u>Amount</u>
	451000	5185		Co. Ct. Fac.Payment	\$15,601

DEPARTMENT HEAD I hereby certify that the fiscal provisions have been researched and that the Revenue will be received within the current fiscal year.

By 
Paul Smith
Department Head

Date 9/16/08

COUNTY ADMINISTRATIVE OFFICER / [Signature] / Recommended to Board

/ Not recommended to Board

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 23rd day of September, 2008 by the following vote (requires four-fifths vote of approval):

AYES: SUPERVISORS Beautz, Coonerty, Campos, Stone & Pirie

NOES: SUPERVISORS None

ABSENT: SUPERVISORS None

ELLEN PIRIE

Chair of the Board

ATTEST:

TESS FITZGERALD

Clerk of the Board

APPROVED AS TO FORM:

[Signature]
County Counsel

APPROVED AS TO ACCOUNTING DETAIL:

[Signature] 9/16/08
Auditor-Controller

Distribution:

Auditor-Controller
County Counsel
County Administrative Officer
Originating Department

STATE OF CALIFORNIA) ss
COUNTY OF SANTA CRUZ)
I, SUSAN A. MAURIELLO, County Administrative Officer and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California do hereby certify that the foregoing is a true and correct copy of the resolution passed and adopted by and entered in the minutes of the said board. In witness whereof I have hereunto set my hand and affixed the seal of the said Board on <u>September 26</u> , 20 <u>08</u>	
SUSAN A. MAURIELLO, County Administrative Officer	
By <u>[Signature]</u>	Deputy

Facility # 44-D1

Building Name: Juvenile Court

Building Address: 3650 Graham Hill Road, Santa Cruz, CA 95066

0030

**TRANSFER AGREEMENT
BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE COURTS,
AND THE COUNTY OF SANTA CRUZ
FOR THE TRANSFER OF RESPONSIBILITY FOR COURT FACILITY**

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TRANSFER AGREEMENT

1. PURPOSE

The Judicial Council of California (“**Council**”), Administrative Office of the Courts (together, the “**AOC**”), and the County of Santa Cruz (“**County**”), set forth the terms and conditions for the transfer of responsibility for funding and operation of the trial court facility commonly known as the Juvenile Court.

2. BACKGROUND

The Lockyer-Isenberg Trial Court Funding Act of 1997, AB 233 (Escutia and Pringle) provides for transfer of the primary obligation for funding of court operations from the counties to the State. The restructuring of funding for trial court operations accomplished by the Lockyer-Isenberg Trial Court Funding Act of 1997 ended a dual system of county and state funding of, and created a more stable and consistent funding source for, trial court operations. The Trial Court Facilities Act of 2002 was adopted to provide for the transfer of responsibility for funding and operation of trial court facilities from the counties to the AOC. The Parties enter into this Agreement to implement the provisions of the Act as it exists on the Effective Date.

3. DEFINITIONS

“**Act**” means the Trial Court Facilities Act of 2002 (Government Code sections 70301-70404) as of the Effective Date.

“**Agreement**” means this Transfer Agreement, together with the attached Exhibits.

“**AOC Authorized Signatory**” means the AOC’s Senior Manager, Business Services, Grant Walker.

“**BI Documents**” means the instruments and agreements evidencing or securing any Bonded Indebtedness that the County may cause to be issued at any time on or after the Closing Date in compliance with section 4.3.15 of this Agreement and the terms of the Act.

“**Bonded Indebtedness**” means “bonded indebtedness”, as defined in section 70301(a) of the Act.

“**Building**” means the building on the Land occupied by the Court and the County, all connected or related structures and improvements, and all Building Equipment.

“**Building Equipment**” means all installed equipment and systems that serve the Building.

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“Closing” means completion of all steps required to complete the Transfer under this Agreement and the Act.

“Closing Date” means the date on which the State Department of Finance approves the County Facilities Payment for the Court Facility.

“Closing Documents” means the documents listed in section 5.1.1 of this Agreement.

“Common Area” means the areas of the Land and the Building that are used non-exclusively and in common by, or for the common benefit of, the County and the Court, and includes (1) those portions of the Building depicted as Common Area on **Exhibit “F”**, including hallways and restrooms that are not located in either Party’s Exclusive-Use Area, (2) foundations, exterior walls, load-bearing walls, support beams, exterior windows, the roof, and other structural parts of the Building, (3) Building Equipment and Utilities that do not exclusively serve only one Party’s Exclusive-Use Area, and (4) driveways, walkways, and other means of access over the Land and through the Building to the Court Exclusive-Use Area. The Common Area does not include any part of the Exclusive-Use Area of either Party, except for any Building Equipment that is located in a Party’s Exclusive-Use Area.

“Common Parking” means all the parking spaces located in the Parking Area, as shown on the parking plan attached as **Exhibit “G,”** which are shared by the Court and the County on a first-come, first-served basis except for the five reserved spaces dedicated for use by the judge and court staff defined as “Court Parking” below.

“Controller” means the State Controller.

“County Authorizing Document” means a copy of a certified resolution evidencing that the County has taken all steps and obtained all approvals required to: (1) authorize the County Authorized Signatory to execute this Agreement and the Closing Documents on behalf of the County; and (2) authorize the County to perform its obligations under this Agreement and the Closing Documents,

“County Authorized Signatory” means the Chair of the County’s Board of Supervisors.

“County Exclusive-Use Area” means the 26,339 square feet of the Building that are exclusively occupied and used by the County, as depicted on Exhibit “F” to this Agreement. As of the Effective Date, the County Exclusive-Use Area is 87.85% of the Total Exclusive-Use Area.

“County Facilities Payment” means the payments the County must make to the Controller with respect to the Court Facility under Article 5 of the Act.

“County Parties” means the County, its political subdivisions, and their respective officers, agents, and employees.

“Court” means the Superior Court of California in and for the County of Santa Cruz.

“Court Exclusive-Use Area” means the 3,643 square feet of the floor space in the Building that are exclusively occupied and used by the Court, as depicted on **Exhibit “F”** to this Agreement. As of the Effective Date, the Court Exclusive-Use Area constitutes 12.15% of the Total Exclusive-Use Area.

“Court Facility” means the Court Exclusive-Use Area, which includes all spaces, fixtures, and appurtenances described in section 70301(d) of the Act, including one room for holding superior court, one chamber of the judge of the Court, one walk-up window, rooms for attendants of the Court, three rooms for secure holding of prisoners attending Court sessions, one secured corridor for transporting prisoners to and from Court sessions, rooms for storage, and certain other areas required or used for Court functions, together with the non-exclusive right to occupy and use the Common Area, and with the right to enter, exit, pass over, and pass through the Land as necessary to access the Court Facility. A copy of a site plan depicting the location of the Building on the Land and a floor plan depicting the layout of the Court Facility in the Building, are attached as **Exhibit “F”** to this Agreement and are further described in the JOA.

“Court Parking” means a total of five reserved, unsecured parking spaces located in the Parking Area dedicated to use by the judge and court staff, as shown on the parking plan attached as **Exhibit “G”**. The County and the Court have agreed that the Court Parking, together with the Common Parking, is parking of the same number, type, and convenience as made available for users of the Court on October 1, 2001.

“Deficiency” has the meaning ascribed to it in the JOA.

“Dispute” means each and every pending or threatened claim, liability, litigation, arbitration, mediation, administrative proceeding, settlement negotiation, or other dispute-resolution proceeding related to the Property that, if determined adversely to the County or the AOC, would have a Material Adverse Effect. An accurate and complete list of all Disputes as of the Effective Date is set forth in **Exhibit “H”**.

“Effective Date” means the date on which this Agreement is signed by the last of the Parties to sign.

“Environmental Law” means federal, state, or local laws, ordinances, regulations, rules, statutes, and administrative actions or orders respecting hazardous or toxic substances, waste, or materials, or industrial hygiene.

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“Hazardous Substance” means any material or substance regulated under any Environmental Law.

“Indemnified Loss” means all claims, demands, liabilities, damages, attorney fees, costs, expenses, and losses as to which either Party is obligated to indemnify the other Party under this Agreement or the Closing Documents.

“Intangible Personal Property” means all of the County’s: (1) agreements or arrangements for the operation of the Building Equipment in the Court Facility; (2) warranties, permits, licenses, certificates, guaranties, and suretyship agreements and arrangements, and indemnification rights in favor of the County with respect to the Court Facility; (3) commitments, deposits, and rights for utilities relating to the Court Facility; (4) engineering, accounting, title, legal, and other technical or business data concerning the Court Facility or the Tangible Personal Property; (5) deposits, deposit accounts, and escrow accounts arising from or related to any transactions related to the Court Facility or the Tangible or Intangible Personal Property, and rights to receive refunds or rebates of impact fees, assessments, charges, premiums, or other payments made by the County if these refunds or rebates relate to the period on or after the Closing Date; or (6) all other intangible rights, interests, and claims of the County which are a part of or related to the Court Facility or the Tangible Personal Property.

“JOA” means the document titled Joint Occupancy Agreement that is similar in form and content to the document attached to this Agreement as **Exhibit “J”**, and under which the County and the Court will occupy, and the Parties will operate and maintain, the Real Property.

“Land” means the real property described on **Exhibit “A,”** including the County’s (1) rights to enter and exit the Land, (2) recorded and unrecorded rights to water, water stock, oil, gas, minerals, and timber related to the Land, and (3) existing, granted development permits, entitlements, and air and view rights.

“Law” means State and federal codes, ordinances, laws, regulations, the California Rules of Court, and judicial and administrative orders and directives, to the extent binding on the County and issued by a court or governmental entity with jurisdiction over the County.

“Managing Party” means the Party designated the “Managing Party” in the JOA.

“Material Adverse Effect” means any of (1) a material adverse change in (a) the condition, operations, overall functionality, or value of the Property, (b) the County’s use of, interest in, or right or title to, the Property, (c) the ability of the County to perform its obligations under this Agreement or the Closing Documents, or (d) the validity or enforceability of this Agreement or the Closing Documents; or (2) the imposition on the County of actual or contingent payment or performance obligations in respect of the

Property of \$50,000 or more in the aggregate; or (3) any event, circumstance, or Dispute that causes or results in a Deficiency.

“Material Agreements” means any and all agreements, contracts, or understandings (whether written or unwritten) relating to the Property (1) for which termination requires advance notice by a period exceeding 30 calendar days, or (2) that obligate the County to make payment, or entitle the County to receive payment, exceeding \$25,000 within any fiscal year.

“Memorandum” means the document titled Memorandum of Joint Occupancy Agreement that is similar in form and content to the document attached to this Agreement as **Exhibit “K”**.

“Occupancy Agreement” means any agreement or arrangement that entitles a third party to occupy or use the Real Property for a period that continues after the Closing Date, and that cannot be terminated on 30 or fewer days notice.

“Occupant” means any third party that occupies, possesses, or uses the Real Property under an Occupancy Agreement.

“Operation” means the administration, management, maintenance, and repair of designated areas of the Real Property but does not include custodial services for the Common Area or either Party’s Exclusive-Use Area, which are not governed by this Agreement or the JOA.

“Parking Area” means the parking lot that includes the Court Parking and the Common Parking.

“Party” means either of the AOC or the County, and **“Parties”** means the AOC and the County.

“Pending Projects” means any pending maintenance project or other project involving the Court Facility under sections 70326(d) or 70331(c) of the Act.

“Property” means all right, title, and interest in and to the Land, the Building (including the Court Facility, the County Exclusive-Use Area, and the Common Area), the Parking Area, and the Tangible Personal Property.

“Property Disclosure Documents” means all documents including Material Agreements that pertain to the title, ownership, use, occupancy, or condition of the Property or any rights, benefits, liabilities, obligations, or risks associated with the Property. A list of the categories of Property Disclosure Documents is attached as **Exhibit “I”**.

“Real Property” means the Land and the Building, together.

“Security Services MOU” means the Contractor Agreement – Provision of Court Security Services, Fiscal Year 2007-2008, between the County and the Court dated August 8, 2007, as amended from time to time.

“State” means the State of California.

“State Parties” means the Council, the Administrative Office of the Courts, and the Court, their respective political subdivisions, officers, agents, and employees.

“Tangible Personal Property” means any unaffixed item that is, on the Closing Date, located on or in, or used in or necessary to the use, occupancy, or Operation of the Court Exclusive-Use Area.

“Total Exclusive-Use Area” means, together, the Court Exclusive-Use Area and the County Exclusive-Use Area (as defined in the JOA).

“Transfer of Responsibility” or **“Transfer”** means the County’s full and final grant, transfer, absolute assignment, and conveyance to the applicable State Parties, and the State Parties’ full and final acceptance and assumption of, entitlement to and responsibility for, all of the County’s rights, duties, and liabilities arising from or related to the Court Facility under this Agreement and the Act, except for those duties and liabilities expressly retained by the County under this Agreement and the Act, and Disputes that commenced prior to the Closing Date or are related to facts or circumstances that occurred or existed prior to the Closing Date.

“Utilities” means all of the utilities provided to the Court Exclusive-Use Area, except for telecommunications services provided by third parties.

4. RESPONSIBILITIES AFTER TRANSFER.

4.1 Transfer of Responsibility. On the Closing Date, the Transfer of Responsibility for the Court Facility from the County to the AOC will occur under this Agreement and the Closing Documents.

4.2 General Responsibilities After Transfer. Upon the completion of the Transfer, the Parties will have the general rights, duties, and liabilities set forth in the Act in respect of the Real Property, except as expressly delegated by the Parties in this Agreement, the Closing Documents (including the JOA), or any other agreement.

4.3 Specific Responsibilities After Transfer. The Parties will have the following specific rights, duties, and liabilities upon and after the Transfer:

4.3.1 Utilities. The County is responsible to provide all Utilities. The County is solely responsible for all Utilities costs and expenses incurred prior to the

Closing Date, and the Parties will comply with the JOA with respect to the payment of Utilities costs and expenses incurred on and after the Closing Date.

4.3.2 Property Insurance and Risk Allocation. Responsibility and liability for (i) damage to or destruction of the Real Property, (ii) bodily injury to or death of third parties in, on, or about the Real Property, and (iii) Disputes, are allocated as set forth in the JOA.

4.3.3 Responsibility for Operation. Under the JOA and this Agreement, the County is responsible for Operation of the Common Area, including the Building Equipment. Operation of the Building Equipment includes maintaining and renewing all permits, certificates, approvals, and licenses required for lawful use of any of the Building Equipment.

4.3.4 Parking. The Managing Party is responsible, as part of the Common Area obligations, for the Operation of the Parking Area under the terms of the JOA. The County will at all times provide, at the County's sole expense, the Parking Area for use by the Court and people attending to business and personal affairs in the Court Facility. If any of the Parking Area becomes unavailable for Court use in accordance with this section 4.3.4, the County will be responsible to provide, at no cost to the State Parties, alternate parking spaces of equal number, type, and convenience to the parking spaces that are no longer available.

4.3.5 Occupancy Agreements. The County will remain responsible for all Occupancy Agreements not assigned to the AOC.

4.3.6 Security Related Areas. The County Sheriffs Department will remain liable and responsible for the secure entry, exit, transport, and holding of prisoners attending Court sessions to, from, in, and through the security-related areas of the Real Property, including the holding cells and secured corridors, under the Security Services MOU. This Agreement does not supersede, replace, or modify the Security Services MOU or any other agreement between the County and the Court with respect to security staffing for the Real Property.

4.3.7 IT/Telephone Services. Subject to the terms and conditions set forth in the JOA, the AOC and the County will each be responsible for the Operation of their respective telecommunications and data equipment and services located in the Building.

4.3.8 Correspondence. The County will direct all correspondence, invoices, and information related to management, operation, maintenance, or repair of the Court Facility for the period on and after the Closing Date to the AOC's Office of Court Construction and Management pursuant to section 12 of this Agreement.

4.3.9 County Facilities Payments. The County will make all County Facilities Payments in accordance with the Act and section 6 of this Agreement.

4.3.10 Personal Property. If either Party determines that there exists any Tangible or Intangible Personal Property not previously transferred or assigned to the AOC, that Party will promptly provide to the other Party a notice that includes a reasonably-detailed, written description of that property. At the AOC's request, the County will transfer, convey, or assign to the AOC any or all of the Tangible or Intangible Personal Property described in that notice.

4.3.11 Adjustments. The Parties will make the appropriate adjustments for prorations or computations required by this Agreement or the Closing Documents as promptly as possible once accurate information becomes available evidencing that either Party is entitled to an adjustment. Any prorations will be based on a 365-day fiscal year. The Party entitled to the adjustment must make written demand on the other Party for the adjustment within one year after the Closing Date and provide a reasonably-detailed explanation of the basis for the demand and all supporting documentation. The Parties will promptly pay each other any corrected proration or adjustment amounts.

4.3.12 Equity Purchase Rights. Unless the Parties' respective Equity (as defined in the JOA) rights are adjusted, as provided in section 5.4 of the JOA, such that the County no longer has Equity rights in eighty percent (80%) or more of the Building, the County has the right to require the other Party to vacate the Building under the terms of section 70344(b) of the Act and the JOA.

4.3.13 Relief from Section 70311 Obligations. Effective upon the Transfer, the AOC confirms and agrees that the County will be and is relieved of any responsibility under section 70311 of the Act for providing to the Court those necessary and suitable court facilities currently located in the Building, except as specifically provided in this Agreement and the Act.

4.3.14 No Material Changes. The County will not: (1) transfer, agree to transfer, or enter into any agreement concerning, any right, title, or interest in the Court Facility, to any third party without the express prior written consent of the AOC; or (2) act or fail to act in any way that results in the Court Facility being subject to a Deficiency.

4.3.15 Bonded Indebtedness. Notwithstanding the terms of section 4.3.14 above, as of the date that this Agreement is signed by the County, the Real Property is not subject to Bonded Indebtedness and the Parties do not intend that this Agreement will interfere with the County's right to use the Real Property for financing purposes. Where and to the extent permitted by law, the AOC will cooperate in good faith with the County in any effort to use the Real Property for financing purposes, including by executing any further agreements that may be reasonably necessary in connection therewith. If, at any

time after the Closing Date, the County causes the Real Property to be encumbered by Bonded Indebtedness, the County will be solely responsible to comply with all obligations under the Bonded Indebtedness Documents and will not act or fail to act in any way that violates the Bonded Indebtedness Documents. The County will promptly provide the AOC with a copy of any notice given or received by the County that concerns or alleges a default by the County Parties under the Bonded Indebtedness Documents (each a “**BI Default**”). Upon the AOC’s receipt of a notice alleging a BI Default by the County, the AOC has the right, but not the obligation, to cure such BI Default on behalf of the County. The County will provide full cooperation to the AOC in connection with any AOC cure of a County BI Default. If, at any time after the Closing Date, the County causes the Real Property to be encumbered by Bonded Indebtedness, the AOC will exercise its rights under sections 70391 and 70392 of the Act in a way that does not (i) violate the terms of the Bonded Indebtedness Documents, (ii) cause any amounts payable by the County under the Bonded Indebtedness Documents to be includable in gross income for federal or State income tax purposes, or (iii) otherwise adversely affect the tax-exempt status of the Bonded Indebtedness. The County will promptly notify the AOC in writing if the County at any time believes that any act or omission by any State Party will or might result in a BI Default. If the Court is required to vacate the Court Facility through the operation or enforcement of the BI Documents, the County will comply with the provisions of section 70325(c) of the Act.

5. CLOSING

5.1 The Closing Date. The Closing will occur upon the Closing Date, and will not be affected by the date of delivery of the signed originals of this Agreement or the Closing Documents.

5.1.1 Closing Documents. The Closing Documents are as follows:

- (a) the JOA;
- (b) the Memorandum;
- (c) the County Authorizing Document; and
- (d) any other documents required by Law, or reasonably requested by the State Parties or the County to complete the Transfer.

5.1.2 Time for Signature for TOR Closing Documents. The Parties will sign the Closing Documents on or as expeditiously as possible after the Effective Date. If the Closing Documents have not been signed within ten days after the Effective Date, either Party that has signed the Closing Documents may terminate this Agreement and the Closing Documents upon five business days notice to the other Party, but if the

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Closing Documents are fully signed by the Parties prior to the end of the five business day period, any termination notice shall be of no force or effect.

5.2 Conditions for Closing. Neither Party will be obligated to consummate the Transfer unless the following conditions are satisfied or waived prior to the Closing Date. The conditions for the benefit of the County may only be waived by the County, and the conditions for the benefit of the AOC may only be waived by the AOC.

5.2.1 Conditions for the Benefit of the AOC. All of the County's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Closing Date; the County must not have breached any of the County's representations, warranties, or covenants in this Agreement; and there must be no County Event of Default under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute a County Event of Default as of the Closing Date.

5.2.2 Conditions for the Benefit of the County. All of the AOC's representations and warranties in this Agreement must be accurate and complete in all material respects as though made on the Closing Date; the AOC must not have breached any of the AOC's representations, warranties, or covenants in this Agreement; and there must be no AOC Event of Default under this Agreement nor any circumstance which, but for the passage of time or the giving of notice or both, would constitute an AOC Event of Default as of the Closing Date.

5.3 Delivery of Signed Agreement, Closing Documents, and County Authorizing Document. The last Party to sign this Agreement and the Closing Documents must deliver, within three business days after signing, (i) to the County, one signed original of this Agreement and the Closing Documents, and (ii) to the AOC, all remaining signed originals of this Agreement, and the Closing Documents, and the County Authorizing Document. The AOC will endeavor to cause the Memorandum to be recorded in the County Recorder's Office within ten business days after the AOC's receipt of the signed originals of this Agreement and the Closing Documents.

5.4 Delivery of Possession. On the Closing Date, the County will deliver to the AOC custody and control over the Court Exclusive-Use Area and the non-exclusive right to occupy and use the Common Area, subject to the terms of the JOA.

6. COUNTY FACILITIES PAYMENT

6.1 Amount of County Facilities Payment. The amount of the County Facilities Payment as approved by the AOC is \$15,601 which amount is subject to approval by the State Department of Finance and which shall be subject to adjustment under section 70355 and 70362 of the Act. If such amount is not approved by the DOF, then the Parties agree to amend this Agreement to include the final DOF-approved amount. The approved

amount of the County Facilities Payment is intended to be based upon a Closing Date occurring in the same fiscal quarter as the Effective Date. If the Closing Date does not occur in the same fiscal quarter as the Effective Date, the Parties will recalculate the County Facilities Payment as set forth in the Act.

6.2 County Facilities Payment Obligation. The County will pay the County Facilities Payment to the Controller every fiscal quarter under Article 5 of the Act and section 6 of this Agreement, except that the County must deliver to the Controller the first quarterly installment of the County Facilities Payment amount approved by the State Department of Finance in accordance with section 6.1 above within five business days after the Closing Date. Unless the Closing Date is on the first day of a fiscal quarter, the first installment of the County Facilities Payment will be prorated under section 4.3.1 1 for the period from the Closing Date to and including the last day of the fiscal quarter in which the Closing Date occurs, subject to adjustment under section 70355 and 70362 of the Act. Thereafter, the quarterly installments of the County Facilities Payment will be the full non-prorated amount for the applicable fiscal quarter, subject to adjustment under section 70355 and 70362 of the Act.

7. REPRESENTATIONS AND WARRANTIES

Each Party makes the representations and warranties in this section 7 to the other Party effective on both the Effective Date and the Closing Date. Each Party will give written notice to the other within five business days of its discovery of any facts or circumstances that would render any information contained in that Party's representations and warranties in this Agreement or any Closing Document incomplete, untrue, or misleading, but if a Party makes that discovery within seven calendar days prior to the Closing Date, then that Party must immediately deliver written notice of the relevant information to the other Party, whereupon the Closing will be automatically delayed to allow the Party receiving that notice sufficient time to decide whether to proceed with the Closing.

7.1 The County's Representations and Warranties. The phrase "to the best of the County's knowledge" or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of Carol Girvetz, Dana McRae, and Gerald Dunbar, and the County represents that these are the persons within the County most knowledgeable with respect to the County's representations and warranties.

7.1.1 Good Standing. The County is a political subdivision of the State duly organized and validly existing under the Law of the State.

7.1.2 Authority. The County Authorized Signatory has been duly authorized and empowered to sign this Agreement and the Closing Documents on behalf of the County, and the County has taken all steps and obtained all approvals required to

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authorize and empower the County to sign and perform this Agreement and the Closing Documents.

7.1.3 Due Execution and Delivery. This Agreement and the Closing Documents are legal, valid, and binding obligations of, and are fully enforceable against, the County.

7.1.4 No Conflict. This Agreement and the Closing Documents do not violate any provision of any agreement, obligation, or court order to which the County is a party or by which the County or any of its assets is subject or bound. No other action of any governmental agency or authority is required for, and the County has no actual knowledge of any Law in effect which would prohibit, the County's execution, delivery, or performance of its obligations under this Agreement or the Closing Documents.

7.1.5 Title to Real Property. Other than those rights and interests that have been recorded as encumbrances on the Real Property prior to the Effective Date: (1) the County has good and marketable fee title to the Real Property, free and clear of any liens, claims, encumbrances, or security interests in favor of third parties; (2) no person or entity other than the County has any title or interest in or right to occupy or use the Real Property; and (3) the County has not granted, conveyed, or otherwise transferred to any person or entity any present or future right, title, or interest in or to the Real Property.

7.1.6 Title to Personal Property. After a reasonable and diligent search, the County has determined that none of the Tangible or Intangible Personal Property is owned by the County Parties, and to the extent the County has any right, title, or interest in or to the Tangible or Intangible Personal Property, effective as of the Closing Date, the County transfers, conveys, and quitclaims the same to the AOC.

7.1.7 No Disputes. To the best of the County's knowledge, there are no Disputes pertaining to the Property, or the County's right, title, and interest in and to the Property.

7.1.8 No Vending Contracts. To the best of the County's knowledge, the County is not a party to any Occupancy Agreement under which vending facilities are located in the Court Exclusive-Use Area.

7.1.9 No Violations of Law. The County has no actual knowledge of, nor has the County received any written notice from any State, federal, or other governmental or quasi-governmental authority relating to: (1) any violation of Law, whether or not appearing in public records, with respect to the Property, which violation has not been corrected to the satisfaction of the State, federal, or other governmental or quasi-governmental authority that issued the notice, or (2) any unrecorded restriction applicable to the Real Property.

7.1.10 Full and Complete Disclosure. The County conducted a reasonable and diligent search of its records for, and provided to the AOC, all existing Property Disclosure Documents within the County's possession, custody, or control. The County maintains the Property Disclosure Documents in its ordinary course of business and has not intentionally altered any Property Disclosure Documents in any manner that renders them inaccurate, incomplete, or misleading.

7.1.11 No Condemnation. The County has not received a written notice of any pending modification of a street or highway contiguous to the Real Property, or any existing or proposed eminent domain proceeding that could result in a taking of any part of the Real Property.

7.1.12 No Environmental Violations. Except as set forth in the Property Disclosure Documents or in any environmental assessments or investigations of the Real Property performed by the AOC, the County has no knowledge of the actual, threatened, or suspected presence of any Hazardous Substance, and there are no existing violations of Environmental Laws, in, on, under, adjacent to, or affecting the Real Property, except for any Hazardous Substance used or held in conformity with Environmental Laws.

7.1.13 No Special Circumstances. The Real Property is not subject to "bonded indebtedness" as defined in section 70301(a) of the Act, and the Building is not an "historical building" as defined in section 70301(f) of the Act.

7.2 AOC's Representations and Warranties. The phrase "to the best of the AOC's knowledge," or words of similar import, means the actual knowledge, after reasonable independent investigation and inquiry, of the Director, Office of Court Construction and Management, who the AOC hereby represents is the person within the AOC most knowledgeable with respect to the matters described in the AOC's representations and warranties.

7.2.1 Good Standing. The Administrative Office of the Courts is the staff agency to the Council, an entity established by the Constitution of the State, validly existing under the Law of the State.

7.2.2 Due Execution and Delivery. This Agreement and Closing Documents are legal, valid, and binding obligations of, and are fully enforceable against, the AOC.

7.2.3 No Conflict. This Agreement and the Closing Documents do not violate any provision of any agreement, obligation, or court order, to which the AOC is a party or by which the AOC or any of its property is subject or bound. No other action of any governmental agency or authority is required for, and the AOC has no actual knowledge of any Law in effect which would prohibit, the AOC's execution, delivery, or performance of its obligations under this Agreement or the Closing Documents.

8. INDEMNITIES

8.1 AOC's Indemnities. Subject to section 8.3, below, the AOC indemnifies, defends, and holds harmless the County Parties (with counsel reasonably acceptable to the County) from and against all Indemnified Loss asserted against the County Parties arising from the matters described below in this section 8.1:

8.1.1 AOC Breach. Any breach by a State Party of its obligations set forth in this Agreement or in the Closing Documents;

8.1.2 Representations and Warranties. Any breach of or inaccuracy in the AOC's representations and warranties contained in section 7.2 of this Agreement or in the Closing Documents.

8.2 County's Indemnities. Subject to section 8.3, below, the County indemnifies, defends, and holds harmless the State Parties (with counsel reasonably acceptable to the State Parties) from and against all Indemnified Loss asserted against the State Parties arising from the matters described below in this section 8.2:

8.2.1 County Breach. Any breach by a County Party of its obligations set forth in this Agreement or in the Closing Documents;

8.2.2 Representations and Warranties. Any breach of or inaccuracy in the County's representations and warranties contained in section 7.1 of this Agreement or in the Closing Documents;

8.2.3 Pre-Closing Events. Any event or Dispute occurring before the Closing Date, or which is otherwise attributable to the time prior to the Closing Date, related to the County's ownership, possession, operation, management, maintenance, repair of, or responsibility for, the Real Property, except such event or Dispute caused solely by the AOC, the Court, or a Court employee; and

8.3 Indemnity Exclusions. Neither Party is entitled to be indemnified, defended, or held harmless by the other Party under this Agreement in respect of any event, circumstance, or condition that arises from its own negligence or willful misconduct, nor from any property insurance claim for which the Party is responsible under this Agreement or the JOA. The obligations of a Party under section 8.1 or 8.2 of this Agreement, as applicable, will in no event release the other Party from, or diminish its obligation to fully and faithfully perform its duties under, the Agreement, the Closing Documents, or any other agreement.

8.4 CERCLA. The County acknowledges that it has certain indemnification obligations in respect of the Real Property under section 70393(d) of the Act. Nothing in this Agreement will in any manner be deemed or construed as an admission by the County to any Third Party that the County has any obligation, responsibility, or liability

of any kind or nature whatsoever as to the environmental condition of the Real Property surrounding the Building under CERCLA or any other Law, except that the County confirms that this provision does not alter, diminish, or negate the County's obligation to indemnify the State in accordance with the terms of section 70393(d) of the Act.

9. RIGHT TO AUDIT

The County will maintain all records relating to the County Facilities Payment due and owing from the County under the Act, according to the time limits contained in the instructions for calculation of the County Facilities Payment. The County will also maintain an accounting system, supporting fiscal records, and agreements related to the Property, including the Property Disclosure Documents, adequate to ensure that all claims and disputes arising under this Agreement or the Closing Documents can be resolved in accordance with the requirements of this Agreement and the Act. The County will also maintain records relating to all receipts and expenditures from the local courthouse construction fund established under Government Code section 76100, which the AOC has the right to audit under section 70391(d)(2) of the Act. The AOC may audit or inspect these County records upon reasonable prior notice.

10. DEFAULT NOTICE AND CURE

Upon a Party's breach or default of any provision of this Agreement, the non-defaulting Party will provide written notice to the defaulting Party of the breach or default ("**Default Notice**"). Upon receipt of the Default Notice, the defaulting Party will have 30 calendar days to cure the breach or default described in the Default Notice and to provide evidence of that cure to the non-defaulting Party. If the breach or default is not capable of cure within the 30 calendar day period, then no breach or default can be deemed to have occurred by reason of the failure to cure so long as the defaulting Party promptly begins and diligently and continuously performs the cure to completion within a reasonable time period, not to exceed 90 calendar days from commencement of the cure ("**Cure Period**"). If the defaulting Party does not provide evidence of the cure to the non-defaulting Party within the Cure Period, then the defaulting Party will be deemed to have committed an "**Event of Default**," and the non-defaulting Party will have the right, but not the obligation, to pursue its rights with respect to resolution of disputes under section 11 of this Agreement. The Parties may mutually agree to commence the dispute resolution procedures in section 11 of this Agreement before the end of the Cure Period.

11. DISPUTE RESOLUTION

11.1 Unassisted Negotiation; Mediation. In the event of a dispute between the Parties relating to performance of the Parties' obligations under this Agreement, or any aspect of the Transfer transaction contemplated in this Agreement, the County Administrative Officer and an Assistant Director of the AOC's Office of Court Construction and Management, or their respective designees, will meet to discuss a

resolution to the dispute. Any designee appointed must have the authority to negotiate for and to effectively recommend settlement to, the Party that he or she represents. If the Parties are not able to resolve their dispute within 30 calendar days through that unassisted negotiation, they will attempt to resolve the dispute by mediation under this section 11.1. If the dispute concerns a matter within the jurisdiction of the Court Facilities Dispute Resolution Committee (“**CFDRC**”), established by section 70303 of the Act, the Parties must first mediate the dispute before either Party may commence a dispute resolution proceeding before the CFDRC.

11.1.1 Initiation of Mediation. Either or both of the Parties may request the initiation of mediation for any dispute described in section 11.1, whether or not the dispute falls within the CFDRC’s jurisdiction, by delivering a written request for mediation (“**Mediation Request**”) to the other Party. The Mediation Request must (1) include a brief summary of the issues in dispute, and (2) state the dates on which the requesting Party is unavailable to attend the mediation within the immediately-succeeding 90 calendar days after the delivery to the other Party of the Mediation Request. Within seven calendar days after the requesting Party’s delivery of a Mediation Request to the other Party, the responding Party must deliver to the requesting Party a response to the Mediation Request (“**Mediation Response**”), which must: (a) include a brief summary of the issues in dispute (which may or may not be the same as the summary provided by the requesting Party); and (b) state the dates on which, as of the date of the Mediation Request, the responding Party is unavailable to attend the mediation within the 83 calendar days immediately following the responding Party’s receipt of the Mediation Request.

11.1.2 Selection of Mediator. Within 12 calendar days after delivery to the requesting Party of the Mediation Response, the Parties will attempt in good faith to agree upon a neutral mediator to preside over the mediation.

11.1.3 Cost of Mediation. If the Parties are not able to mutually agree upon a neutral mediator within 12 calendar days after delivery to the requesting Party of the Mediation Response, then within 17 calendar days after delivery to the requesting Party of the Mediation Response, each Party shall deliver to the other Party a list of five potential mediators which list shall rank the mediator candidates in order of preference and include at least two, but not more than three, of whom may be former judges who never sat on the Superior Court or Municipal Court of the County of Santa Cruz, and the remaining selections shall not include any former superior court or municipal court judges whatsoever. If the same mediator candidate appears on both lists, then such mediator candidate shall be deemed to be selected as the mediator. If more than one mediator candidate appears on both lists, then the mediator shall be selected based on the priority that each such mediator candidate is specified on both lists. If there is no mediator listed on both lists, the Parties shall, within 22 calendar days after delivery to the requesting Party of the Mediation Response, attempt in good faith to mutually agree

upon a single mediator from the names on the two lists. If the Parties are not able to agree upon a single mediator, then each Party, within 27 calendar days after delivery to the requesting Party of the Mediation Response, shall select one mediator on the other Party's list of five mediator candidates, and the mediation shall be done by two mediators.

11.1.4 Cost of Mediation. The Parties will share equally in payment of all costs of the mediation, including the compensation of the mediator. The Parties and the mediator must reach a written agreement regarding the mediator's compensation and expenses before the mediation is commenced.

11.1.5 Date, Time, and Place of Mediation. In consultation with the Parties, the mediator will fix the date, time, and place of each mediation session. The mediation may be held at any convenient location agreeable to the Parties and the mediator. Mediation must be completed within 90 calendar days after the requesting Party's delivery to the responding Party of the Mediation Request.

11.1.6 Attendance at Mediation. Both Parties must attend the mediation session(s). The Parties may satisfy this attendance requirement by sending a representative familiar with the facts of the dispute, who has the authority to negotiate on behalf of, and to effectively recommend settlement to, the Party he or she represents. Any Party to the mediation may have the assistance of an attorney or other representative of its choice, at its own cost. Other persons may attend the mediation sessions only with the consent of the Parties and the mediator.

11.1.7 Confidentiality. The mediation will be confidential in all respects, and the provisions of California Evidence Code sections 1152 and 1154 will apply to all written and verbal evidence presented in the mediation and to settlement communications made in the Premediation Statement, during the mediation itself, or otherwise in furtherance of or related to the mediation or the settlement of the dispute. The Premediation Statements shall be confidential, for settlement purposes only, and will not be admissible for any purpose other than for the mediation. Without limiting the foregoing, the provisions of California Evidence Code sections 1115 through 1128, inclusive, will apply in connection with any mediation under this Agreement.

11.2 Referral to CFDRC. After compliance with the terms of section 11.1 of this Agreement, any unresolved dispute involving any of the matters set forth in sections 70303(c)(1) through (5) of the Act will be referred to the CFDRC for hearing and recommendation to, and decision by, the Director of Finance, under the Act and the CFDRC Regulations.

12. NOTICES

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Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery (including overnight courier service), certified U.S. mail, postage pre-paid and with return receipt requested, or facsimile transmission, sent during regular business hours of the recipient to the Parties at their addresses or fax numbers indicated below. Routine exchange of information may be conducted via telephone, facsimile, and/or electronic means, including e-mail.

If to the AOC:

Administrative Office of the Courts
 Attention: Assistant Director, Office of Court Construction and Management
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Voice: 415-865-4040
 Fax: 415-865-8885

With a copy to:

Administrative Office of the Courts
 Office of Court Construction and Management
 Attention: Manager, Real Estate
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Voice: 415-865-4048
 Fax: 415-865-8885

In addition, all audit requests and notices by the County relating to termination of this Agreement or alleged breach or default by the AOC of this Agreement or any other Closing Document must also be sent to:

Administrative Office of the Courts
 Attention: Senior Manager, Business Services
 455 Golden Gate Avenue
 San Francisco, CA 94102-3688
 Voice: 415-865-4090
 Fax: 415-865-4326
 Email: grant.walker@jud.ca.gov

If to the County:

County of Santa Cruz
 County Administrative Office
 Attention: Carol Girvetz
 701 Ocean Street, Room 520
 Santa Cruz, CA 95060

Voice: 831-454-2100

Fax: 831-454-3420

With a copy to:

County of Santa Cruz
Office of the County Counsel
Attention: Dana McRae
701 Ocean Street, Room 505
Santa Cruz, CA 95060
Voice: 831-454-2034
Fax: 831-454-2115

With a copy to:

County of Santa Cruz
General Services Department
Attention: Gerald Dunbar
701 Ocean Street, Room 330
Santa Cruz, CA 95060
Voice: (831) 454-2210
Fax: (831) 454-2710

A Party may change its address for notice under this Agreement by giving written notice to the other Party in the manner provided in this section 12. Any notice or communication sent under this section 12 will be deemed to have been duly given as follows: (1) if by personal delivery, on the date actually received by the addressee or its representative at the address provided above, or (2) if sent by certified U.S. mail, return receipt requested, on the first business day that is at least three calendar days after the date deposited in the U.S. Mail, or (3) if sent by facsimile transmission, upon electronic confirmation of good receipt by the receiving facsimile machine except that facsimile notice received after normal business hours of the recipient will be deemed received at 9:00 a.m. on the first business day after the date on which the facsimile notice was confirmed electronically.

13. SURVIVAL OF TERMS AND PROVISIONS

The following sections of this Agreement will survive the Closing, and will thereafter remain in full force and effect: 3, 4, 5.3, 5.4, and 6 through 14, inclusive. All other rights and duties hereunder will cease upon termination of this Agreement or Closing. In the event of the termination of this Agreement, all documents, other tangible objects, and information containing or representing confidential or proprietary information disclosed by one Party to the other, and all copies that are in the possession or under the control of the other Party will be and remain the property of the Party that disclosed the documents, objects, and information, and all those documents and tangible

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objects will be promptly returned to the Party that disclosed them at that Party's written request.

14. MISCELLANEOUS

14.1 Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by both the AOC and the County. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or consent to a breach of the same or any other provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any later occasion or a consent or approval of any other action.

14.2 Force Majeure. Neither Party will be responsible for performance under this Agreement to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

14.3 Assignment. Neither Party may assign this Agreement in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

14.4 Binding Effect. This Agreement binds the Parties and their permitted successors and assigns.

14.5 Third Parties Benefited. The State Parties are intended beneficiaries of all provisions of this Agreement and the Closing Documents for the benefit of the AOC.

14.6 Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State without regard to its conflict of law provisions.

14.7 Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. The words "hereof," "herein," and "hereunder," and other words of similar import, refer to this Agreement as a whole and not to any subdivision of this Agreement. This Agreement and the Closing Documents will not be construed against either Party as the principal draftsman. The words "include" and "including" when used are not exclusive and mean "include, but are not limited to" and "including but not limited to," respectively. The capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement.

14.8 Integration; Amendments. This Agreement and the Closing Documents contain the entire agreement of the Parties with respect to the Transfer, and supersede all

previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties. This Agreement may be amended only by written agreement signed by both of the Parties.

14.9 Incorporation By Reference. The factual recitals and Exhibits contained in or attached to this Agreement are all incorporated into and made a part of this Agreement for all purposes, and all references to this Agreement in any of the recitals or Exhibits will be deemed to include the entirety of this Agreement.

14.10 Severability. If a term of this Agreement is inconsistent with applicable Law, then on the request of either Party, the Parties will promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

14.11 Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (1) implement the terms and provisions set forth in this Agreement, the Closing Documents, and the Act, and (2) consummate the transactions contemplated herein, and shall execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this Agreement, the Closing Documents, and the Act.

[SIGNATURES ON NEXT PAGE]

I agree to the terms of this Agreement.

APPROVED AS TO FORM:

Administrative Office of the Courts
Office of the General Counsel

By: Charles Martel
Name: Charles Martel
Title: Attorney
Date: 9.15.2008

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: Grant Walker
Name: Grant Walker
Title: Senior Manager, Business Services
Date: 9/15/08

ATTEST:

SUSAN A. MAURIELLO Clerk of the Board

By: [Signature]
Deputy

**COUNTY OF SANTA CRUZ; a political
subdivision of the State of California**

By: [Signature]
Name: _____
Title: Chairperson, Board of Supervisors
Date: 9/25/08

APPROVED AS TO FORM:

Santa Cruz County
Office of the County Counsel

By: Dana McRae
Name: Dana McRae
Date: 9.23.08

EXHIBITS

Exhibit “A” – Legal Description of the Land

Exhibit “B” – Intentionally Omitted

Exhibit “C” – Intentionally Omitted

Exhibit “D” – Intentionally Omitted

Exhibit “E” – Intentionally Omitted

Exhibit “F” – Site Plan and Floor Plan

Exhibit “G” – Depiction of Court Parking

Exhibit “H” – List of Disputes as of the Effective Date

Exhibit “I” – Categories of Property Disclosure Documents

Exhibit “J” – Form of Joint Occupancy Agreement

Exhibit “K” – Form of Memorandum of Joint Occupancy Agreement

EXHIBIT "A"**LEGAL DESCRIPTION OF THE PROPERTY**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Being a part of the Rancho Canada Del Rincon and also a portion of the lands of Henry Cowell Lime and Cement Company, as shown and delineated on that map title "Record of Survey Map of a part of Graham Hill Road" filed for record December 22, 1954 in Volume 32 of Maps at Page 37, records of Santa Cruz County.

Beginning at a ½ inch iron pipe tagged L.S. 1225 at the most Northern corner of said Rancho Canada Del Rincon and shown and designated as "C.R.O." on the aforesaid record of survey map, from which a W on a 24 inch pine tree bears South 83° 01' 00" East 38.89 feet distant; thence from said point of beginning and along the Northwesternly line of said land of Henry Cowell Lime and Cement Company, South 37° 52' 00" West 1461.87 feet to a ½ inch iron pipe tagged R.E. 2603 set on a point on a curve on the Westerly side of Graham Hill Road from which a "W.O." on a 36 inch pine tree bears South 62° 22' 00" West 23.04 feet distant; thence along the Westerly side of Graham Hill Road the following courses and distances; thence on a curve to the left with a radius of 580.00 feet through an angle 25° 20' 00" for a distance of 248.45 feet to a 4 inch by 4 inch post tagged R.E. 2603; thence South 75° 43' 40" East 701.22 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a W.O. bears South 30° 00' 00" West 11.20 feet distant and South 74° 00' 00" East 19.79 feet; thence continuing along the last aforementioned course South 75° 43' 40" East 447.19 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 75° 43' 40" West 5.00 feet distant and a W.O. on a 30 inch pine bears South 45.22 feet distant and a found white 3 inch by 3 inch post 4 feet high with 4 scribed on Northerly and Southerly sides arrows toward Felton bears South 20° 20' 20" East 30.73 feet distant; thence on a curve to the right with a radius of 920.00 feet through an angle of 42° 24' 00" for a distance of 680.82 feet to a 4 inch post tagged R.E. 2603 from which a W.O. on a 24 inch pine tree bears North 36° 00' 00" West 12.20 feet distant; and a W.O. on an 18 inch Madrone tree bears South 73° 00' 00" West 41.20 feet distant; thence South 33° 19' 40" East 542.92 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 33° 19' 40" West 5.0 feet distant; thence on a curve to the right with a radius of 3,970 feet through an angle of 4° 30' 00" for a distance of 311.80 feet to a 4 inch by 4 inch post tagged R. E. 2603 from which a W.O. on an 18 inch Madrone tree bears South 48° 00' 00" West 31.71 feet distant; thence South 28° 49' 40" East 675.63 feet to a 4 inch by 4 inch post tagged R. E. 2603, from which a W.O. on a 30 inch Oak tree bears North 69° 00' 00" West 8.30 feet distant; thence on a curve to the right with a radius of 2,370 feet through an angle of 2° 52' 30" for a distance of 118.93 feet to a point of curve; thence leaving said Westerly side of Graham Hill Road, North 64° 02' 51" East 60.00 feet to a point on curve on the Easterly side of Graham Hill Road from which a 4 inch by 4 inch post tagged R. E. 2603 bears North 27° 23' 05" West 121.93 feet distant; thence leaving said Easterly side of Graham Hill Road and along the

Northerly side of Lockewood Lane as shown and delineated on the record of survey of a portion of Lockewood Lane filed for record November 21, 1963 in Volume 40 of Maps at Page 45, Santa Cruz County Records, North 66° 52' 21" East 32.06 feet to a point; thence continuing along Lockewood Lane North 21° 52' 21" East 24.01 feet to a point on the Easterly boundary of Rancho Canada Del Rincon; thence North 24° 16' 40" West 1,128.18 feet along the Easterly boundary of the aforesaid Rancho to a 1-½ inch iron pipe in top of a 4 foot pine stump (CR29) from which a ½ inch iron pipe bears North 31° 24' 30" West 10.00 feet distant, another ½ inch iron pipe bears South 62° 10' 15" West 10.00 feet distant and another ½ inch iron pipe bears South 24° 15' 00" East 10.00 feet distant; thence continuing along said Rancho North 31° 24' 30" West 2,705.34 feet to the point of beginning.

Excepting therefrom that area shown and delineated as Graham Hill Road on the above mentioned record of survey map filed in Volume 32 of Maps at Page 37.

Also excepting therefrom the lands conveyed to Mount Hermon Association by deed recorded March 23, 1971 in Volume 2081 Page 17 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Joseph P. Fortier, et ux, by deed recorded June 10, 1977 in Volume 2772 Page 691 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Craig L. Brunnemer et ux, by deed recorded June 14, 1977 in Volume 2773 Page 523 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to the City of Scotts Valley by deed recorded December 19, 1979 in Volume 3146 Page 77 of Official Records of Santa Cruz County, California.

Also excepting the lands conveyed to James E. Patterson, et al by deed recorded November 10, 1982 in Volume 3500 Page 700 of Official Records of Santa Cruz County, California.

APN: 061-371-16

EXHIBIT "B"
INTENTIONALLY OMITTED

EXHIBIT "C"
INTENTIONALLY OMITTED

Court Facility #44-D1
Owned/Shared, TOR Only
September 15, 2008

C-1

EXHIBIT "D"

INTENTIONALLY OMITTED

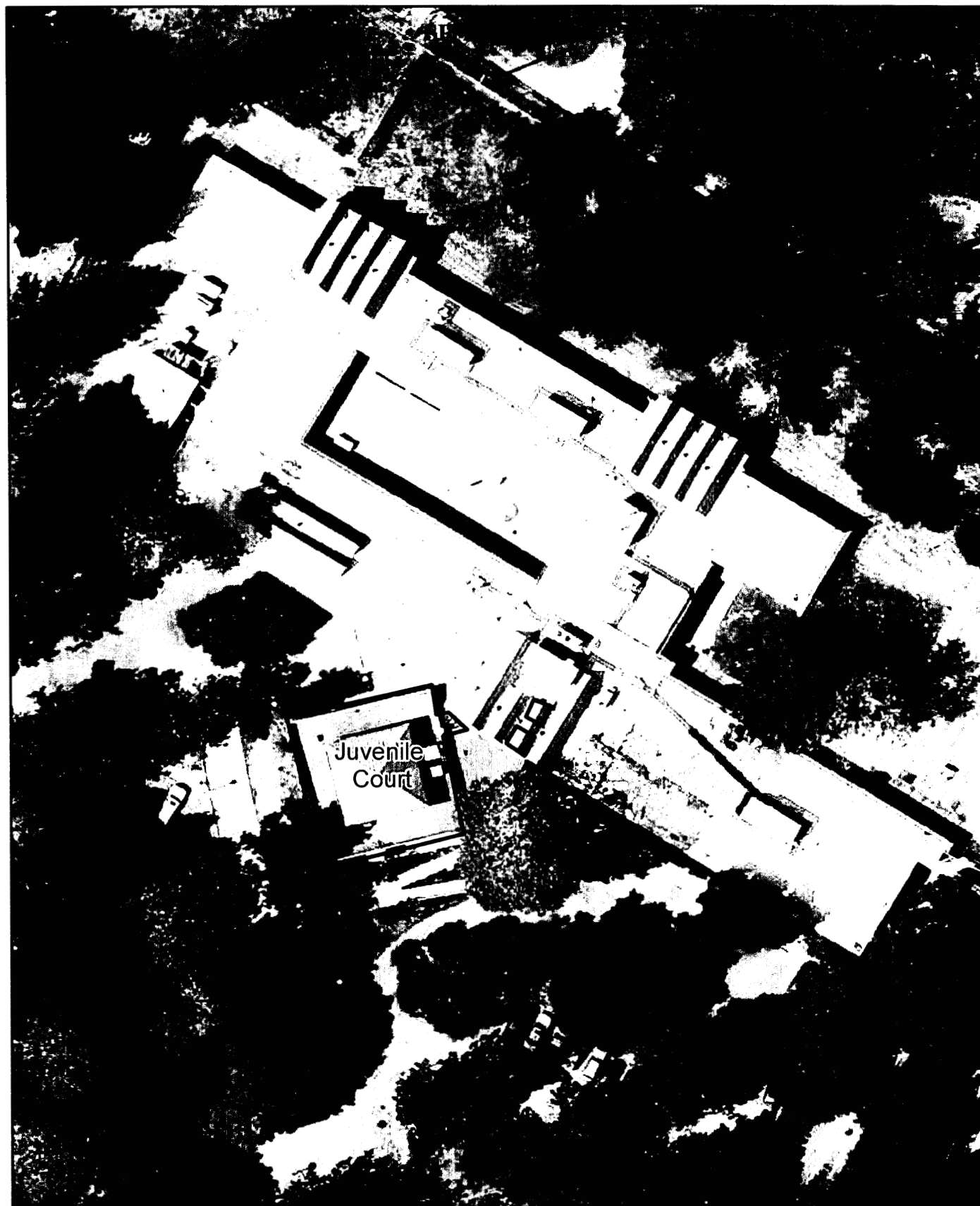
EXHIBIT "E"
INTENTIONALLY OMITTED

Court Facility #44-D1
Owned/Shared, TOR Only
September 15, 2008

E-1

EXHIBIT "F"
COPY OF SITE PLAN AND FLOOR PLAN

EXHIBIT "F"



12

Santa Cruz County GIS 117-08

Juvenile Court
3650 Graham Hill Rd. Santa Cruz, Ca. 95066

Court Facility: #44-D1

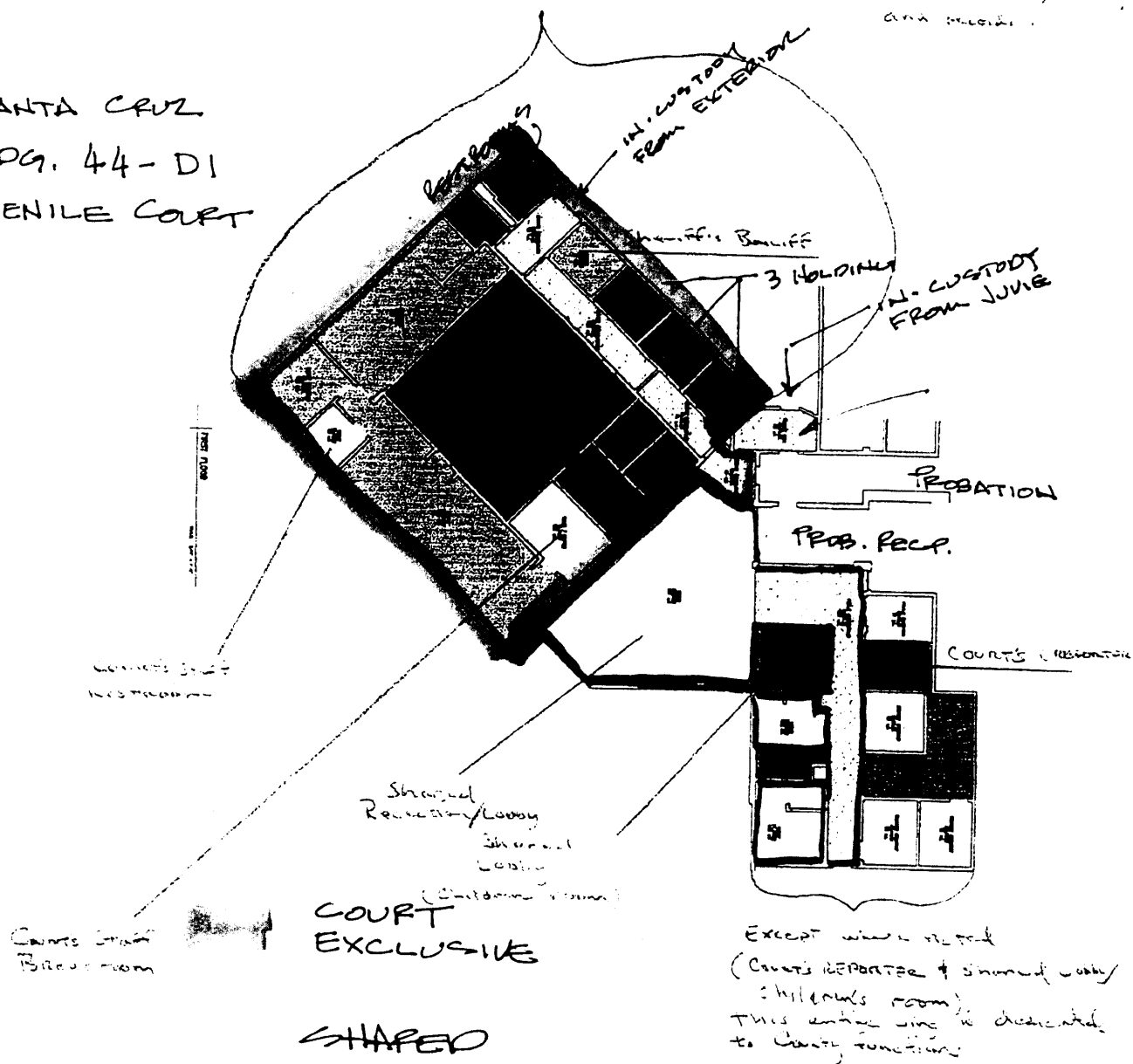
F-2

EXHIBIT "F"

FLOOR PLAN

Except where noted (Sheriff's Building)
This entire wing is dedicated to Court's staff, activities, offices,
and records.

SANTA CRUZ
BLDG. 44-D1
JUVENILE COURT



Paul J. Smith 10/3/2007
Judge & District
for the County of Santa Cruz

Pat Hammer 10/4/07
Pat Hammer
for the Santa Cruz Superior Court

% OF TOTAL.

12

EXHIBIT "G"
DEPICTION OF COURT PARKING

Court Facility #44-D1
Owned/Shared, TOR Only
September 15, 2008

G-1

1047223 1

12

DEPICTION OF COURT PARKING

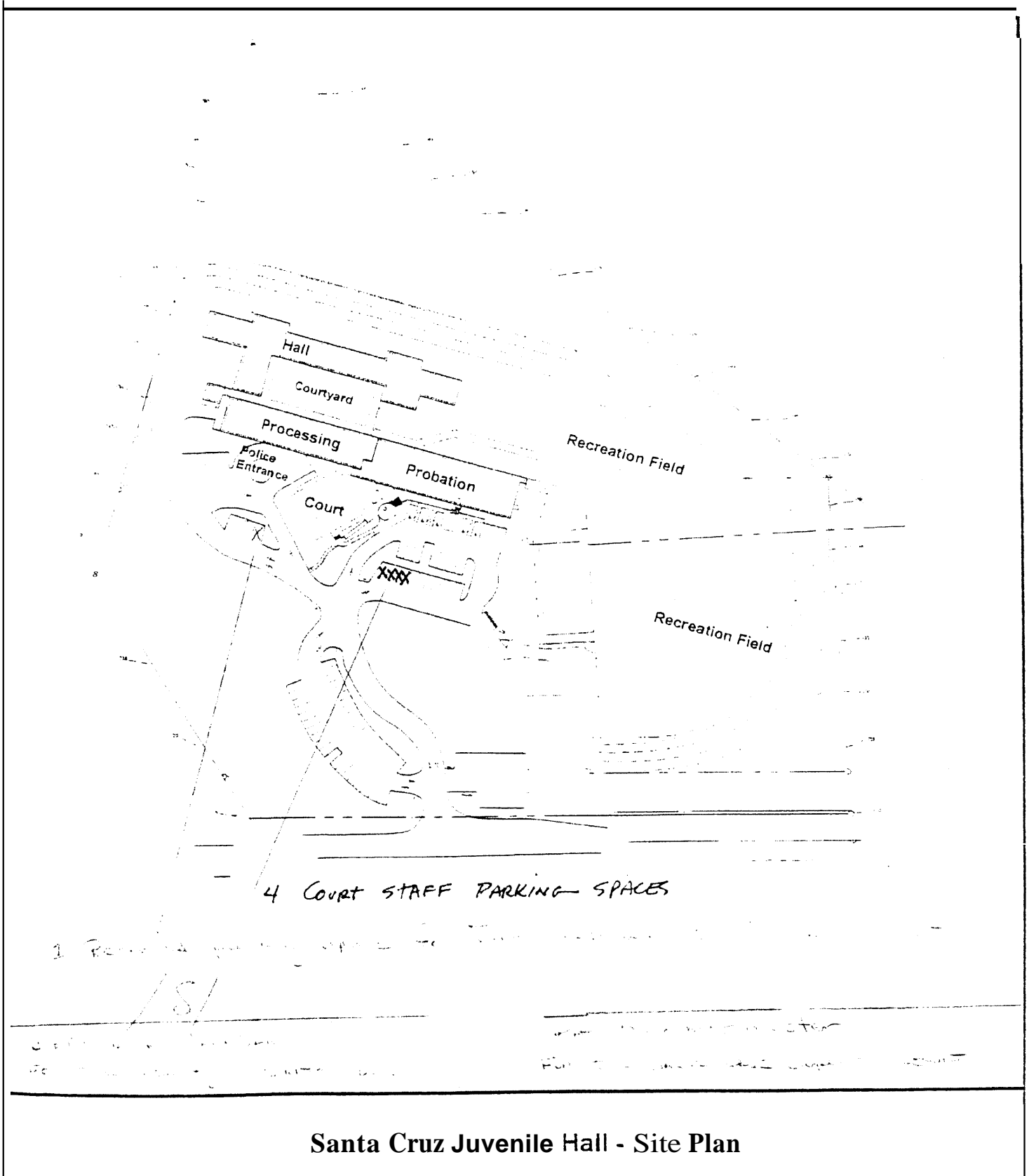


EXHIBIT "H"

LIST OF DISPUTES AS OF THE EFFECTIVE DATE

NONE

12

Court Facility #44-D1
Owned/Shared, TOR Only
September 15, 2008
1047223 1

H-1

EXHIBIT "T"**CATEGORIES OF PROPERTY DISCLOSURE DOCUMENTS**

- o Structural and Physical Condition. Copies of all Material Agreements depicting, evidencing, discussing, or otherwise related to the structural and/or physical condition of the Real Property, including but not limited to the plans and specifications for the original planning, design, and construction of all or any part of the Real Property, and for any later additions to or structural modifications of the Real Property, structural or engineering assessments, reports, or notices related to any part of the Real Property, inspection reports, valuation reports, documents evidencing repairs or maintenance made to or required for any part of the Real Property, whether planned, started, completed, or deferred, and all other documents and information discussing, disclosing, or revealing any structural or physical condition of the Real Property;
- o Environmental. Copies of all environmental assessments and reports containing information concerning the environmental condition of the Real Property, including but not limited to any Phase I or Phase II environmental site assessments, asbestos reports, radon, mold, methane gas, or other indoor air quality studies, environmental impact reports, endangered species investigations, biological assessments, negative declarations, mitigated negative declarations, remedial action plans, notices received from or correspondence with any federal, state, or local governmental bodies concerning any actual, potential, or threatened violations of any Environmental Laws in, on, under, emanating from, adjacent to, or actually or potentially affecting the Real Property, no further action letters, environmental covenants and restrictions, closure reports, contracts between the County and any consultant for any ongoing work to investigate, assess, remediate, or monitor any actual or potential environmental hazard on or emanating from the Real Property, permits, documents, and inspection reports related to underground storage tanks, written disclosures given by the County to, or received by the County from, any third party describing or discussing any environmental condition in, on, under, emanating from, or adjacent to the Real Property, and any other reports, studies, assessments, investigations, permits, licenses, correspondence, or documents evidencing, depicting, or describing the environmental condition of the Real Property;

- o Compliance with Laws. Copies of all instruments, permits, certificates, and licenses evidencing the extent to which the Real Property is in compliance with Law, including but not limited to certificates of occupancy for the Building, inspection certificates for any base Building systems for which the County is responsible, if any, including elevators, fire/life safety equipment, boilers, and emergency generators, and other base Building systems for which periodic inspection, permitting, or certification is required, a current license and certificate of registration for any motorized vehicles included in the Tangible Personal Property, any assessments, reports or analyses reflecting the status of compliance of the Real Property with the **ADA**, permits and approvals (to the extent required) for any ongoing capital improvements, and repair or maintenance projects (whether or not Pending Projects) being performed by or for the County, current and sufficient licenses for all software and other proprietary materials included within the Tangible Personal Property or Intangible Personal Property, notices from and correspondence with any third party concerning any actual or claimed violations of any Law related to the Real Property, and other documents, instruments, agreements, permits, licenses, and certificates in any way related to the status of the County's compliance with Law in respect of the Real Property;
- Occupancy Agreements. Copies of all existing, written Occupancy Agreements for the Real Property, a written description of the terms of any unwritten agreement or understanding with any Occupant for occupancy or use of the Real Property, and copies of all notices to or from, and material correspondence with, any Occupant (other than the Court) or any other third party who has or claims any right to occupy or use, the Real Property;
- o Intangible Personal Property. Copies of all documents creating, evidencing, or describing the Intangible Personal Property, a written description of the terms of any unwritten agreement or understanding with any third party under which the County has or claims a right in any Intangible Personal Property, including unwritten agreements or understandings concerning the provision of services, materials, supplies, warranties, guaranties, indemnification rights, or other rights of the County in respect of the Real Property; and copies of any notices to or from, and any correspondence with, any person or entity that is obligated to provide to the County, or from whom the County believes it is entitled to receive, an Intangible Personal Property right related to the Real Property;

- o Damage, Destruction and Loss. Copies of all documents, correspondence, pictures, claims tendered under insurance policies, damage assessments, police reports, fire department reports, estimates, bids, or proposals for repair or replacement, agreements, and other materials describing, evidencing, depicting, or related to any casualty, event, or occurrence that resulted in damage to, or destruction, theft, or loss of, the Property where such damage, destruction or loss:
 - will not have been fully repaired or replaced by, and at the sole expense of, the County and/or the County's insurer, as of the Closing Date; or
 - is not fully insured, and the County's good faith estimate of the funds required to repair or replace the damage to, or destruction, theft, or loss of, the affected Property (net of the deductible amount on any applicable County insurance policy) is greater than Five Hundred Dollars (\$500.00);
- o Condemnation. Copies of notices received by the County, and any correspondence between the County and any third party concerning, any actual or proposed condemnation or eminent domain proceedings, or any pending or proposed widening, modification, or realignment of any street or highway contiguous to the Real Property, that would or might, in either case, result in a taking of the Real Property, and copies of any claims, demands for mediation, arbitration, or other dispute resolution procedure, and causes of action or complaints received by the County in connection with any actual or proposed condemnation or eminent domain proceeding affecting the Real Property;
- o Legal Proceedings. A reasonably-detailed written description of each Dispute, together with a description of the current status of each such Dispute, contact information for the attorney primarily representing the County in each Dispute (whether or not a County employee) and, to the extent specifically requested by the AOC, such other pleadings, correspondence, demands, briefs, settlement proposals, and other documents related to any Dispute;
- o Miscellaneous Disclosures. Copies of any other documents, agreements, instruments, notices, correspondence, or other written materials that describe, depict, or relate to any other right, benefit, entitlement, liability, risk, condition, or circumstance affecting the Property, and reasonably-detailed written descriptions of any and all undocumented liabilities, risks,

conditions, or circumstances affecting the Property, not otherwise specifically contemplated in this Exhibit; and

- Summary of Excluded Documents. A written list setting forth the title and general subject matter of the Excluded Documents that the County did not provide or otherwise make available to the AOC because they are subject to the attorney-client or attorney work product privileges or because the County is bound by a written confidentiality obligation that precludes the AOC's review and inspection.

12

Court Facility #44-D1
Owned/Shared, TOR Only
September 15, 2008

1-4

1047223 1

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

STATE OF CALIFORNIA
c/o Judicial Council of California
Administrative Office of the Courts
Office of the General Counsel
455 Golden Gate Avenue
San Francisco, CA 94102
Attn: Melvin Kennedy, Managing Attorney
Office of the General Counsel, Real Estate Unit

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES PURSUANT TO GOV'T. CODE SECTION 27383 AND DOCUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND TAXATION CODE SECTION 11922.

APN(S): 061-371-16; County of Santa Cruz

MEMORANDUM OF JOINT OCCUPANCY AGREEMENT

THIS MEMORANDUM OF JOINT OCCUPANCY AGREEMENT (“**Memorandum**”) is made and entered into the ____ day of _____, 200__ by and between the County of Santa Cruz, whose present address is County Administrative Office, 701 Ocean Street, Suite 520, Santa Cruz, CA 95060 (“**County**”), and the Judicial Council of California, Administrative Office of the Courts (“**AOC**”), whose present address is 455 Golden Gate Avenue, San Francisco, CA 94102, Attention: Assistant Director, Office of Court Construction and Management, with respect to the following facts:

RECITALS

A. County is the fee owner of that certain real property located in the County of Santa Cruz, State of California, and having a street address of 3650 Graham Hill Road, as more particularly described on **Attachment 1** to this Memorandum (“**Land**”), together with the improvements located thereon containing the court facility commonly known as the Juvenile Court, and all other buildings, structures, and improvements located on and/or affixed to the Land (together with the Land, the “**Real Property**”);

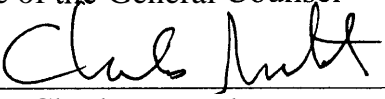
B. Under that certain Transfer Agreement For The Transfer of Responsibility For Court Facility between AOC and County dated as of _____, 2008, AOC and County have entered into that certain Joint Occupancy Agreement, dated as of _____, 2008 (“**JOA**”), setting forth the terms governing the Parties’ respective rights and responsibilities regarding their shared possession, occupancy and use of the Real Property, as more particularly described in the JOA;

C. The JOA provides, among other things, for rights of first refusal and rights of first offer in favor of County and AOC to expand into and occupy, on a paid basis, any portion of the Real Property that County or AOC desire to vacate in accordance with Government Code § 70342(e);


D. Under the terms of the JOA, this Memorandum is to be recorded in the Official Records of County with respect to the Property for the purpose of memorializing the existence of the JOA, the terms of which inure to the benefit of, and bind, AOC, County and their respective successors and assigns. Any third-party interested in obtaining information about the Agreement may contact the parties at their above-referenced addresses.

IN WITNESS WHEREOF, this Memorandum has been executed as of the day and year first above written.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

By: 
Name: Charles Martel
Title: Attorney
Date: 9.15.2008

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: 
Name: Grant Walker
Title: Senior Manager, Business Services
Date: 9/15/08


ATTEST:

~~SUSAN A. MATHIAS~~, Clerk of the Board


By: 

Deputy

**COUNTY OF SANTA CRUZ, a political
subdivision of the State of California**

By: 
Name: _____
Title: Chairperson, Board of Supervisors
Date: 9/25/08

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: 
Name: Dana McRae
Date: 9-23-08

AOC ACKNOWLEDGEMENT

STATE OF CALIFORNIA

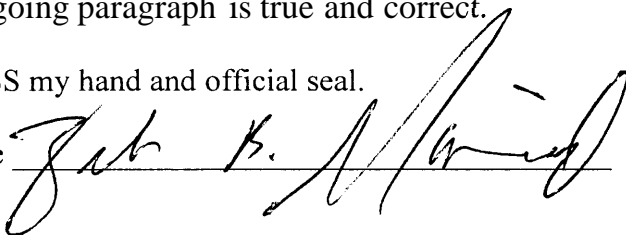
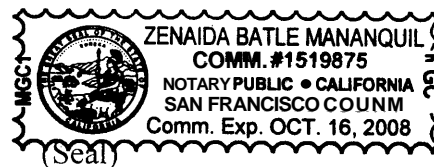
COUNTY OF SAN FRANCISCO

On 15 SEPTEMBER 2008 before me, ZENAIDA B. MANANQUIL, Notary Public, personally appeared **Grant Walker**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA

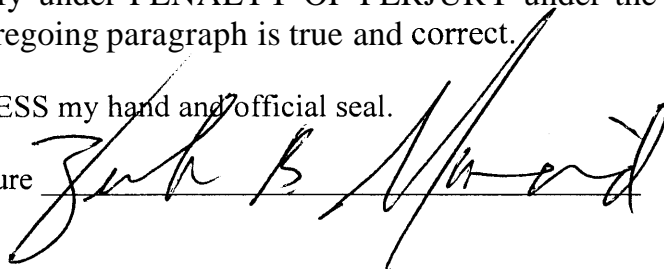
COUNTY OF SAN FRANCISCO

On 15 SEPTEMBER 2008 before me, ZENAIDA B. MANANQUIL, Notary Public, personally appeared **Charles Martel**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



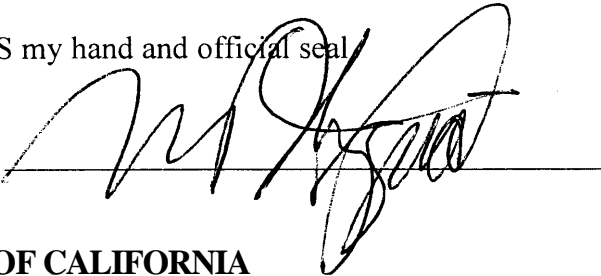
COUNTY ACKNOWLEDGEMENT**STATE OF CALIFORNIA****COUNTY OF** Santa Cruz

On September 25, 2008 before me, Tess Fitzgerald, Deputy Clerk of the Board of Supervisors, Santa Cruz County, State of California, and for said County and state, personally appeared Ellen Prieto, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)

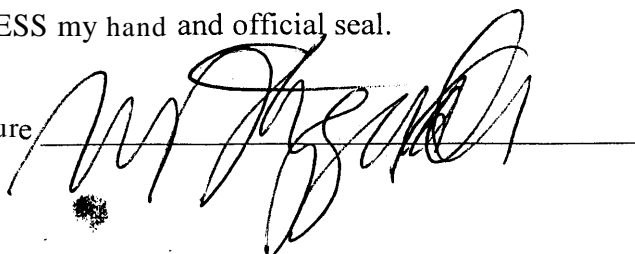
STATE OF CALIFORNIA**COUNTY OF** Santa Cruz

On September 23, 2008 before me, Tess Fitzgerald, Deputy Clerk of the Board of Supervisors, Santa Cruz County, State of California, and for said County and state, personally appeared Dana McRae, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)

ATTACHMENT 1

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Being a part of the Rancho Canada Del Rincon and also a portion of the lands of Henry Cowell Lime and Cement Company, as shown and delineated on that map title "Record of Survey Map of a part of Graham Hill Road" filed for record December 22, 1954 in Volume 32 of Maps at Page 37, records of Santa Cruz County.

Beginning at a ½ inch iron pipe tagged L.S. 1225 at the most Northern corner of said Rancho Canada Del Rincon and shown and designated as "C.R.O." on the aforesaid record of survey map, from which a W on a 24 inch pine tree bears South 83° 01' 00" East 38.89 feet distant; thence from said point of beginning and along the Northwesternly line of said land of Henry Cowell Lime and Cement Company, South 37° 52' 00" West 1461.87 feet to a ½ inch iron pipe tagged R.E. 2603 set on a point on a curve on the Westerly side of Graham Hill Road from which a "W.O." on a 36 inch pine tree bears South 62° 22' 00" West 23.04 feet distant; thence along the Westerly side of Graham Hill Road the following courses and distances; thence on a curve to the left with a radius of 580.00 feet through an angle 25° 20' 00" for a distance of 248.45 feet to a 4 inch by 4 inch post tagged R.E. 2603; thence South 75° 43' 40" East 701.22 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a W.O. bears South 30° 00' 00" West 11.20 feet distant and South 74° 00' 00" East 19.79 feet; thence continuing along the last aforementioned course South 75° 43' 40" East 447.19 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 75° 43' 40" West 5.00 feet distant and a W.O. on a 30 inch pine bears South 45.22 feet distant and a found white 3 inch by 3 inch post 4 feet high with 4 scribed on Northerly and Southerly sides arrows toward Felton bears South 20° 20' 20" East 30.73 feet distant; thence on a curve to the right with a radius of 920.00 feet through an angle of 42° 24' 00" for a distance of 680.82 feet to a 4 inch post tagged R.E. 2603 from which a W.O. on a 24 inch pine tree bears North 36° 00' 00" West 12.20 feet distant; and a W.O. on an 18 inch Madrone tree bears South 73° 00' 00" West 41.20 feet distant; thence South 33° 19' 40" East 542.92 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 33° 19' 40" West 5.0 feet distant; thence on a curve to the right with a radius of 3,970 feet through an angle of 4° 30' 00" for a distance of 311.80 feet to a 4 inch by 4 inch post tagged R. E. 2603 from which a W.O. on an 18 inch Madrone tree bears South 48° 00' 00" West 31.71 feet distant; thence South 28° 49' 40" East 675.63 feet to a 4 inch by 4 inch post tagged R. E. 2603, from which a W.O. on a 30 inch Oak tree bears North 69° 00' 00" West 8.30 feet distant; thence on a curve to the right with a radius of 2,370 feet through an angle of 2° 52' 30" for a distance of 118.93 feet to a point of curve; thence leaving said Westerly side of Graham Hill Road, North 64° 02' 51" East 60.00 feet to a point on curve on the Easterly side of Graham Hill Road from which a 4 inch by 4 inch post tagged R. E. 2603 bears North 27° 23' 05" West 121.93 feet distant; thence leaving said Easterly side of Graham Hill Road and along the

Northerly side of Lockewood Lane as shown and delineated on the record of survey of a portion of Lockewood Lane filed for record November 21, 1963 in Volume 40 of Maps at Page 45, Santa Cruz County Records, North 66° 52' 21" East 32.06 feet to a point; thence continuing along Lockewood Lane North 21° 52' 21" East 24.01 feet to a point on the Easterly boundary of Rancho Canada Del Rincon; thence North 24° 16' 40" West 1,128.18 feet along the Easterly boundary of the aforesaid Rancho to a 1-½ inch iron pipe in top of a 4 foot pine stump (CR29) from which a ½ inch iron pipe bears North 31° 24' 30" West 10.00 feet distant, another ½ inch iron pipe bears South 62° 10' 15" West 10.00 feet distant and another ½ inch iron pipe bears South 24° 15' 00" East 10.00 feet distant; thence continuing along said Rancho North 31° 24' 30" West 2,705.34 feet to the point of beginning.

Excepting therefrom that area shown and delineated as Graham Hill Road on the above mentioned record of survey map filed in Volume 32 of Maps at Page 37.

Also excepting therefrom the lands conveyed to Mount Hermon Association by deed recorded March 23, 1971 in Volume 2081-Page 17 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Joseph P. Fortier, et ux, by deed recorded June 10, 1977 in Volume 2772 Page 691 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Craig L. Brunnemer et ux, by deed recorded June 14, 1977 in Volume 2773 Page 523 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to the City of Scotts Valley by deed recorded December 19, 1979 in Volume 3146 Page 77 of Official Records of Santa Cruz County, California.

Also excepting the lands conveyed to James E. Patterson, et al by deed recorded November 10, 1982 in Volume 3500 Page 700 of Official Records of Santa Cruz County, California.

APN: 061-371-16

Facility # 44-D1

0081

Building Name: Juvenile Court

Building Address: 3650 Graham Hill Road, Santa Cruz, CA 95066

JOINT OCCUPANCY AGREEMENT
BETWEEN
THE JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE COURTS,
AND
THE COUNTY OF SANTA CRUZ

JOINT OCCUPANCY AGREEMENT

1. PURPOSE

The Judicial Council of California (“**Council**”), Administrative Office of the Courts (together, the “**AOC**”), and the County of Santa Cruz (“**County**”) set forth the terms and conditions for the Parties’ shared possession, occupancy, and use of the Real Property.

2. DEFINITIONS

“**Act**” means The Trial Court Facilities Act of 2002 (Government Code sections 70301-70404) as of the Effective Date.

“**Agreement**” means the Transfer Agreement for the Transfer of Responsibility for Court Facility, by and between the AOC and the County, dated as of September 30, 2008, under which the County transferred to the AOC responsibility for certain portions of the Real Property under the Act.

“**AOC Claim**” means any demand, complaint, cause of action, or claim related to the period on and after the Effective Date, alleging or arising from acts, errors, omissions, or negligence of the Court in the administration and performance of judicial operations in the Court Facility (e.g., allegations of civil rights violations made by a third party against a Court employee).

“**AOC Designated Representative**” means the individual designated as such in section 13 of this JOA.

“**AOC Share**” means 12.15 percent, which is the percentage of the Total Exclusive-Use Area occupied by the Court.

“**Appraiser**” means an MAI appraiser with at least five years experience in appraising real properties similar to the Real Property.

“**Broker**” means a real estate broker licensed by the California Department of Real Estate with adequate knowledge and experience in assessing and providing opinions of value for real properties similar to the Real Property.

“**Building**” means the building on the Land occupied by the Court and the County, all connected or related structures and improvements, and all Building Equipment.

“Building Equipment” means the installed equipment and systems that serve the Building generally or the Common Area. The Building Equipment does not include the equipment and systems that exclusively serve the Exclusive-Use Area of only one Party.

“Common Area” means the areas of the Land and the Building that are used non-exclusively and in common by, or for the common benefit of, the County and the Court, and includes (1) those portions of the Building depicted as Common Area on **Attachment “2”** to this JOA, including hallways and restrooms that are not located in either Party’s Exclusive-Use Area, (2) foundations, exterior walls, load-bearing walls, support beams, exterior windows, the roof, and other structural parts of the Building, (3) Building Equipment and Utilities that do not exclusively serve only one Party’s Exclusive-Use Area, and (4) driveways, walkways, and other means of access over the Land and through the Building to the Court Exclusive-Use Area. The Common Area does not include any part of the Exclusive-Use Area of either Party, except for any Building Equipment that is located in a Party’s Exclusive-Use Area.

“Common Parking” has the meaning given to it in the Agreement and is depicted on **Attachment “2”** to this JOA.

“Contractors” means all third-party contractors, vendors, service providers, and all levels of subcontractors, and their respective employees, consultants, and representatives, that provide goods, services, or supplies to the Real Property with respect to the Operation of the Building.

“Contributing Party” means the AOC.

“County Designated Representative” means the individual designated as such in section 13 of this JOA.

“County Exclusive-Use Area” means the 26,339 square feet of the floor space in the Building, which is exclusively occupied and used by the County as depicted on **Attachment “2”** to this JOA.

“County Parties” means the County, its political subdivisions, and their respective officers, agents, and employees.

“County Share” means **87.85** percent, which is the percentage of the Total Exclusive-Use Area that is exclusively occupied and used by the County.

“Court” means the Superior Court of California in and for the County of Santa Cruz.

“Court Exclusive-Use Area” means the 3,643 square feet of the floor space of the Building that are exclusively occupied and used by the Court, as depicted on **Attachment “2”** to this JOA.

“Court Parking” has the meaning given to it in the Agreement and is depicted on **Attachment “2”** to this JOA.

”Deficiency” means any condition of, damage to, or defect in the Common Area that: (1) threatens the life, health, or safety of persons occupying or visiting the Building, (2) unreasonably interferes with, disrupts, or prevents either Party’s occupancy or use of the Real Property, or its ability to conduct its business operations in its Exclusive-Use Area, in an orderly, neat, clean, safe, and functional environment, (3) threatens the security of the employees, guests, invitees, or patrons of either Party, (4) threatens to diminish the value of the Contributing Party’s Exclusive-Use Area or the Common Area, or threatens to damage or destroy the business personal property of the Contributing Party or the Court including files, records and documents located in the Building, , or (6) causes or exacerbates an unsafe, unsanitary, unlawful, or non-functional condition affecting the Contributing Party’s Exclusive-Use Area or the Common Area.

“Effective Date” means the date on which the Transfer of Responsibility is completed under the terms of the Agreement.

“Emergency” means a sudden, unexpected event or circumstance, on or affecting the Common Area or the Real Property, that results in a Deficiency.

“Equipment Permits” means all permits, certificates, and approvals required for lawful Operation of any of the Building Equipment.

“Equity” means the term “equity” as used and referred to in the Act.

“Estimated Shared Costs” means the Managing Party’s reasonable, itemized estimate of the Shared Costs for a fiscal year; provided that, the Managing Party’s first estimate of the Shared Costs will cover the period from the Effective Date to the last day of the fiscal year in which the Effective Date occurs.

“Exclusive-Use Area” means the Court Exclusive-Use Area or the County Exclusive-Use Area, as determined by the context in which the term is used.

“Grounds Area” means the portion of the Land surrounding the Building.

“Hazardous Substance” means any material or substance regulated under any federal, state, or local laws, ordinances, regulations, rules, statutes, and administrative actions or orders respecting hazardous or toxic substances, waste, or materials, or industrial hygiene.

“Indemnified Loss” means all liability, damages, reasonable attorney fees, costs, expenses, or losses with respect to which either Party is obligated to indemnify the other Party under this JOA.

“JOA” means this Joint Occupancy Agreement.

“Land” means the real property described on **Attachment “1”** to this JOA.

“Law” means State and federal codes, ordinances, laws, regulations, the California Rules of Court, and judicial and administrative orders and directives, to the extent binding on the County and issued by a court or governmental entity with jurisdiction over the County.

“Liability Claim” means any demand, complaint, cause of action, or claim alleging (1) bodily injury to or death of third parties (excluding any employees of State Parties or County Parties acting within the scope of their employment as such) in, on, or about the Real Property, and (2) damage to or destruction of personal property of a third party (other than personal property of a County Party or a State Party) in, on, or about the Real Property, but excludes all AOC Claims.

“Major Deficiency” means any Deficiency in the Common Area: (i) that cannot, with reasonable diligence, be corrected within 30 days once commencement of the corrective work has begun, or (ii) as to which the estimated cost to correct will result in Excess Costs in an amount greater than 10 percent of the Estimated Shared Costs for the fiscal quarter in which the Parties anticipate the correction will be performed, under section 4.2 of this JOA.

“Managing Party” means the County, which is the Party responsible for the Operation of the Common Area under this JOA.

“Memorandum” means the document titled Memorandum of Joint Occupancy Agreement that has been recorded in the official records of the County as an encumbrance on the Land pursuant to the Agreement.

“Non-Owning Party” means the AOC, which is the Party that does not own fee title to the Real Property.

“Occupancy Agreement” means any agreement between a Party and a third party that entitles any party other than the County or the AOC to occupy or use any part of the Real Property.

“Occupant” means any party that occupies or uses the Real Property under an Occupancy Agreement.

“Operation” means the administration, management, maintenance, and repair of designated areas of the Real Property, but does not include custodial services for the Common Area or either Party’s Exclusive-Use Area, which are not governed by this JOA.

“Owner” means the County, which is the Party that owns fee title to the Real Property.

“Parking Area” means the parking area serving the Building, as depicted on Attachment “2” to this JOA, and includes the Court Parking and the Common Parking.

“Party” means either the AOC or the County, and **“Parties”** means the AOC and the County.

“Property Damage Claim” means any claim or demand arising from or related to direct, physical loss or damage to the Real Property that is required to be covered by the Property Insurance Policies.

“Property Insurance Costs” means all costs of providing the Property Insurance Policies, including premiums, deductibles, and self-insurance retention amounts under Owner’s self-insurance program.

“Property Insurance Policies” means one or more policies of property insurance maintained by the Owner that insure the Real Property against those risks covered under a form of coverage with terms and conditions as comprehensive as those in an All-Risk/Special Form property insurance policy and, when applicable, the comprehensive form of equipment breakdown insurance, with coverage amounts equal to at least the 100 percent Replacement Cost of the Real Property. Owner’s obligation to provide the Property Insurance Policies may be satisfied, in whole or in part, by any self-insurance or deductible maintained by the Owner for the Real Property, or by Owner’s participation in a joint powers authority established for the purpose of pooling self-insured claims.

“Property Loss” means any loss or damage to, or destruction of, the Real Property that arises from a cause that is required to be covered under the terms of the Property Insurance Policies.

“Real Property” means the Land and the Building, together.

“Restricted Area” means all areas (i) within the Court Exclusive-Use Area that are not generally accessible to the public, including judges’ chambers, all non-public restrooms, break rooms, and corridors, and other non-public spaces that are dedicated for use only by judges or Court staff and employees, and (ii) public areas of the Common Area and the Court Exclusive-Use Area during non-business hours that are subject to security screening during normal business hours.

“Security-Related Areas” means the parts of the Real Property that are used for secure holding and transport of prisoners, including holding cells, sallyports, and secured corridors.

“Security Services MOU” means the Contractor Agreement – Provision of Court Security Services, Fiscal Year 2007-2008, between the County and the Court dated August 8, 2007, as amended from time to time.

“Share” means the AOC Share or the County Share, as determined by the context in which the term is used.

“Shared Costs” means: (i) the cost of owned or rented capital replacement items, improvements, equipment, and repairs in or benefiting the Common Area; (ii) the cost of normal, day-to-day Operation of the Common Area including the cost of Utilities provided to the Common Area, and the cost of maintaining Equipment Permits (but excluding any late fees, interest, penalties, or other charges arising from the Managing Party’s failure to timely pay those costs or keep the Equipment Permits in effect); (iii) the cost of Utilities provided to the Exclusive-Use Areas, if Utilities are not separately metered for the Exclusive-Use Areas; and (iv) any Property Insurance Costs, subject to section 4.6 below. Shared Costs do not include: (a) any cost that is primarily for the purpose of benefiting a Party’s Exclusive-Use Area; (b) overtime charges or late fees related to any item that would otherwise be a Shared Cost, unless those overtime expenses or late fees are pre-approved by both Parties, or are necessary to remedy the imminent threat arising from an Emergency; or (c) any fees, fines, penalties, interest, or other charges arising from the Managing Party’s Operation of the Real Property in a negligent manner or a manner that does not comply with Law. Notwithstanding anything to the contrary, Shared Costs do not include any costs relating to the Operations of the Parking Area or the Grounds Area, including without limitation the cost of any Utilities provided to the Parking Area or the Grounds Area.

“State Parties” means the Council, the Administrative Office of the Courts, and the Court, their political subdivisions, and their respective officers, agents, and employees.

“Term” means the term of this JOA, which commences on the Effective Date and continues indefinitely until the Parties enter into a written agreement terminating this JOA and causing the Memorandum to be terminated and removed as an encumbrance on the Land.

“Termination Agreement” means the document titled Termination of Joint Occupancy Agreement in the form and content attached as **Attachment “4”** to this JOA.

“Total Exclusive-Use Area” means the Court Exclusive-Use Area and the County Exclusive-Use Area, together.

“Utilities” means the utilities services provided to the Real Property, except for telephone, cable, internet, and other data services, which are governed by section 3.8 of this JOA.

“Vending Facility” means “vending facility” as defined in section 19626 of the California Welfare and Institution Code, as amended.

3. RIGHTS AND RESPONSIBILITIES

3.1 Rights to Exclusive-Use Area and Common Area. Under the Act, the Agreement, and this JOA, the AOC has the right to exclusively occupy and use the Court Exclusive-Use Area and the non-exclusive right to occupy and use the Common Area, and the County has the right to exclusively occupy and use the County Exclusive-Use Area and the non-exclusive right to occupy and use the Common Area. Each Party’s non-exclusive right to use the Common Area must: (i) not interfere with the other Party’s use of its Exclusive-Use Area or the Common Area; (ii) not materially increase the other Party’s obligations under this JOA; and (iii) comply with Law. The Parties may from time to time agree on reasonable rules and regulations for their shared use of the Common Area. The AOC agrees to use reasonable efforts to ensure that Court employees adhere to any reasonable rules and regulations promulgated by the County with respect to the occupancy and use of the Building by such Court employees.

3.2 Responsibility for Exclusive-Use Areas and Common Area.

3.2.1 Exclusive-Use Areas. During the Term, each Party is responsible for the Operation of its Exclusive-Use Area at its sole cost and expense. Each Party may make alterations and additions to its Exclusive-Use Area, as long as those alterations and additions do not unreasonably interfere with the other Party’s use of its Exclusive-Use Area or the Common Area.

3.2.2 Common Area. The Managing Party is responsible for the Operation of the Common Area and will provide and pay for Utilities to the Real Property under this JOA, subject to section 3.2.3, and the Contributing Party's obligations under section 4 of this JOA. The Managing Party may make reasonable additions and alterations to the Common Area, the cost of which will be a Shared Cost, but the Managing Party must first obtain the written consent of the Contributing Party to those additions or alterations, which consent will not be unreasonably withheld, conditioned, or delayed. If the Contributing Party neither consents, nor provides to the Managing Party a reasonably-detailed description of its reasons for withholding its consent, within 30 days after the Contributing Party's receipt of the Managing Party's request for consent to the Common Area additions or alterations, the Contributing Party will be deemed to have consented, and will be responsible to pay its Share of the costs and expenses incurred by the Managing Party in making the Common Area alterations or additions described in the Managing Party's request for consent. The County is responsible for the Operation of the Grounds Area and the Parking Area, at its sole cost and expense, and the costs and expenses incurred by the County for Operation of the Grounds Area and the Parking Area will not be included as a Shared Cost.

3.2.3 Correction of Common Area Deficiencies.

3.2.3.1 Deficiency. Upon the Managing Party's discovery of a Deficiency, the Managing Party must either (i) correct the Deficiency within 30 days, or (ii) if the Deficiency is a Major Deficiency, send a written notice to the Contributing Party, within ten business days after determining that the Deficiency is a Major Deficiency, describing the Major Deficiency and providing an estimate of the cost and time needed to correct the Major Deficiency ("**Major Deficiency Notice**").

3.2.3.2 Contributing Party Deficiency Notice. Upon the Contributing Party's discovery of a Deficiency in the Common Area, the Contributing Party shall send a written notice to the Managing Party describing the Deficiency (the "**Contributing Party Deficiency Notice**"). Upon receipt of any Contributing Party Deficiency Notice, the Managing Party must: (i) correct the Deficiency within 10 days after the Managing Party's receipt of the Contributing Party Deficiency Notice; or (ii) within three business days after the Managing Party's receipt of the Contributing Party Deficiency Notice, send a Major Deficiency Notice to the Contributing Party; or (iii) inform the Contributing Party in writing within three days of receipt of the Contributing Party Deficiency Notice that the Managing Party disputes the existence of a Deficiency. In the event that the Managing Party disputes the existence of a Deficiency as set forth in this section 3.2.3.2, the Parties will work together in good faith to resolve any such dispute to the mutual satisfaction of both Parties. If the Parties are unable to resolve such dispute within 30 days after the Managing Party's notice to the Contributing Party of

such dispute, then the Parties will proceed to resolve such dispute in accordance with section 11 of this **JOA**.

3.2.3.3 contributing Party's Right to Correct. If the Managing Party neither corrects the Deficiency, nor sends a Major Deficiency Notice within the time periods provided in section **3.2.3.2**, nor disputes the existence of the Deficiency pursuant to section **3.2.3.2** above, then the Contributing Party may, but is not obligated to, upon giving prior notice to the Managing Party, but without waiving any of its rights set forth in section 10 of this **JOA**, correct the Deficiency in any reasonable manner under the circumstances. If the Contributing Party corrects the Deficiency, the Contributing Party will be entitled to reimbursement from the Managing Party, under section **3.2.3.4**, below, of the Managing Party's Share of the actual costs incurred by the Contributing Party to correct the Deficiency, whether or not the Deficiency is a Major Deficiency.

3.2.3.4 Correcting Party; Reimbursement. The Party that actually performs the correction of a Deficiency or a Major Deficiency is the **"Correcting Party."** The Correcting Party is entitled to be reimbursed by the non-correcting Party for the non-correcting Party's Share of the actual costs that the Correcting Party incurs in correcting each Deficiency, as follows:

(a) If the Correcting Party is the Managing Party, the Correcting Party will be reimbursed for the non-correcting Party's Share of the actual costs to correct the Deficiency under section **4** of this **JOA**; provided, however, that in the event of a Major Deficiency, the Managing Party will not be entitled to reimbursement from the Contributing Party of any amount greater than the Contributing Party's Share of the estimated costs to correct the Major Deficiency that are set forth in the Correction Plan; or

(b) If the Correcting Party is the Contributing Party, the Managing Party will reimburse the Contributing Party for the Managing Party's Share of the costs to correct the Deficiency within **30** days after the Contributing Party has delivered to the Managing Party an invoice and reasonable supporting documents evidencing the actual costs to correct the Deficiency.

(c) If the non-correcting Party does not timely reimburse the Correcting Party for the non-correcting Party's Share of the costs of correction, the Correcting Party may offset the non-correcting Party's Share of the costs to correct the Deficiency against any amounts that the Correcting Party owes to the non-correcting Party under this **JOA** or any other agreement.

3.2.3.5 Major Deficiency Correction Plan. If the Managing Party at any time sends the Contributing Party a Major Deficiency Notice, whether under section 3.2.3.1 or section 3.2.3.2 of this JOA, then within 10 days after the Contributing Party's receipt of the Major Deficiency Notice, the Parties will meet and confer, in good faith, in person or by telephone, to determine a plan ("**Correction Plan**") for the correction of the Major Deficiency, including the method, estimated cost, and time period for the correction. If the Managing Party does not thereafter complete the correction of the Major Deficiency in accordance with the Correction Plan, the Contributing Party may, but will not be obligated to, without giving any notice or commencing any cure period under section 10 of this JOA, correct the Major Deficiency in a manner consistent with the Correction Plan, and will thereafter be the Correcting Party for purposes of reimbursement of the Managing Party's Share of the actual costs of correcting the Deficiency under section 3.2.3.4(b) of this JOA.

3.2.3.6 Not Applicable to Emergencies. This section 3.2.3 will not apply to any Deficiency that: (i) arises from an Emergency, and (ii) constitutes an imminent threat (a) to life, safety, health, or security, (b) of reduction in the value of the Contributing Party's Exclusive-Use Area or the Common Area, or (c) to the preservation of the Contributing Party's files, records, and documents located in the Building. Rather, those Deficiencies will be governed by section 3.2.4 of this JOA. Any Deficiency that arises from an Emergency, but that does not constitute an imminent threat to the matters described in (ii) (a), (b), or (c) above, will be governed by section 3.2.3.

3.2.4 Emergencies. If any Emergency occurs, the Parties will endeavor to notify one another as soon as reasonably possible of the Emergency by telephone or any other means reasonable under the circumstances. The Managing Party must promptly take steps to correct any Deficiency that arises from the Emergency and that constitutes an imminent threat (a) to life, safety, health, or security, (b) of reduction in the value of the Contributing Party's Exclusive-Use Area or the Common Area, or (c) to the preservation of the Contributing Party's files, records, and documents located in the Building. If the Managing Party does not immediately correct any such Deficiency arising from an Emergency, the Contributing Party may, but will not be obligated to, without giving any notice or commencing any cure period under section 10 of this JOA, correct that Deficiency without making any further demand on the Managing Party, and will notify the Managing Party of the steps taken to correct the Deficiency as soon as reasonably possible. The Party that corrects a Deficiency arising from an Emergency under this section 3.2.4 is entitled to reimbursement from the other Party of the non-correcting Party's Share of the actual cost of correcting the Emergency pursuant to section 4 of this **JOA**. Notwithstanding the foregoing, if a Deficiency arises from an Emergency, but the Deficiency does not constitute an imminent threat to the matters

described in (ii) (a), (b), or (c) above, the correction of that Deficiency will be governed by section 3.2.3 of this JOA.

3.3 Parking. The County is responsible for the Operation of the Parking Area, at its sole cost and expense. At all times after Transfer, the Court's judges, staff, and Court users will have the right to use and occupy the Court Parking and the Common Parking in the Parking Area. After Transfer, if any of the Parking Area becomes unavailable for Court use, or if the County wishes to relocate any of the Parking Area, the County must provide, at the County's sole cost, alternate parking for the Court of comparable convenience to the Building, and of at least the same number and type of spaces, as the Parking Area. The County must consult with the Court and the AOC before any relocation of the Common Parking, and the County must obtain the prior, written consent of the AOC, which consent will not be unreasonably withheld, before relocating any secured or reserved Court Parking spaces allocated for exclusive use of the Court. The Parties will use the Common Parking on a first-come, first-served basis.

3.4 Cooperation. The Parties will cooperate with one another, reasonably and in good faith, to ensure that each Party can peacefully enjoy, possess, use, and occupy its Exclusive-Use Area and the Common Area. The Owner will cooperate in good faith with, and ensure that, the Non-Ownning Party can exercise its rights and responsibilities under this JOA. Subject to any reasonable rules and restrictions, each Party will allow the other Party to enter its Exclusive-Use Area for any reasonable purpose related to the terms of this JOA or any other written agreement between the Parties. Either Party may delegate its responsibilities under this JOA to the other Party or to a third party, but that delegation will not relieve the delegating Party from its obligations under this JOA.

3.5 Security-Related Areas. Nothing in this JOA shall be read to be in conflict with the terms of the Security Services MOU between the Court and the Santa Cruz County Sheriffs Department which remains in full force and effect.

3.6 Occupancy Agreements. Each Party is responsible for all Occupancy Agreements affecting its Exclusive-Use Area, and Owner is responsible for all Occupancy Agreements affecting the Common Area, in each case without contribution from the other Party. The Party that is responsible for each Occupancy Agreement is entitled to all income arising from it.

3.7 Obtaining Equipment Permits. The Managing Party is responsible for maintaining and renewing the Equipment Permits.

3.8 Information Technology and Telephone Equipment. The Managing Party is responsible for the Operation of those portions of the telecommunications and information technology systems serving the Building that are shared by the Parties or that

do not exclusively serve the Court Exclusive-Use Area or the County Exclusive-Use Area. The AOC and the County will each be responsible for the Operation of those portions of their respective information technology and telecommunications systems, cabling and equipment in the Building that are not shared by the Parties. Certain components of the County's telecommunications and information technology cabling and equipment in the Building may be located in the Court Exclusive-Use Area and the Common Areas, and certain components of the Court's telecommunications and information technology cabling and equipment in the Building may be located in the County Exclusive-Use Area and the Common Areas. From and after the Transfer, each Party shall have the rights of ingress, egress, and access to the portions of the Building occupied by the other Party, as each Party may reasonably require in connection with its continued Operation of its telecommunications and information technology cabling and equipment located in the other Party's portion of the Building.

3.9 Criminal Background Screening.

3.9.1 Access to Restricted Areas. Unless a person is responding to and correcting a Deficiency arising from an Emergency under section 3.2.4 of this JOA, only County employees and County Contractor employees who are screened and approved pursuant to section 3.9.2 of this JOA ("**Approved Persons**") may have unescorted access to Restricted Areas. Unscreened County employees and unscreened County Contractor employees may access Restricted Areas if they are escorted and monitored by any of the following: (1) an Approved Person, or (2) an employee of the Court if the Court's Executive Officer, or their designee, consents to a Court employee escorting and monitoring the unscreened person. The Managing Party and the Contributing Party must take all reasonable steps to ensure that Operation in and of all Restricted Areas is at all times consistent with this section 3.9.

3.9.2 Screening and Approval Process. When conducting screenings of County employees and County Contractor employees, Managing Party must utilize a Live Scan background check or, if the Live Scan system becomes unavailable during the Term of this JOA, by other similar or successor system. **Attachment "5"** to this JOA sets forth the criteria for approval of a County employee or County Contractor employee based on the results of the screening. In lieu of the Managing Party conducting the screening and approval process set forth herein, the Contributing Party may, but is not obligated to, conduct the screening and approval of County employees or County Contractor employees that have access to the Restricted Areas, and, in such event, County agrees to cooperate with the AOC with respect to the screening of County employees or County Contractor employees that access the Restricted Areas.

3.9.3 Identification of Approved Persons. The County must issue and provide an identification badge to each Approved Person bearing the Approved Person's name and picture, which badge will indicate that the Approved Person is permitted to access the Restricted Areas. If the County issues identification badges to its employees, the County need not issue a separate badge to Approved Persons, but may affix a sticker or other marking on the existing badges of Approved Persons to indicate their right to access Restricted Areas. If the AOC has chosen to conduct the screening and approval of County employees or County Contractor employees, the AOC will either (1) notify the County if an employee is approved, whereupon the County will provide and issue an identification badge for that Approved Person, or (2) provide an identification badge for the Approved Person to the County, and the County will be responsible for issuing the identification badge to that Approved Person. All Approved Persons must wear their identification badges in a readily-visible manner whenever they are in a Restricted Area.

3.9.4 DOJ and DMV Requirements. Notwithstanding anything in this JOA to the contrary, County must comply with background check and clearance requirements of the California Department of Justice ("**DOJ**") and the California Department of Motor Vehicles ("**DMV**") relating to any County employee or County Contractor employee who has physical access to any area which is either connected to, or contains records from, the DOJ criminal computer database, including, without limitation, the California Law Enforcement Telecommunications System (CLETS) and the Criminal Offender Record Information (CORI), or the DMV computer database (collectively the "**Databases**"). If requested by either the Court or the AOC, County must provide to either the Court or the AOC suitable documentation evidencing the County's compliance with the policies, practices, and procedures of the DOJ and the DMV regarding background check and clearance requirements relating to access to the Databases.

3.10 County Facilities Payment. Nothing in this JOA diminishes or modifies the County's obligations under the Act and the Agreement for payment of the County Facilities Payment.

4. SHARED COSTS

4.1 Payment of Estimated Shared Costs. The Managing Party will make timely, direct payment of all Shared Costs owed to third parties, and the Contributing Party is responsible to reimburse the Managing Party for its Share of all Shared Costs under this section 4. Within 90 days after the Effective Date, and within 30 days after the first day of each fiscal year thereafter, the Managing Party will deliver to the Contributing Party a statement (the "**Estimate Statement**") itemizing the Estimated Shared Costs, which the Contributing Party will either comment on, disapprove, or

approve within 30 days. If the Contributing Party disapproves any of the Estimated Shared Costs in the Estimate Statement, the Parties will promptly meet and discuss the reason for the disapproval within ten days after such disapproval. If the Parties reach agreement with respect to all Estimated Shared Costs, the Managing Party will, if necessary, revise the Estimate Statement, which both Parties will approve. The Contributing Party is not obligated to make any payments of its Share of the Shared Costs until it has approved the Estimate Statement in writing. However, until the Contributing Party approves the Estimate Statement, it will pay its Share of the Shared Costs based on the approved Estimate Statement for the prior fiscal year, or, during the initial fiscal year of the Term, based on the County Facilities Payment. Upon approving the Estimate Statement, the Contributing Party will pay its Share of the Estimated Shared Costs based on the approved Estimate Statement, plus all additional amounts owed by the Contributing Party for the period during which the Parties were in the process of reaching agreement as to the Estimate Statement. Payment of Estimated Shared Costs will be made in equal quarterly installments on the first day of each fiscal quarter, subject to this **JOA**.

4.2 Payment of Actual Shared Costs. Within 30 days after the end of each fiscal quarter, the Managing Party will deliver to the Contributing Party a statement (the **“Quarterly Invoice”**) itemizing the actual Shared Costs incurred during the previous fiscal quarter (**“Actual Shared Costs”**). Within 30 days after a written request by the Contributing Party, the Managing Party will also deliver to the Contributing Party copies of supporting documents for any of the Actual Shared Costs shown on the Quarterly Invoice. If the Actual Shared Costs are less than the Estimated Shared Cost for the applicable fiscal quarter, the Managing Party will refund the amount overpaid to the Contributing Party within 30 days after the Managing Party’s delivery of the Quarterly Invoice, except that if the Contributing Party consents, the Managing Party may retain the overpayment and offset it against future amounts owed by the Contributing Party under this **JOA**. If the Actual Shared Costs are greater than the Estimated Shared Costs for the applicable fiscal quarter (**“Excess Costs”**), the Contributing Party will pay such Excess Costs to the Managing Party within 30 days after its receipt of the Quarterly Invoice, except that (a) if the Excess Costs are more than 10 percent of the Estimated Shared Costs for any fiscal quarter, or (b) if the Contributing Party has requested, but not received, supporting documents for any Excess Costs by 10 days prior to the date that payment is due, the Contributing Party will continue to make payment of its Share of the Shared Costs based on the Estimate Statement, or as otherwise agreed under section 4.3 of this **JOA**, but may defer payment of the Excess Costs (or, in the case of (b) above, the Excess Costs to which the supporting documents relate) for that fiscal quarter, until the Parties have met and reached an agreement regarding the amount of the Excess Costs, under section 3.2.3.5 or section 4.3 of this **JOA**, whichever is applicable.

4.3 Notice of Anticipated Excess Costs. Prior to incurring any Shared Cost that the Managing Party reasonably believes will result in an Excess Cost in an amount greater than 10 percent of the Estimated Shared Costs shown on the Estimate Statement, the Managing Party must give written notice to the Contributing Party describing the amount and reason for that Excess Costs; except that (a) no notice must be given to the Contributing Party if the Excess Costs will be incurred to correct a Deficiency arising from an Emergency under section 3.2.4 of this JOA, and (b) if the Excess Costs will be incurred in connection with the correction of a Deficiency under section 3.2.3 of this JOA, notice of the Excess Costs, and resolution of any issues related to the Excess Costs, will be handled under section 3.2.3, and this section 4.3 will not apply. If the Contributing Party objects in writing to the Excess Costs within 30 days after receiving the Managing Party's notice, the Parties must meet and confer, in person or by telephone, within 10 calendar days to resolve their dispute concerning the Excess Costs. If the Parties do not reach agreement concerning the Excess Costs during that meet and confer process, the Parties will promptly seek to resolve their dispute concerning the Excess Costs under the terms of section 11 of this JOA. If the Contributing Party does not respond to the Managing Party's notice within 30 days of receiving the notice, the Managing Party may proceed with expenditure of the Excess Cost in the amount and for the purpose described in the notice, and the Contributing Party must pay its Share of those Excess Costs.

4.4 Audit Rights. The Contributing Party may, at its sole cost and upon reasonable notice to the Managing Party, inspect the Managing Party's books, records, and supporting documents concerning all Actual Shared Costs incurred for up to 12 calendar months prior to the date of the Contributing Party's inspection. The Parties will cooperate reasonably with each other to ensure that the inspection is performed promptly and without undue interference to either Party. If, after its inspection, the Contributing Party disputes any Actual Shared Costs for any of the immediately-preceding 12 calendar months, the Contributing Party may engage an independent certified public accountant, acceptable to both Parties, to audit the Managing Party's books and records to determine the amount of the Actual Shared Costs in dispute. The results of the audit will be binding on both Parties. If the audit reveals that the Contributing Party overpaid or underpaid Actual Shared Costs for a fiscal quarter, the Parties will make the payments necessary to resolve that overpayment or underpayment within 30 days following the completion of the audit. The Contributing Party must pay the entire cost of the audit. The Contributing Party's payment of Shared Costs will not prevent it from disputing the accuracy of any Actual Shared Costs under this section 4.4.

4.5 Parking Area and Grounds Area Costs.

4.5.1 Parking Area Costs. The County is responsible, at its sole cost and expense, for all costs incurred with respect to the Operation of the Parking Area, and those costs and expenses will not be included as a Shared Cost.

4.5.2 Grounds Area Costs. The County is responsible, at its sole cost and expense, for all costs incurred with respect to the County's Operation of the Grounds Area, and those costs and expenses will not be included as a Shared Cost.

4.6 Changing Certain Property Insurance Costs. Owner will not change any deductible or self-insurance retention amount to an amount greater than \$100,000 per occurrence in respect of the Property Insurance Policies without the prior, written consent of the Non-Owning Party.

4.7 Shared Cost Notifications. Notwithstanding section 12 of this JOA, all communications and notices between the Parties relating to Shared Costs including, without limitation, Estimate Statements, Quarterly Invoices, or any other communication or notice required by this section 4, will be made between the following County and AOC representatives:

If to the AOC:

Administrative Office of the Courts
Office of Court Construction and Management
455 Golden Gate Avenue
San Francisco, CA 94102
Attention: Nick Cimino
Regional Manager of the Bay Area and North Coast
Region of the Facilities Management Unit
Phone: (415) 865-8070
Fax: (415) 865-7524

If to the County:

County of Santa Cruz
General Services Department
Attention: Gerald Dunbar
701 Ocean Street, Room 330
Santa Cruz, CA 95060
Voice: 831-454-2718
Fax: 831-454-2710

5. RIGHT OF FIRST REFUSAL, COMPATIBLE USES, AND VACATE RIGHTS

5.1 Right of First Refusal and Increase of Space In Building

5.1.1 Right of First Refusal for Excess Area. At least 30 days before a Party rents or otherwise transfers to a third party all or any portion of its Exclusive-Use Area (**“Excess Area”**), that Party must, by written notice, offer the Excess Area to the other Party on the same terms and conditions set forth in any offer to or from a third party for the Excess Area (**“Third Party Terms”**). The Third Party Terms must separate the rent for the Excess Area from any amounts to be paid by the third party for Operation, Utilities, and other costs in respect of the Excess Area. If the other Party elects not to occupy the Excess Area on the Third Party Terms, or fails to respond to the notice within a 30 day period, the Party with the Excess Area may, subject to section 5, permit a third party to occupy and use the Excess Area on the Third Party Terms. Before a third party can occupy the Excess Area on terms that are more favorable to the third party than the Third Party Terms, the Party with the Excess Area must again first offer the Excess Area to the other Party on those more favorable terms under this section 5.1.1. If the other Party elects to accept the Excess Area on the more favorable terms, the Parties will enter into a separate written agreement setting forth the terms for the other Party’s occupancy and use of the Excess Area, consistent with the more favorable terms.

5.1.2 Request for Increase of Exclusive-Use Area. If a Party wishes to increase the size of its Exclusive-Use Area (**“Additional Area”**), and the Parties reach agreement on mutually-acceptable terms for the Additional Area, the Parties will enter into a separate written agreement setting forth the terms for the occupancy and use of the Additional Area, which terms may include a reasonable rent, subject to section 5.1.4 of this JOA.

5.1.3 No Adjustment to Shares. If a Party rents any Excess Area or Additional Area under section 5.1.1 or 5.1.2, above, the rental transaction will not result in a change to the Parties’ Shares. Rather, the rent paid by the Party renting the Excess Area or the Additional Area will include the Shared Costs applicable to the Excess Area or the Additional Area, as applicable. The Parties’ Shares will only be adjusted if one Party at any time buys the other Party’s rights to occupancy and use of the Real Property for fair market value under section 5.3 of this JOA, or otherwise.

5.1.4 Terms of this JOA Not Affected. Any transfer of the Excess Area or the Additional Area to a Party or to a third party will not relieve the Parties of their rights and responsibilities under this JOA with respect to the Excess Area or the Additional Area. Rather, any re-allocation of the Parties’ rights and responsibilities

under this JOA will be set forth in any separate agreement entered into by the Parties for rental of the Excess Area or the Additional Area.

5.2 Compatible Use; Hazardous Substances.

5.2.1 Compatible Use. Each Party must use, and must require that any Occupant use, its Exclusive-Use Area in a manner that is compatible with the Parties' use of the Building on the Effective Date and that does not deteriorate or diminish the other Party's ability to use its Exclusive-Use Area or the Common Area effectively. The Managing Party must ensure that any Occupant that occupies any of the Common Area uses its space in a manner compatible with the Parties' use of the Building.

5.2.2 Hazardous Substances. Neither Party will store, use, treat, manufacture, or sell, or allow any other person to store, use, treat, manufacture, or sell, any Hazardous Substance on the Real Property except in compliance with Law.

5.3 Vacate Right Pursuant to Section 70344(b) of the Act. After the Effective Date, if either Party is entitled to and does exercise its rights under section 70344(b) of the Act, the Party that is required to vacate the Building ("**Vacating Party**") must remove all of its property from, and surrender to the other Party full possession of, the space vacated ("**Vacated Space**") within 90 days after the Parties agree on the amount of compensation to be paid to the Vacating Party for (i) its Equity in the Vacated Space, and (ii) its relocation costs. The Vacating Party must repair, at its sole cost, any damage it causes to any part of the Real Property in removing its property from the Vacated Space. If the Parties cannot agree on the value of the Vacating Party's Equity in the Vacated Space, the Parties will select a mutually-acceptable Appraiser or a Broker to determine the fair market value of the Vacating Party's Equity in the Vacated Space. If the Parties cannot agree on the fair market value of the Vacating Party's relocation costs, the Parties will select a mutually-acceptable relocation expert with at least five years of experience in determining relocation costs in California ("**Expert**"), to determine the fair market value of the Vacating Party's relocation costs. Any Appraiser, Broker, or Expert will deliver to both Parties its determination of value, and each Party will be responsible for one-half of the costs of the Appraiser, Broker, or Expert. Any disputes under this section 5.3 will be resolved under section 11 of this JOA. The Parties will enter into an Equity Rights Purchase Agreement, substantially similar to **Attachment "3"** attached to this JOA, to memorialize the terms of the purchase of the Vacating Party's Equity in the Vacated Space, and the Parties must enter into a Termination Agreement, substantially similar to **Attachment "4"** attached to this JOA, when the Vacating Party has vacated the Vacated Space.

5.4 Amendment to JOA; Equity Rights. If the Parties' Equity rights will be modified, whether under section 7 of this JOA, or as a result of any other purchase of Equity rights to which the Parties may agree under this JOA or the Act, the Parties will amend this JOA to: (i) adjust their Exclusive-Use Areas; and (ii) adjust each Party's Share and their Equity rights in the Real Property.

6. INSURANCE

6.1 Property Insurance.

6.1.1 Property Insurance Policies to be Maintained. Owner will provide the Property Insurance Policies and maintain them in full force and effect, and will make direct payment of all Property Insurance Costs, subject to the Non-Ownning Party's obligation to pay its portion of those costs, as a Shared Cost, under section 4.6 of this JOA. Owner will include by specific endorsement to each of the Property Insurance Policies the Judicial Council of California, the Administrative Office of the Courts, and the Court as insureds or covered parties, as appropriate, and joint loss payees for any Property Damage Claim payable under the terms and conditions of the Property Insurance Policies, with the same coverages and limits as the named insured under the Property Insurance Policies.

6.1.2 Allocation of Risk for Property Damage Claims. While Owner is providing and maintaining the Property Insurance Policies, and the Non-Ownning Party is paying its portion of the Property Insurance Costs under section 4.6, above, Owner will bear all of the risk arising from Property Damage Claims, and Owner hereby waives, and will cause the providers of its Property Insurance Policies to waive, all rights of recovery against the other Party and its applicable insurer(s) for any Property Damage Claims payable under, the terms and conditions of the Property Insurance Policies. Owner will be solely and exclusively responsible to tender to the providers of its Property Insurance Policies, and to process and pursue to final resolution, any and all Property Damage Claims, including (if covered by the Property Insurance Policies) claims for costs associated with obtaining, and relocating Court operations to, alternate space while any portion of the Real Property is being repaired or replaced. The Parties acknowledge that property insurance is "no fault" insurance; therefore, if any Property Loss occurs, there are no exclusions or conditions to payment, irrespective of the acts or omissions of either Party, other than those exclusions specifically set forth in the Property Insurance Policies.

6.1.3 Compliance with Property Insurance Policies. While Owner is providing and maintaining the Property Insurance Policies under this JOA, Owner will provide the Non-Ownning Party with verification that the Property Insurance Policies are in full force and effect and, at the request of the Non-Ownning Party, with copies of the Property Insurance Policies, as the Property Insurance Policies may be issued or modified

from time to time. The State Parties and the County Parties will comply in all material respects with all requirements for the use of the Real Property that are set forth in the Property Insurance Policies and that Owner has provided to the Non-Ownning Party.

6.1.4 Property Insurance Proceeds; Claims in Excess of Insurance Limits. Upon the occurrence of any Property Loss, each Party will be entitled to the applicable proceeds from the Property Insurance Policies to the extent the Property Loss is attributable to its Exclusive-Use Area or its Share of the Common Area, subject to section 7, below. If one or more Property Damage Claims is fully and finally resolved in an amount that exceeds the total limits of all of the Property Insurance Policies, or if any Property Loss is not covered by the Property Insurance Policies, then if both Parties elect to restore or replace the damaged portions of the Real Property ("**Damaged Property**") under section 7 below, each Party will pay the amounts that exceed the coverage of the Property Insurance Policies to the extent the Property Loss is attributable to its Exclusive-Use Area or its Share of the Common Area. By way of example only, if the total amount of the Property Damage Claim is \$1,250,000, and if 40 percent is attributed to damage in the Court Exclusive-Use Area, 35 percent is attributed to damage in the County Exclusive-Use Area, and 25 percent is attributed to damage in the Common Area, and the amount payable under the Property Insurance Policies is \$1,000,000, then the AOC would be entitled to insurance proceeds in the amount of \$400,000 (for the damage to the Court Exclusive-Use Area), the County would be entitled to insurance proceeds of \$350,000 (for damage to the County Exclusive-Use Area), and the Parties would share the remaining \$250,000 of insurance proceeds in accordance with their respective Shares. With respect to the uninsured \$250,000 portion of the Property Damage Claim, the AOC would be responsible to pay (subject to section 7, below) \$100,000 (40 percent of \$250,000) in respect of its Exclusive-Use Area, plus an amount equal to the AOC Share of the \$62,500 (25 percent of \$250,000) in respect of the Common Area, and the County would be responsible to pay (if both Parties elect to restore or replace the Damaged Property under section 7, below) the balance of the uninsured loss. The Owner will assign and deliver to the other Party all insurance proceeds owed to the other Party effective upon its receipt of those proceeds.

6.1.5 No Waiver of Equity Rights. The provisions of section 6.1.4 of this JOA will not be deemed or construed to waive, diminish, release, or otherwise affect the Equity rights of either Party in respect of the Real Property.

6.2 Reporting and Processing Claims.

6.2.1 Incident Reports. The Managing Party will maintain copies of any Incident reports that it prepares for a period of five years, and at the request of the Contributing Party, the Managing Party will provide the Contributing Party with a complete copy of, or reasonable access to, those Incident reports.

6.2.2 Party Responsible for Claims. If either Party receives any demand, complaint, notice, document, or information alleging the existence or occurrence of any incident, event, circumstance, or occurrence in, on, or about the Real Property (“**Incident**”) that is or could result in any Property Damage Claim or Liability Claim (each, a “**Claim**”, and together, “**Claims**”) or an AOC Claim, or if a Party otherwise becomes aware that an Incident has occurred, that Party will make best efforts to promptly notify the other Party of that Incident. Following that notice, the Parties will work together, diligently and in good faith, to determine which of them bears responsibility for the loss or injury alleged, and whether either Party is entitled to indemnification by the other in respect of the Incident under sections 8.1 or 8.2 of this Agreement. If the Parties are not able to so agree, then they will resolve those matters under section 11 of this **JOA**.

6.3 Third-party Contractor Insurance. Each Party must require each of its Contractors to (i) obtain and maintain insurance of the type and with coverage amounts that are usual and customary to the type of business or exposures related to the work being performed on the Real Property, (ii) name both Parties as additional insureds by specific endorsement to their general liability policies, (iii) provide a waiver of subrogation in favor of both Parties with respect to all property insurance policies, and (iv) provide to the Parties a 30-day notice of cancellation or material change in any insurance coverage required hereunder. Unless the Parties otherwise agree, all Contractors must indemnify, defend, and hold harmless the County Parties and the State Parties from and against all claims, demands, liabilities, damages, attorney fees, costs, expenses, and losses arising from the performance by the Contractors under their contracts, and neither Party waives any right of recovery or subrogation against the other in respect of their contractual arrangements with the Contractors.

6.4 Workers’ Compensation Coverage. Each Party will each maintain its own workers’ compensation insurance covering its own employees, and neither Party will have any liability or responsibility for workers’ compensation insurance coverage for employees of the other Party.

7. DAMAGE OR DESTRUCTION

7.1 Damage or Destruction Event. If, due to Property Loss, the Real Property cannot be occupied by one or both Parties, each Party will be solely responsible to arrange for its own relocation to and occupancy of alternate space. Promptly after a Property Loss, the Parties will comply with the provisions of section 6, and as promptly as possible, but in no event later than 180 days after a Property Loss, each Party will notify the other in writing (“**Restoration Election Notice**”) whether it wishes to restore or replace the Damaged Property.

7.2 Both Parties Elect to Restore or Replace. If both Parties elect to restore or replace the Damaged Property, the Parties will cooperate in good faith to restore or replace the Damaged Property, with each Party contributing the proceeds it receives as indemnity for direct physical loss or damage under the Property Insurance Policies and otherwise paying its portion of the cost to restore or replace the Damaged Property, as set forth in section 6.1.4, above. If the Parties restore or replace the Damaged Property in a way that results in a change to the Parties’ Shares or their Equity rights, the Parties will each pay the costs and expense to restore or replace the Damaged Property according to their newly-determined Shares or Equity rights.

7.3 Only One Party Elects to Restore or Replace. If, based on the Restoration Election Notices, only one Party elects to restore or replace the Damaged Property, then within 30 days after the Parties’ Restoration Election Notices are given, the Parties must meet and confer in good faith to determine how to proceed with respect to (i) the Damaged Property; (ii) the proceeds of the Property Insurance Policies, if any, to which each Party is entitled as indemnity for direct physical loss or damage under section 6.1.4, above, and (iii) compensation for the Equity rights of either Party in the Real Property, if applicable. If the Parties cannot agree on those matters, they will proceed as set forth in section 11 of this **JOA**. Until the Parties have reached a final agreement concerning how the foregoing issues will be resolved, neither Party will use any applicable insurance proceeds that are in dispute. Those insurance proceeds will only be used in accordance with the Parties’ final resolution of those issues.

7.4 Neither Party Elects to Restore or Replace. If neither Party elects to restore or replace the Damaged Property, then both Parties will retain the proceeds of the Property Insurance Policies to which they are entitled under section 6.1.4. If any of the Non-Owning Party’s Exclusive-Use Area is uninhabitable as a result of the Property Loss, then, in lieu of its obligations under section 70344(c) of the Act, the Owner will compensate the Non-Owning Party for its Equity rights in the uninhabitable part of the Non-Owning Party’s Exclusive-Use Area, determined in the manner described in section 5.3 of this **JOA**, except that all insurance proceeds the Non-Owning Party has received,

or will receive, as indemnity for direct physical loss or damage from final resolution of any Property Damage Claims made in respect of the Damaged Property will be deducted from the Equity rights compensation paid by the Owner to the Non-Ownning Party for its Equity rights in the uninhabitable parts of its Exclusive-Use Area. To the extent covered by the terms of the Property Insurance Policies, the Non-Ownning Party will be entitled to that portion of the proceeds from the Property Damage Claim that is directly related to compensation for the Non-Ownning Parties' relocation costs arising from the Property Loss. If the Non-Ownning Party will no longer occupy the Building due to Property Loss that neither Party elects to restore or replace, then when the Non-Ownning Party has been compensated for its Equity rights under this section 7.4, the Parties will terminate this JOA by signing a Termination Agreement and recording it in the County Recorder's Office.

8. INDEMNIFICATION

8.1 Indemnification Obligation of State Parties. The State Parties will and do indemnify, defend, and hold harmless the County Parties, with counsel reasonably acceptable to the County Parties, from and against all Indemnified Loss arising from (1) all AOC Claims, and (2) Liability Claims where and to the extent that the Liability Claims result from the willful misconduct or negligent acts, errors, or omissions of a State Party.

8.2 Indemnification Obligation of County Parties. The County Parties will and do indemnify, defend, and hold harmless the State Parties, with counsel reasonably acceptable to the State Parties, from and against all Indemnified Loss arising from Liability Claims where and to the extent that the Liability Claims result from the willful misconduct or negligent acts, errors, or omissions of a County Party.

8.3 Indemnified Party's Participation. The indemnifying Party must manage and be entirely responsible to handle and resolve all Liability Claims for which it is responsible under sections 8.1 or 8.2, as applicable. The indemnified Party may elect, but is not required, to retain its own attorney, at the indemnified Party's sole expense, to participate in the litigation, settlement negotiations, or other dispute resolution procedures for any Liability Claim as to which it is the indemnified Party. If the indemnified Party elects to retain its own attorney to participate in the litigation, settlement negotiations, or other dispute resolution procedures for a Liability Claim, the indemnifying Party will cooperate with the indemnified Party, and the attorney retained by the indemnified Party.

8.4 Effect of Indemnification Rights. The rights of a Party to be indemnified under sections 8.1 or 8.2 of this JOA cannot be deemed or construed to limit or diminish the obligation of the indemnified Party to perform its duties at Law or under any agreement between the County Parties and the State Parties.

9. CONDEMNATION

If either Party receives written notice advising of an actual or intended condemnation of the Real Property ("**Condemnation Notice**"), that Party will immediately deliver a copy of the Condemnation Notice to the other Party. In the event of an actual condemnation, the Parties will cooperate with each other in good faith to obtain the maximum award that may be obtained from the condemning authority, and each Party will be entitled to its Share of the condemnation proceeds.

10. DEFAULT NOTICE AND CURE

Upon a Party's breach or default of any other provision of this JOA, the Parties will comply with the terms for notice of default and cure period set forth in section 10 of the Agreement, which terms are incorporated into this JOA as though fully set forth herein. Notwithstanding anything in this JOA or the Agreement to the contrary, no default or breach will be deemed to have occurred if the AOC is unable to timely pay any amounts due and owing under this JOA as a result of the State of California's failure to timely approve and adopt a State budget. Should the AOC fail to timely pay any amounts due and owing under this JOA as a result of the State of California's failure to timely approve and adopt a State budget, the AOC will promptly pay any previously due and unpaid amounts due and owing under this JOA upon approval and adoption of the State budget.

11. DISPUTE RESOLUTION

In the event of a dispute between the Parties relating to performance of the Parties' obligations under this JOA, the Parties will comply with the terms for dispute resolution set forth in section 11 of the Agreement, which terms are incorporated into this JOA as though fully set forth herein.

12. NOTICES

Subject to section 4.7 of this JOA, any notice or communication required to be sent to a Party under this JOA must be sent in accordance with the terms for giving of notices in section 12 of the Agreement, which terms are incorporated into this JOA as though fully set forth herein.

13. DESIGNATED REPRESENTATIVES

The Parties shall each identify and appoint an individual who shall have authority to bind it to all matters and approvals related to Operations undertaken with respect to the Real Property under this JOA. Each Party may change its Designated Representative by

written notice to the other. Each Party hereby acknowledges and agrees that its Designated Representatives shall bear primary responsibility for the giving and receipt of notices, and for the coordination of its administrative obligations, under this JOA, but neither Party's Designated Representative has any authority to alter, amend, or modify the rights or obligations of such Party under this JOA. The contact information for the initial AOC Designated Representative is:

Administrative Office of the Courts
Office of Court Construction and Management
455 Golden Gate Avenue
San Francisco, CA 94102
Attention: Nick Cimino
Regional Manager of the Bay Area and North Coast
Region of the Facilities Management Unit
Phone: (415) 865-8070
Fax: (415) 865-7524

The contact information for the initial County Designated Representative is:

County of Santa Cruz
General Services Department
Attention: Gerald Dunbar
701 Ocean Street, Room 330
Santa Cruz, CA 95060
Voice: 831-454-2718
Fax: 831-454-2710

14. MISCELLANEOUS

14.1 Waivers. No waiver of any provision of this JOA will be valid unless it is in writing and signed by both Parties. Waiver by either Party at any time of a breach of this JOA cannot be deemed a waiver of or consent to a breach of the same or any other provision of this JOA. If a Party's action requires the consent or approval of the other Party, that consent or approval on one occasion cannot be deemed a consent to or approval of that action on any later occasion or a consent or approval of any other action.

14.2 Force Majeure. Neither Party is responsible for performance under this JOA to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

14.3 Assignment. Neither Party may assign this JOA in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

14.4 Binding Effect. This JOA binds the Parties and their permitted successors and assigns.

14.5 Third Parties Benefited. The Court is an intended beneficiary of all provisions of this JOA for the benefit of the AOC.

14.6 Construction. The headings used in this JOA are for convenience only and will not affect the meaning or interpretation of this JOA. The words “hereof,” “herein,” and “hereunder,” and other words of similar import, refer to this JOA as a whole and not to any subdivision of this JOA. Both Parties have reviewed and negotiated this JOA, and this JOA will not be construed against a Party as the principal draftsman. The words “include” and “including” when used are not exclusive and mean “include, but are not limited to” and “including but not limited to,” respectively.

14.7 Integration; Amendments. This JOA and the Agreement contain the entire agreement of the Parties with respect to the subject matter of this JOA, and supersede all previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties. This JOA may be amended only by written agreement signed by both of the Parties.

14.8 Incorporation By Reference. The Attachments to this JOA are incorporated into and made a part of this JOA for all purposes, and all references to this JOA in any of the Attachments mean and include the entirety of this JOA.

14.9 Severability. If any term of this JOA is inconsistent with applicable Law, then on the request of either Party, the Parties will promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this JOA not affected by the inconsistency will remain in full force and effect.

14.10 Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (i) implement the terms and provisions set forth in this JOA and the Act, and (ii) consummate the transactions contemplated herein, and will execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this JOA and the Act.

14.11 Conflicts Between JOA and Agreement; Capitalized Terms. The Agreement supersedes and controls to the extent of any conflicts between the terms of the Agreement and this JOA. Capitalized terms used in this JOA and not otherwise defined herein will have the meanings given to them in the Agreement.

14.12 Signature Authority. The individuals signing this JOA on behalf of the AOC and the County certify that they are authorized to do so.

[SIGNATURE PAGE TO FOLLOW]

I agree to the terms of this JOA.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

By: Charles Martel
Name: Charles Martel
Title: Attorney
Date: 9.15.2008

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: Grant Walker
Name: Grant Walker
Title: Senior Manager, Business Services
Date: 9/15/08

ATTEST:
SUSAN A. MAURIELLO, Clerk of the Board

By: [Signature]
Deputy

**COUNTY OF SANTA CRUZ, a political
subdivision of the State of California**

By: [Signature]
Name:
Title: Chair, Board of Supervisors
Date: 9/25/08

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: Dana McRae
Name: Dana McRae
Title: County Counsel
Date: 9-23-08

LIST OF ATTACHMENTS

Attachment "1"	Legal Description of Land
Attachment "2"	Site Plan of Real Property
Attachment "3"	Form of Equity Rights Purchase Agreement
Attachment "4"	Form of Termination of Joint Occupancy Agreement
Attachment "5"	Criteria for Approving County Employees and County Contractors with Respect to Background Checks

12

**ATTACHMENT "1" TO JOA
LEGAL DESCRIPTION OF LAND**

Attachment "1"
Page 1

Owned Shared
Court Facility #44-D1
1047219.9

12

ATTACHMENT 1

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Being a part of the Rancho Canada Del Rincon and also a portion of the lands of Henry Cowell Lime and Cement Company, as shown and delineated on that map title "Record of Survey Map of a part of Graham Hill Road" filed for record December 22, 1954 in Volume 32 of Maps at Page 37, records of Santa Cruz County.

Beginning at a ½ inch iron pipe tagged L.S. 1225 at the most Northern corner of said Rancho Canada Del Rincon and shown and designated as "C.R.O." on the aforesaid record of survey map, from which a W on a 24 inch pine tree bears South 83° 01' 00" East 38.89 feet distant; thence from said point of beginning and along the Northwestern line of said land of Henry Cowell Lime and Cement Company, South 37° 52' 00" West 1461.87 feet to a ½ inch iron pipe tagged R.E. 2603 set on a point on a curve on the Westerly side of Graham Hill Road from which a "W.O." on a 36 inch pine tree bears South 62° 22' 00" West 23.04 feet distant; thence along the Westerly side of Graham Hill Road the following courses and distances; thence on a curve to the left with a radius of 580.00 feet through an angle 25° 20' 00" for a distance of 248.45 feet to a 4 inch by 4 inch post tagged R.E. 2603; thence South 75° 43' 40" East 701.22 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a W.O. bears South 30° 00' 00" West 11.20 feet distant and South 74° 00' 00" East 19.79 feet; thence continuing along the last aforementioned course South 75° 43' 40" East 447.19 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 75° 43' 40" West 5.00 feet distant and a W.O. on a 30 inch pine bears South 45.22 feet distant and a found white 3 inch by 3 inch post 4 feet high with 4 scribed on Northerly and Southerly sides arrows toward Felton bears South 20° 20' 20" East 30.73 feet distant; thence on a curve to the right with a radius of 920.00 feet through an angle of 42° 24' 00" for a distance of 680.82 feet to a 4 inch post tagged R.E. 2603 from which a W.O. on a 24 inch pine tree bears North 36° 00' 00" West 12.20 feet distant; and a W.O. on an 18 inch Madrone tree bears South 73° 00' 00" West 41.20 feet distant; thence South 33° 19' 40" East 542.92 feet to a 4 inch by 4 inch post tagged R.E. 2603 from which a ½ inch iron pipe bears North 33° 19' 40" West 5.0 feet distant; thence on a curve to the right with a radius of 3,970 feet through an angle of 4° 30' 00" for a distance of 311.80 feet to a 4 inch by 4 inch post tagged R. E. 2603 from which a W.O. on an 18 inch Madrone tree bears South 48° 00' 00" West 31.71 feet distant; thence South 28° 49' 40" East 675.63 feet to a 4 inch by 4 inch post tagged R. E. 2603, from which a W.O. on a 30 inch Oak tree bears North 69° 00' 00" West 8.30 feet distant; thence on a curve to the right with a radius of 2,370 feet through an angle of 2° 52' 30" for a distance of 118.93 feet to a point of curve; thence leaving said Westerly side of Graham Hill Road, North 64° 02' 51" East 60.00 feet to a point on curve on the Easterly side of Graham Hill Road from which a 4 inch by 4 inch post tagged R. E. 2603 bears North 27° 23' 05" West 121.93 feet distant; thence leaving said Easterly side of Graham Hill Road and along the

Northerly side of Lockewood Lane as shown and delineated on the record of survey of a portion of Lockewood Lane filed for record November 21, 1963 in Volume 40 of Maps at Page 45, Santa Cruz County Records, North 66° 52' 21" East 32.06 feet to a point; thence continuing along Lockewood Lane North 21' 52' 21" East 24.01 feet to a point on the Easterly boundary of Rancho Canada Del Rincon; thence North 24° 16' 40" West 1,128.18 feet along the Easterly boundary of the aforesaid Rancho to a 1-½ inch iron pipe in top of a 4 foot pine stump (CR29) from which a ½ inch iron pipe bears North 31° 24' 30" West 10.00 feet distant, another ½ inch iron pipe bears South 62° 10' 15" West 10.00 feet distant and another ½ inch iron pipe bears South 24° 15' 00" East 10.00 feet distant; thence continuing along said Rancho North 31° 24' 30" West 2,705.34 feet to the point of beginning.

Excepting therefrom that area shown and delineated as Graham Hill Road on the above mentioned record of survey map filed in Volume 32 of Maps at Page 37.

Also excepting therefrom the lands conveyed to Mount Hermon Association by deed recorded March 23, 1971 in Volume 2081 Page 17 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Joseph P. Fortier, et ux, by deed recorded June 10, 1977 in Volume 2772 Page 691 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to Craig L. Brunnemer et ux, by deed recorded June 14, 1977 in Volume 2773 Page 523 of Official Records of Santa Cruz County, California.

Also excepting therefrom the lands conveyed to the City of Scotts Valley by deed recorded December 19, 1979 in Volume 3146 Page 77 of Official Records of Santa Cruz County, California.

Also excepting the lands conveyed to James E. Patterson, et al by deed recorded November 10, 1982 in Volume 3500 Page 700 of Official Records of Santa Cruz County, California.

APN: 061-371-16

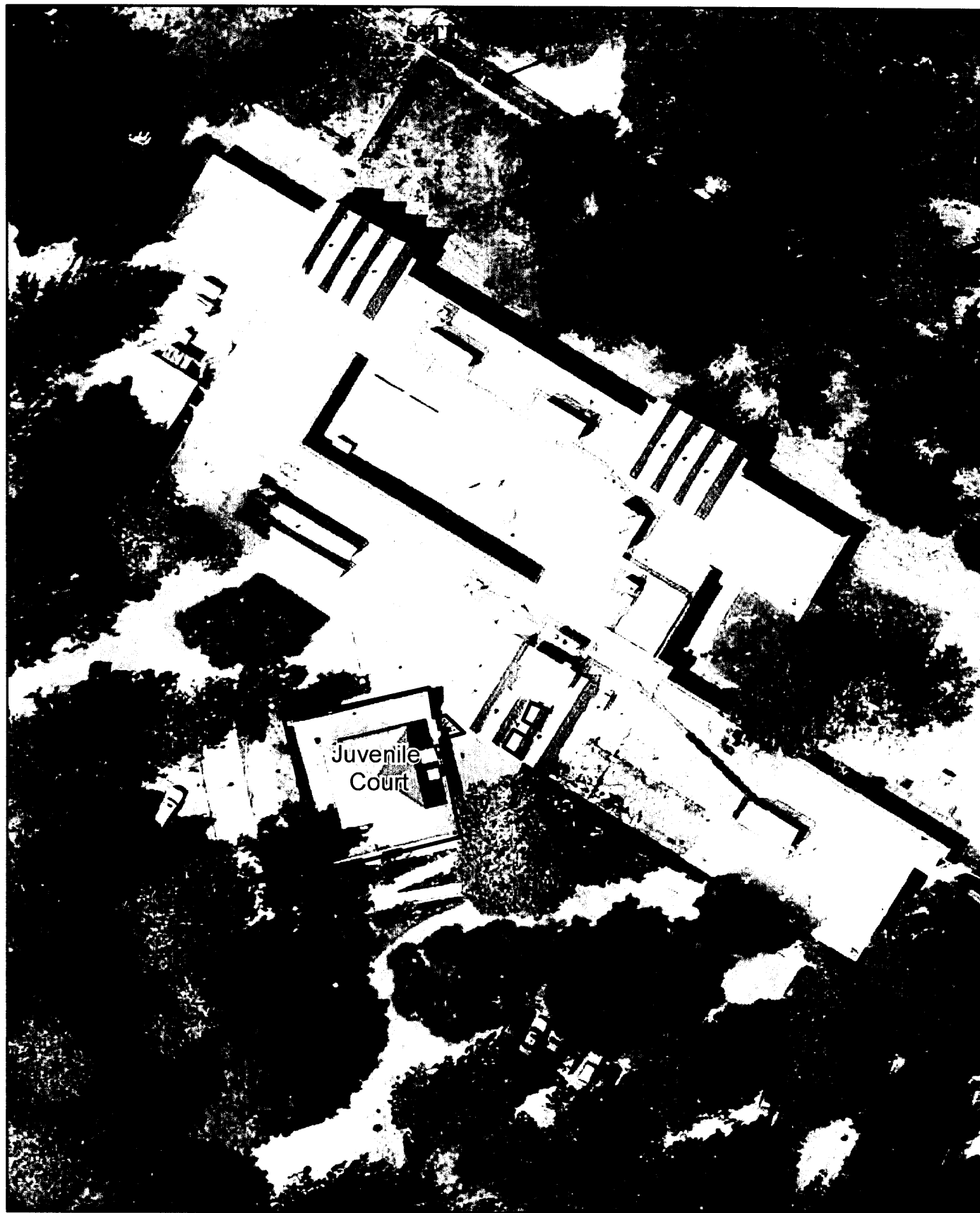
**ATTACHMENT “2” TO JOA
SITE PLAN OF REAL PROPERTY**



Owned Shared
Court Facility #44-D1
1047219 9

Attachment “2”
Page 1

ATTACHMENT "2"



Juvenile Court
3650 Graham Hill Rd. Santa Cruz, Ca. 95066

Santa Cruz County GIS 117-08

Court Facility: #44-D1

Attachment 2 - Page 2

12

ATTACHMENT “3” TO JOA

FORM OF EQUITY RIGHTS PURCHASE AGREEMENT

1. PURPOSE

The Judicial Council of California (“**Council**”), Administrative Office of the Courts (together, the “**AOC**”), and the County of Santa Cruz (“**County**”) enter into this Agreement under section 70344(b) of the Trial Court Facilities Act of 2002, Government Code section 70301, *et seq.*, as it exists as of the Effective Date (the “**Act**”), to set forth the terms and conditions for the purchase of Equity Rights in the Real Property.

2. DEFINITIONS

“**Agreement**” means this Equity Rights Purchase Agreement.

“**Building**” means the “Building” as defined in the Transfer Agreement.

“**Common Area**” means the “Common Area” as defined in the Transfer Agreement.

“**Compensation**” means the amount paid by the Majority Occupant to the Minority Occupant in exchange for the Minority Occupant’s Equity Rights.

“**Court Facility**” means the trial court facility commonly known as the Juvenile Court, as further defined in the Transfer Agreement.

“**Effective Date**” means the date this Agreement is signed by the last Party to sign.

“**Equity**” means “equity” as used in section 70344(b) of the Act.

“**Equity Purchase**” means the Majority Occupant’s purchase of the Minority Occupant’s Equity Rights in the Real Property under section 70344(b) of the Act and this Agreement.

“**Equity Rights**” means (1) all rights, interests, and entitlement of the Minority Occupant in and to the _____ square feet of space in the Building that is occupied exclusively by the Minority Occupant on the Effective Date, and which space comprises approximately ____ percent of the total Building square footage. as depicted on **Exhibit “A”** attached to this Agreement, and (2) all non-exclusive rights, interests, and entitlement of the Minority Occupant in and to the Common Area.

“Grant Deed” means the “Grant Deed” as defined in the Transfer Agreement.

“Majority Occupant” means the Party that occupies 80 percent or more of the total Building square footage on the Effective Date of this Agreement. For purposes of this Agreement, the County is the Majority Occupant.

“Minority Occupant” means the Party that occupies 20 percent or less of the total Building square footage on the Effective Date of this Agreement. For purposes of this Agreement, the AOC is the Minority Occupant.

“Party” means the AOC or the County, and **“Parties”** means the AOC and the County.

“Real Property” means the “Real Property” as defined in the Transfer Agreement.

“Transfer Agreement” means the Transfer Agreement For the Transfer of Responsibility For Court Facility, and all attached Exhibits and Schedules, dated as of _____, 20____, which sets forth the terms for the transfer of responsibility for and the transfer of title to the Court Facility under the Act.

3. PURCHASE OF EQUITY RIGHTS

3.1 Exercise of Vacate Right. The Majority Occupant has elected to exercise its right to require the Minority Occupant to vacate the Building under section 70344(b) of the Act and has given the Minority Occupant reasonable notice of its election to so exercise.

3.2 Compensation. The Compensation for the Equity Purchase is \$_____, which amount will be paid by the Majority Occupant to the Minority Occupant [in a lump sum on the earlier of (1) the date that the Minority Occupant actually vacates the Building, or (2) the date on which the Grant Deed is recorded in connection with the transfer of title under the Transfer Agreement.] **OR** [describe].

3.3 Relocation Costs. The Majority Occupant will be responsible for the moving expenses of the Minority Occupant at the fair market rate. The Majority Occupant will, at its sole expense, make arrangements for the furniture, equipment, supplies, and other personal property of the Minority Occupant that are located in the Building to be packed and moved, by a professional business relocation service, from the Real Property to the alternate location specified by the Minority Occupant or, at the sole option of the Minority Occupant, the Minority Occupant may engage its own moving and relocation company to perform its move and the Majority Occupant will reimburse the

Minority Occupant's actual relocation costs in an amount not to exceed the amount that would have been charged by the Majority Occupant's professional relocation company for the same relocation services. In no event will the Majority Occupant be responsible for any costs incurred by the Minority Occupant in searching for, identifying, leasing, purchasing, improving, furnishing, or otherwise preparing for occupancy the Minority Occupant's alternate premises, including without limitation, any brokerage commissions, finders' fees, closing costs, tenant improvement costs, or consultant's fees. The terms of this section 3.3 will survive the consummation of the Equity Purchase until _____, 200— **[Note: This should be the same date as the deadline for vacation of the Real Property by the Minority Occupant set forth in section 4.3 below].**

3.4 Rights and Responsibilities. Upon completion of the Equity Purchase, the rights and responsibilities of the Parties in respect of the Equity Rights purchased by the Majority Occupant will be as set forth in the Transfer Agreement.

3.5 Representations and Warranties. Each Party makes the following representations and warranties to the other to the best of its knowledge after reasonable investigation and inquiry:

3.5.1 The Compensation is equal to the fair market value of the Minority Occupant's Equity Rights in the Real Property;

3.5.2 The person who has signed this Agreement on behalf of the Party has been duly authorized and empowered, by a resolution or other formal action of the Party, to sign this Agreement on its behalf, and no other or further approval or consent is required to authorize or empower the Party to enter into and perform this Agreement; and

3.5.3 This Agreement and the Equity Purchase contemplated in this Agreement do not and will not violate any agreement, obligation, or court order by which the Party is bound or to which it or its assets is subject.

4. CLOSING THE EQUITY PURCHASE TRANSACTION

4.1 Delivery of Signed Agreement. The last Party to sign this Agreement must deliver to the AOC, within three business days after signing, ____ fully-signed originals of this Agreement.

4.2 When the Equity Purchase Takes Effect. The Equity Purchase will be effective and deemed consummated immediately and automatically upon the Majority Occupant's payment of the Compensation to the Minority Occupant, whether or not the Minority Occupant has then vacated the Real Property.

4.3 When Minority Occupant Must Vacate the Real Property. The Minority Occupant agrees that it will entirely vacate its occupancy of the Real Property by no later than _____, 200___. If the Minority Occupant fails to complete its vacation the Real Property by _____, 200— through no fault of the Majority Occupant, the Minority Occupant will be deemed to have fully and forever waived and relinquished its rights, under section 70344(b) of the Act and section 3.3 of this Agreement, to require the Majority Occupant to pay the Minority Occupant's relocation costs.

4.4 Delivery of Possession. When the Equity Purchase has been completed and the Minority Occupant has vacated the Real Property, the Minority Occupant will deliver to the Majority Occupant possession and control of the Equity Rights, and the Minority Occupant will thereafter have no right, claim, or interest in the Equity Rights whatsoever.

5. MISCELLANEOUS

5.1 Dispute Resolution. Any dispute between the Parties concerning this Agreement must be resolved under the terms for "Dispute Resolution" in section 11 of the Transfer Agreement.

5.2 Amendments. This Agreement may be amended only by written agreement signed by both of the Parties.

5.3 Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by both Parties. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or consent to a breach of the same or any other provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any later occasion or a consent or approval of any other action.

5.4 Binding Effect. This Agreement binds the Parties and their permitted successors and assigns. The State Parties are intended beneficiaries of all provisions of this Agreement for the benefit of the AOC. Otherwise, this Agreement is for the benefit only of the Parties, and no third parties are intended to be benefited by this Agreement.

5.5 Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State without regard to its conflict of law provisions.

5.6 Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. This Agreement will not be construed against any Party as the principal draftsman. The words

Attachment "3"

Page 4

“include” and “including” when used are not exclusive and mean “include, but are not limited to” and “including but not limited to,” respectively.

5.7 Integration. This Agreement and the Transfer Agreement contain the entire agreement of the Parties with respect to the Equity Purchase, and supersede all previous and concurrent communications, understandings, and agreements, whether verbal, written, express, or implied, between the Parties concerning the subject matter of this Agreement.

5.8 Capitalized Terms. Any capitalized terms that are not otherwise defined in this Agreement will have the meanings given to them in the Transfer Agreement.

5.9 Severability. If any term of this Agreement is inconsistent with applicable law, then upon the request of either Party, the Parties will promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

5.10 Further Assurances. The County and the AOC agree to cooperate reasonably and in good faith with one another to (1) implement the terms of this Agreement, and (2) consummate the Equity Purchase, and will execute any further agreements and perform any additional acts that are reasonably necessary to carry out the terms of this Agreement.

5.11 Notices. Any notices or other communications to be sent by one Party to the other under this Agreement will be sent and deemed received in accordance with the “Notices” provision of section 12 of the Transfer Agreement.

[SIGNATURES FOLLOW ON NEXT PAGE]

12

Attachment “3”
Page 5

I agree to the terms of this Agreement.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: _____
Name: Charles Martel
Title: Attorney
Date: _____

By: _____
Name: Grant Walker
Title: Senior Manager, Business Services
Date: _____

ATTEST:
_____, Clerk of the Board

**COUNTY OF SANTA CRUZ, a political
subdivision of the State of California**

By: _____
Deputy

By: _____
Name: _____
Title: Chairperson, Board of Supervisors
Date: _____

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: _____
Name: Dana McRae
Date: _____

EXHIBIT "A" TO ATTACHMENT "3" TO JOA
COPY OF FLOOR PLAN

[See Attached]

12

Attachment "3"
Page 7

Owned Shared
Court Facility #44-D1
1047219 9

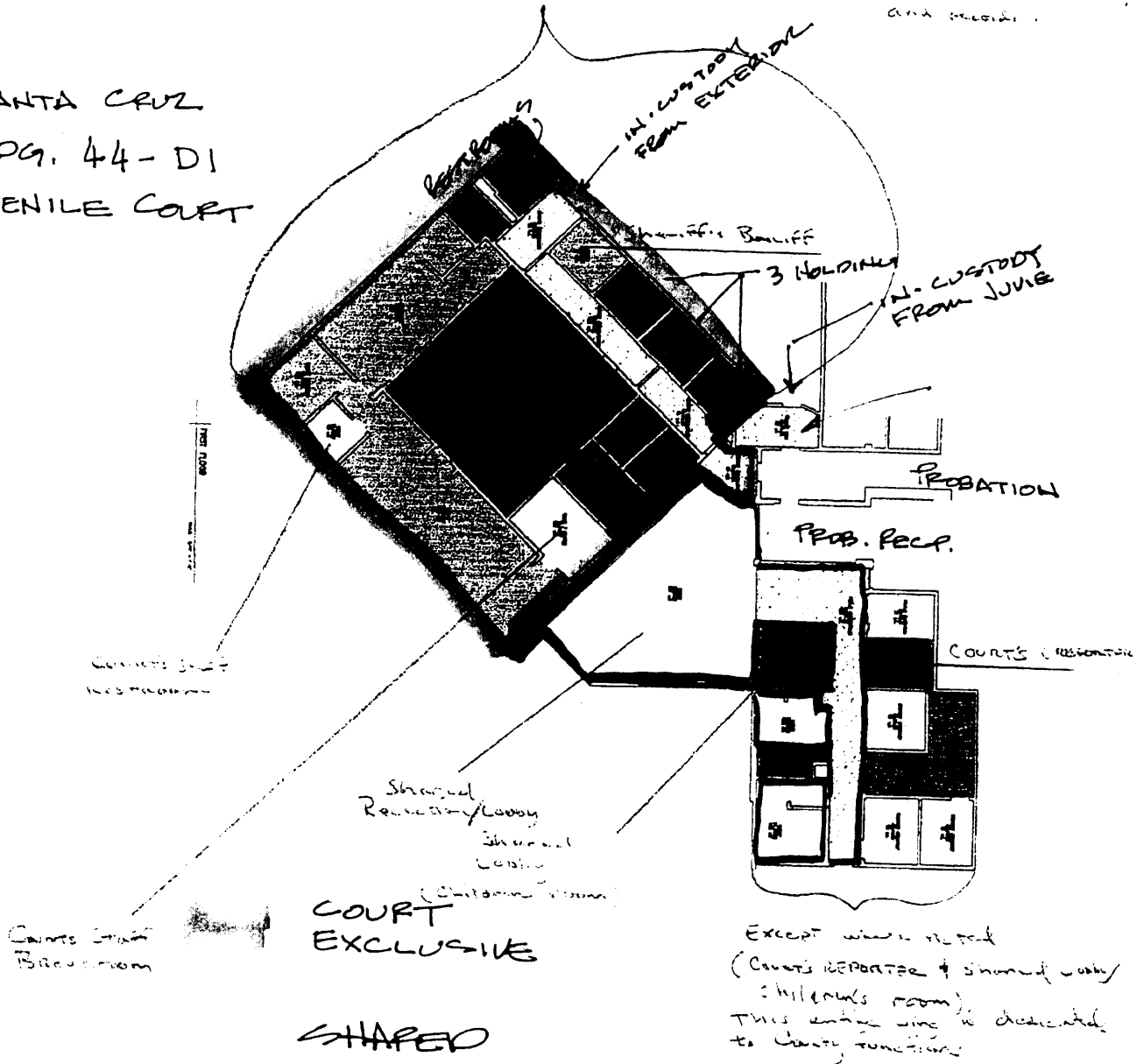
FLOOR PLAN

0123

Ref: 1300478

Except where noted (Sheriff's Bailiff)
This entire wing is dedicated to Court's staff, activities, offices,
and records.

SANTA CRUZ
BLDG. 44-D1
JUVENILE COURT



Jeff 25th 10/3/2007
Judge J. Duvall
For the County of Santa Cruz

Pat Hammerman 10/4/07
Pat Hammerman
For the Santa Cruz Superior Court

% OF TOTAL.

12

ATTACHMENT "4" TO JOA

FORM OF TERMINATION OF JOINT OCCUPANCY AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
 c/o Judicial Council of California
 Administrative Office of the Courts
 Office of the General Counsel
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Attn: Melvin Kennedy, Managing Attorney
 Office of the General Counsel, Real Estate Unit

OFFICIAL STATE BUSINESS - EXEMPT FROM RECORDING FEES PURSUANT TO GOV'T. CODE SECTION 27383 AND DOCUMENTARY
 TRANSFER TAX PURSUANT TO REVENUE AND TAXATION CODE SECTION 11922.

APN(S): 061-371-16; County of Santa Cruz

TERMINATION OF JOINT OCCUPANCY AGREEMENT

This Termination of Joint Occupancy Agreement ("**Termination**") is made and entered into this ____ day of _____, 20__, by and between the Judicial Council of California, Administrative Office of the Courts ("**AOC**"), and the COUNTY OF SANTA CRUZ ("**County**"). The AOC and the County each constitute a "**Party**" and collectively constitute the "**Parties**" to this Termination.

RECITALS

A. On _____, 200__, the County and the AOC entered into a Transfer Agreement For The Transfer of Responsibility For Court Facility (the "**Transfer Agreement**"). Under the Transfer Agreement, the County transferred to the AOC responsibility for funding and operation of the Juvenile Court, which is located in a building on certain real property in the City of Santa Cruz, County of Santa Cruz, State of California and having a street address of 3650 Graham Hill Road (as more completely described in the Transfer Agreement, the "**Real Property**"). The legal description of the Real Property is attached to this Termination as **Attachment 1**

12

Attachment "4"
 Page 1

Owned Shared
 Court Facility #44-D1
 1047219 9

B. Under the Transfer Agreement, the AOC and the County also entered into a Joint Occupancy Agreement dated _____, 20__ (“JOA”), setting forth the parties’ respective rights and obligations with respect to the shared occupancy and use of the Real Property.

C. To memorialize the parties’ respective rights and duties under the JOA, the parties signed a Memorandum of Joint Occupancy Agreement (“**Memorandum**”), which was recorded in the Official Records of the County as Instrument No. _____

D. The JOA has now been terminated by the County and the AOC, and is no longer of any force or effect, except for the terms of the JOA that expressly survive the termination of the JOA.

E. The County and the AOC now wish to record this Termination to memorialize the termination of the JOA and the Memorandum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and AOC do hereby agree as follows:

1. The JOA and the Memorandum are terminated, and are no longer of any force or effect, except for those terms of the JOA that the parties have expressly agreed in writing will survive the termination of the JOA.

2. This Termination is to be recorded in the Official Records of the County with respect to the Real Property, whereupon the Memorandum will automatically be removed as an encumbrance on the title to the Real Property.

Attachment “4”

Page 2

IN WITNESS WHEREOF, this Termination has been executed as of the day and year first above written.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

**JUDICIAL COUNCIL OF
CALIFORNIA, ADMINISTRATIVE
OFFICE OF THE COURTS**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Grant Walker
Title: Senior Manager, Business Services
Date: _____

ATTEST:

**COUNTY OF SANTA CRUZ, a political
subdivision of the State of California**

_____, Clerk of the Board

By: _____
Deputy

By: _____
Name: _____
Title: Chairperson, Board of Supervisors
Date: _____

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: _____
Name: Dana McRae
Date: _____

12

Attachment "4"
Page 3

AOC ACKNOWLEDGEMENT

0127

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

12

COUNTY ACKNOWLEDGEMENT

0128

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

**EXHIBIT "1" TO ATTACHMENT "4" TO JOA
LEGAL DESCRIPTION OF THE REAL PROPERTY**

ATTACHMENT “5” TO JOA

CRITERIA FOR APPROVING COUNTY EMPLOYEES AND COUNTY CONTRACTORS WITH RESPECT TO BACKGROUND CHECKS

No County employee or County Contractor may access or work unescorted in any Restricted Area of the Real Property if any of the following applies to that employee or Contractor:

1. Any conviction or charge pending court disposition with respect to felonies or misdemeanors involving violence, weapons, theft, robbery, burglary, embezzlement, dishonesty, moral turpitude, drugs (excluding misdemeanor marijuana convictions), or sexual activity (for a list of crimes constituting moral turpitude, please see **Appendix 1** to this **Attachment “5”**).
2. Any conviction or charge pending court disposition involving a serious felony which is listed in Penal Code section 1192.7(c) or any violent felony which is listed in Penal Code section 667.5(c).
3. Any conviction or charge pending court disposition with respect to felonies or misdemeanors contributing to the delinquency of a minor.
4. Any conviction or charge pending court disposition with respect to felonies or misdemeanors involving mob action (a.k.a. gang activity).
5. Any conviction or charge pending court disposition with respect to felonies or misdemeanors involving any crime (other than a minor traffic violation) not included in paragraphs 1 through 4, above, for which the AOC’s Emergency & Response Unit (“ERS”) has not provided a written exemption for that conviction or pending charge.
6. Outstanding bench warrant.
7. Failure to appear in court within six (6) months.

In order to obtain a written exemption with respect to paragraph 5, above, the County must submit all relevant information relating to the conviction or pending charge (e.g. type of offense, date of conviction, and sentence) to the Senior Manager of ERS. The County will not include the name of the employee with this information. After review of the submitted information, the Senior Manager of ERS will notify the County in writing if an exemption for that conviction or pending charge will be provided by the AOC.

For purposes of these criteria, “conviction” includes a verdict of guilty, a plea of guilty, a plea of *nolo contendere*, or a forfeiture of bail in municipal, superior, or federal court regardless of whether sentence is imposed by the court.

Attachment “5”

Page 2

APPENDIX 1 TO ATTACHMENT “5” TO JOA

The appellate courts have determined that the following crimes are crimes of moral turpitude:

1. Property Crimes. Arson; auto theft; attempted auto theft; burglary (any degree); attempted burglary; embezzlement; forgery; grand theft; receiving stolen property; theft; and vandalism (felony).
2. Assaultive Crimes. Assault by force likely to produce grievous bodily injury; assault with deadly weapon; assault with intent to murder; assault with intent to rape; battery of non-inmate by inmate; battery on peace officer; corporal injury to child; discharge a firearm; false imprisonment; robbery; shooting at inhabited dwelling; and spousal battery.
3. Homicide. Murder; second degree murder; and voluntary manslaughter.
4. Sex Crimes. Assault with intent to rape; indecent exposure; lewd act on child; pimping and pandering; rape; statutory rape; and sexual battery.
5. Escape. Escape with or without violence; and evading a peace officer.
6. Drug Crimes. Maintaining a drug house; possession of heroin for sale; possession of marijuana for sale; sale of drugs; and transportation of controlled substance.
7. Weapons. Felon in possession of firearm; possession or conspiracy to possess illegal firearm; and possession of deadly weapon with intent to assault.
8. Other. Felony drunk driving; felony false imprisonment; felony hit and run; kidnapping; terrorist threat; bribery; extortion; and perjury.

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Facility # 44-C1

Building Name: Jail Court

Building Address: 259 Water Street, Santa Cruz, CA 95060

ATTACHMENT 2

0133

**TRANSFER AGREEMENT
BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE COURTS,
AND THE COUNTY OF SANTA CRUZ
FOR THE TRANSFER OF RESPONSIBILITY FOR COURT FACILITY**

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TRANSFER AGREEMENT

1. PURPOSE

The Judicial Council of California (“**Council**”), Administrative Office of the Courts (together, the “**AOC**”), and the County of Santa Cruz (“**County**”), set forth the terms and conditions for the transfer of responsibility for funding and operation of the trial court facility commonly known as the Jail Court (“**Existing Court Facility**”).

2. BACKGROUND

The Lockyer-Isenberg Trial Court Funding Act of 1997, **AB 233** (Escutia and Pringle) provides for transfer of the primary obligation for funding of court operations from the counties to the State. The restructuring of funding for trial court operations accomplished by the Lockyer-Isenberg Trial Court Funding Act of 1997 ended a dual system of county and state funding of, and created a more stable and consistent funding source for, trial court operations. The Trial Court Facilities Act of 2002 was adopted to provide for the transfer of responsibility for funding and operation of trial court facilities from the counties to the AOC.

As of the Effective Date of this Agreement, the Existing Court Facility occupies a very small proportion (5.48%) of the building which is located at 259 Water Street, Santa Cruz, CA 95060 (“**Building**”). The County uses the Building as a jail facility and provides county services to the Building appropriate to a jail facility (“**County Services**”). Locating the Existing Court Facility in the Building benefits both the County and the Court as it allows the County to efficiently provide County Services and the Court to provide court services relating to and in support of those County Services. In light of the fact that: (a) the Court occupies such a small proportion of the Building; (b) the Existing Court Facility is small relative to other court facilities in the County; and (c) the Existing Court Facility is located in a special use building (i.e. a jail facility), the County and the AOC agree that responsibility for the Existing Court Facility will be delegated back to the County under the terms set forth herein and pursuant to the provisions of section 70393(c) of the Act. The County and the AOC further agree that proceeding as set forth herein will ensure the orderly provision of services continue to the Existing Court Facility in a manner that is beneficial to the AOC, the Court and the County. Attached hereto as **Exhibit “A”** is an aerial photograph of the Building and a floor plan of the Building depicting the location of the Existing Court Facility in the Building.

3. DEFINITIONS

“**Act**” means the Trial Court Facilities Act of 2002 (Government Code sections 70301-70404) as of the Effective Date.

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"Agreement" means this Transfer Agreement, together with the attached Exhibits.

"Closing Date" means the date on which the State Department of Finance approves the County Facilities Payment for the Court Facility.

"County Facilities Payment" means the payments the County must make to the State's Controller under Article 5 of the Act.

"Court" means the Superior Court of California in and for the County of Santa Cruz.

"Effective Date" means the date this Agreement is signed by the last Party to sign.

"Equity" means the term "equity" as used and referred to in the Act.

"Operation" means the administration, management, maintenance, and repair of designated areas of the Building and the real property on which the Building is located, but does not include custodial services.

"State" means the State of California.

"State Parties" means the Council, the Administrative Office of the Courts, and the Court, their respective political subdivisions, officers, agents, and employees.

4. TRANSFER OF RESPONSIBILITY

4.1 Transfer of Responsibility. On the Closing Date, the transfer of responsibility for the Existing Court Facility from the County to the AOC will occur pursuant to the terms of this Agreement.

4.2 General Responsibilities After Transfer. Upon the completion of the transfer of responsibility, the Parties will have the general rights, duties, and liabilities set forth in the Act in respect of the Existing Court Facility, except as expressly delegated by the Parties in this Agreement, or any other agreement.

4.3 Specific Responsibilities After Transfer. The Parties will have the following specific rights, duties, and liabilities upon and after the transfer of responsibility :

4.3.1 Delegation. Upon the Closing Date, the AOC delegates all of its rights and duties with respect to Operation of the Existing Court Facility to the County, and the County accepts the delegation of the AOC's rights and duties with respect to Operation of the Existing Court Facility (the **"Delegation"**). While the Delegation is in effect, the County will provide and maintain the same basic level of services, including routine maintenance and repair, but excluding elective upgrades to the Court-occupied

space, in the Existing Court Facility as the County generally provides to other County-occupied buildings. The AOC and the County agree that all liabilities, duties and responsibilities for the Existing Court Facility (including, without limitation, liability for any seismic-related damage and injury) are and remain the sole and exclusive responsibility of the County as long as (a) the Delegation is in effect, and (b) the Court occupies the Existing Court Facility in accordance with this Agreement. While the Delegation is in effect, the County will not be obligated to pay a County Facilities Payment.

4.3.2 **Withdrawal of Delegation.** Upon one year's written notice, the AOC, in its sole discretion, may withdraw and terminate the Delegation after the end of that one year notice period for any reason. During that notice period, the County and the AOC agree to negotiate in good faith and enter into a joint occupancy agreement for the Building that includes the following provisions:

(a) a methodology for the AOC and the County to share costs for Operation of the Building based upon the Court and the County's pro rata occupancy of the Building;

(b) a designation that the County will be managing party for the Building and therefore responsible for Operation of the common area of the Building, including without limitation the building systems of the Building;

(c) designation of the Building into the following three areas: (i) County Exclusive-Use Area; (ii) Court Exclusive-Use Area; and (iii) Common Area;

(d) an acknowledgment that the County will commence payment of the County Facilities Payment in accordance with section 5 of this Agreement; and

(e) any other provision which is typically included in a joint occupancy agreement between the AOC and the County, or in the event that the AOC and the County do not have any existing joint occupancy agreements, then the parties shall look to joint occupancy agreements between the AOC and other counties for guidance.

4.3.3 **Relocation of Existing Court Facility by County.** In the event that the County relocates the County Services to another location within the County, and the Court gives its written consent to relocating the Existing Court Facility to the new location along with the County Services ("**Relocation Facility**"), the County may move the Existing Court Facility to the Relocation Facility, and any reference in this Agreement to Existing Court Facility shall then apply to the Relocation Facility. The Court shall have complete discretion to not give its written consent to moving to a Relocation Facility. The Relocation Facility must be comparable in size and functionality to the Existing Court Facility. In addition to the cost of acquiring the Relocation Facility, the County will be responsible for all reasonable costs associated

with relocating the Court to the Relocation Facility, including, without limitation, moving costs or costs that the Court incurs as a result of the relocation (e.g. printing new stationery or notices). If the County desires to relocate the Court into a Relocation Facility, the County shall give the Court not less than one hundred eighty (180) days notice of the proposed relocation (**“Relocation Notice”**). The Relocation Notice shall include the proposed location of the Relocation Facility and a brief description of the proposed Relocation Facility, the date upon which the County desires the relocation to commence and the County’s estimated time and cost for the relocation. At the Court’s or the AOC’s request, the County shall promptly provide the Court or the AOC with access to the proposed Relocation Facility for the Court’s or the AOC’s inspection. Within sixty (60) days of receipt of the Relocation Notice, the AOC or the Court shall notify the County of any concerns the Court or the AOC has with the comparability of the proposed Relocation Facility to the Existing Court Facility. Any Court or AOC concerns about the comparability of the proposed Relocation Facility that cannot be readily resolved by the parties shall be addressed under Section 6 of this Agreement.

4.3.4 Vacation of Existing Court Facility by Court. The AOC, after consultation with the Court, may elect to have the Court vacate the Existing Court Facility at any time following the Closing Date, and in such event the AOC will notify the County of such vacation with 180 days written notice. Upon the Court’s vacation of the Existing Court Facility in accordance with this section, the County shall commence making County Facilities Payments pursuant to section 5 of this Agreement.

4.3.5 County’s Rights Under Section 70344(b) of the Act. County may exercise its rights under section 70344(b) of the Act by giving a minimum of one hundred eighty (180) days written notice to the AOC. If County exercises its rights under section 70344(b) of the Act, the Court will vacate the Building within 180 days after the Parties agree on the amount of compensation to be paid by the County to the AOC for (i) the AOC’s Equity in the Existing Court Facility, and (ii) the Court’s relocation costs. If the Parties cannot agree on the value of the AOC’s Equity in the Existing Court Facility, the Parties will select a mutually-acceptable MAI appraiser (**“Appraiser”**) to determine the fair market value of the AOC’s Equity in the Existing Court Facility. If the Parties cannot agree on the fair market value of the Court’s relocation costs, the Parties will select a mutually-acceptable relocation expert with at least five years of experience in determining relocation costs in California (**“Relocation Expert”**), to determine the fair market value of the Court’s relocation costs. Any Appraiser or Relocation Expert will deliver to both Parties its determination of value or costs, respectively, and each Party will be responsible for one-half of the costs of the Appraiser and Relocation Expert. Any disputes under this section 4.3.5 will be resolved under section 6 of this Agreement.

5. COUNTY FACILITIES PAYMENT

The amount of the County Facilities Payment as approved by the AOC is \$11,494 which amount is subject to approval by the State Department of Finance and which shall

be subject to adjustment under section 70355 and 70362 of the Act. If such amount is not approved by the DOF, then the Parties agree to amend this Agreement to include the final DOF-approved amount. The County will make its first installment payment of the County Facilities Payment within five (5) days of either:

- (a) the effective date of the AOC's withdrawal of the Delegation in accordance with section 4.3.2 of this Agreement; or
- (b) the Court's vacation of either the Existing Court Facility or the Relocation Facility in accordance with section 4.3.4 and 4.3.5 of this Agreement.

The County's first payment will be prorated on the basis of a 365-day year if the first payment is due on any date other than July 1, October 1, January 1, or April 1. Thereafter, the County will make payments of the County Facilities Payment to the State Controller each and every fiscal quarter, as provided in the Act.

6. DISPUTE RESOLUTION

6.1 Unassisted Negotiation; Mediation. In the event of a dispute between the Parties relating to performance of the Parties' obligations under this Agreement, or any aspect of the Transfer transaction contemplated in this Agreement, the County Administrative Officer and an Assistant Director of the AOC's Office of Court Construction and Management, or their respective designees, will meet to discuss a resolution to the dispute. Any designee appointed must have the authority to negotiate for and to effectively recommend settlement to, the Party that he or she represents. If the Parties are not able to resolve their dispute within 30 calendar days through that unassisted negotiation, they will attempt to resolve the dispute by mediation under this section 11.1. If the dispute concerns a matter within the jurisdiction of the Court Facilities Dispute Resolution Committee ("**CFDRC**"), established by section 70303 of the Act, the Parties must first mediate the dispute before either Party may commence a dispute resolution proceeding before the CFDRC.

6.2 Mediation.

6.2.1 Initiation of Mediation. Either or both of the Parties may request the initiation of mediation for any dispute described in section 11.1, whether or not the dispute falls within the CFDRC's jurisdiction, by delivering a written request for mediation ("**Mediation Request**") to the other Party. The Mediation Request must (1) include a brief summary of the issues in dispute, and (2) state the dates on which the requesting Party is unavailable to attend the mediation within the immediately-succeeding 90 calendar days after the delivery to the other Party of the Mediation Request. Within seven calendar days after the requesting Party's delivery of a Mediation Request to the other Party, the responding Party must deliver to the requesting Party a response to the Mediation Request ("**Mediation Response**"), which must: (a) include a

brief summary of the issues in dispute (which may or may not be the same as the summary provided by the requesting Party); and (b) state the dates on which, as of the date of the Mediation Request, the responding Party is unavailable to attend the mediation within the **83** calendar days immediately following the responding Party's receipt of the Mediation Request.

6.2.2 Within 12 calendar days after delivery to the requesting Party of the Mediation Response, the Parties will attempt in good faith to agree upon a neutral mediator to preside over the mediation.

6.2.3 If the Parties are not able to mutually agree upon a neutral mediator within 12 calendar days after delivery to the requesting Party of the Mediation Response, then within 17 calendar days after delivery to the requesting Party of the Mediation Response, each Party shall deliver to the other Party a list of five potential mediators which list shall rank the mediator candidates in order of preference and include at least two, but not more than three, of whom may be former judges who never sat on the Superior Court or Municipal Court of the County of Santa Cruz, and the remaining selections shall not include any former superior court or municipal court judges whatsoever. If the same mediator candidate appears on both lists, then such mediator candidate shall be deemed to be selected as the mediator. If more than one mediator candidate appears on both lists, then the mediator shall be selected based on the priority that each such mediator candidate is specified on both lists. If there is no mediator listed on both lists, the Parties shall, within 22 calendar days after delivery to the requesting Party of the Mediation Response, attempt in good faith to mutually agree upon a single mediator from the names on the two lists. If the Parties are not able to agree upon a single mediator, then each Party, within 27 calendar days after delivery to the requesting Party of the Mediation Response, shall select one mediator on the other Party's list of five mediator candidates, and the mediation shall be done by two mediators.

6.2.4 Cost of Mediation. The Parties will share equally in payment of all costs of the mediation, including the compensation of the mediator. The Parties and the mediator must reach a written agreement regarding the mediator's compensation and expenses before the mediation is commenced.

6.2.5 Date, Time, and Place of Mediation. In consultation with the Parties, the mediator will fix the date, time, and place of each mediation session. The mediation may be held at any convenient location agreeable to the Parties and the mediator. Mediation must be completed within 90 calendar days after the requesting Party's delivery to the responding Party of the Mediation Request.

6.2.6 Attendance at Mediation. Both Parties must attend the mediation session(s). The Parties may satisfy this attendance requirement by sending a representative familiar with the facts of the dispute, who has the authority to negotiate on behalf of, and to effectively recommend settlement to, the Party he or she represents.



Any Party to the mediation may have the assistance of an attorney or other representative of its choice at its own cost. Other persons may attend the mediation sessions only with the consent of the Parties and the mediator.

6.2.7 Confidentiality. The mediation will be confidential in all respects, and the provisions of California Evidence Code sections 1152 and 1154 will apply to all written and verbal evidence presented in the mediation and to settlement communications made in the Premediation Statement, during the mediation itself, or otherwise in furtherance of or related to the mediation or the settlement of the dispute. The Premediation Statements will be confidential, for settlement purposes only, and will not be admissible for any purpose other than for the mediation. Without limiting the foregoing, the provisions of California Evidence Code sections 1115 through 1128, inclusive, will apply in connection with any mediation under this Agreement.

6.3 Referral to CFDRRC. After compliance with the terms of section 6.1 of this Agreement, any unresolved dispute involving any of the matters set forth in sections 70303(c)(1) through (5) of the Act will be referred to the CFDRRC for hearing and recommendation to, and decision by, the Director of Finance, under the Act and the CFDRRC Regulations.

7. NOTICES

Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery (including overnight courier service), certified U.S. mail, postage pre-paid and with return receipt requested, or facsimile transmission, sent during regular business hours of the recipient to the Parties at their addresses or fax numbers indicated below. Routine exchange of information may be conducted via telephone, facsimile, and/or electronic means, including e-mail.

If to the AOC:	Administrative Office of the Courts Attention: Portfolio Administration Analyst for the BANCRO Regional Office 455 Golden Gate Avenue San Francisco, CA 94102 Voice: 415-865-4990 Fax: 415-865-8885
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With a copy to: Administrative Office of the Courts
 Office of Court Construction and Management
 Attention: Manager, Real Estate
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Voice: 415-865-4048
 Fax: 415-865-8885

In addition, all notices by the County relating to any alleged breach or default by the AOC of this Agreement must also be sent to:

Administrative Office of the Courts
 Attention: Senior Manager, Business Services,
 455 Golden Gate Avenue
 San Francisco, CA 94102-3688
 Voice: 415-865-7978
 Fax: 415-865-4326
 E-mail: grant.walker@jud.ca.gov

If to the County:

County of Santa Cruz
 County Administrative Office
 Attention: Carol Girvetz
 701 Ocean Street, Room 520
 Santa Cruz, CA 95060
 Voice: 831-454-2100
 Fax: 831-454-3420

With a copy to:

County of Santa Cruz
 Office of the County Counsel
 Attention: Dana McRae
 701 Ocean Street, Room 505
 Santa Cruz, CA 95060
 Voice: 831-454-2034
 Fax: 831-454-2115

With a copy to:

County of Santa Cruz
 General Services Department
 Attention: Gerald Dunbar
 701 Ocean Street, Room 330
 Santa Cruz, CA 95060
 Voice: (831)454-2210
 Fax: (831)454-2710

A Party may change its address for notice under this Agreement by giving written notice to the other Party in the manner provided in this section 7. Any notice or communication sent under this section 7 will be deemed to have been duly given as follows: (1) if by personal delivery, on the date actually received by the addressee or its representative at the address provided above, or (2) if sent by certified U.S. mail, return receipt requested, on the first business day that is at least three calendar days after the date deposited in the U.S. Mail, or (3) if sent by facsimile transmission, upon electronic confirmation of good receipt by the receiving facsimile machine except that facsimile notice received after normal business hours of the recipient will be deemed received at 9:00 a.m. on the first business day after the date on which the facsimile notice was confirmed electronically.

8. MISCELLANEOUS

8.1. Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by both the AOC and the County. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or consent to a breach of the same or any other provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any later occasion or a consent or approval of any other action.

8.2. Force Majeure. Neither Party will be responsible for performance under this Agreement to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

8.3. Assignment. Neither Party may assign this Agreement in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

8.4. Binding Effect. This Agreement binds the Parties and their permitted successors and assigns.

8.5. Third Parties Benefited. The State Parties are intended beneficiaries of all provisions of this Agreement.

8.6. Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State of California.

8.7. Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. The words "hereof", "herein", and "hereunder", and other words of similar import, refer to this Agreement as a whole and not to any subdivision of this Agreement. This Agreement and the Closing Documents will not be construed against either Party as the principal draftsperson. The words "include" and "including" when used are not exclusive and mean "include, but are not limited to" and "including but not limited to," respectively. The capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement.

8.8. Integration; Amendments. This Agreement contains the entire agreement of the Parties with respect to the Transfer, and supersede all previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties. This Agreement may be amended only by written agreement signed by both of the Parties.

8.9. Incorporation By Reference. The factual recitals and Exhibits contained in or attached to this Agreement are all incorporated into and made a part of this Agreement for all purposes, and all references to this Agreement in any of the recitals or Exhibits will be deemed to include the entirety of this Agreement.

8.10. Severability. If a term of this Agreement is inconsistent with applicable Law, then on the request of either Party, the Parties will promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

8.11. Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (1) implement the terms and provisions set forth in this Agreement, the Closing Documents, and the Act, and (2) consummate the transactions contemplated herein, and will execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this Agreement, the Closing Documents, and the Act.

8.12. Recordation of Memorandum. Within thirty (30) days of written request by the AOC, County will execute, acknowledge, and deliver to AOC a memorandum of this Agreement which the AOC may record against the land upon which the Building is located.

I agree to the terms of this Agreement.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

By: Charles Martel
Name: Charles Martel
Title: Attorney
Date: 9.15.2008

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: Grant Walker
Name: Grant Walker
Title: Senior Manager, Business Services
Date: 9/15/08

ATTEST:
SUSAN A. MAURIELLO, Clerk of the Board

By: [Signature]
Deputy

**COUNTY OF SANTA CRUZ, a political
subdivision of the State of California**

By: [Signature]
Name: _____
Title: Chairperson, Board of Supervisors
Date: 9/25/08

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: Dana McRae
Name: Dana McRae
Date: 9-23-08

EXHIBIT "A"

AERIAL PHOTO AND FLOOR PLAN



12

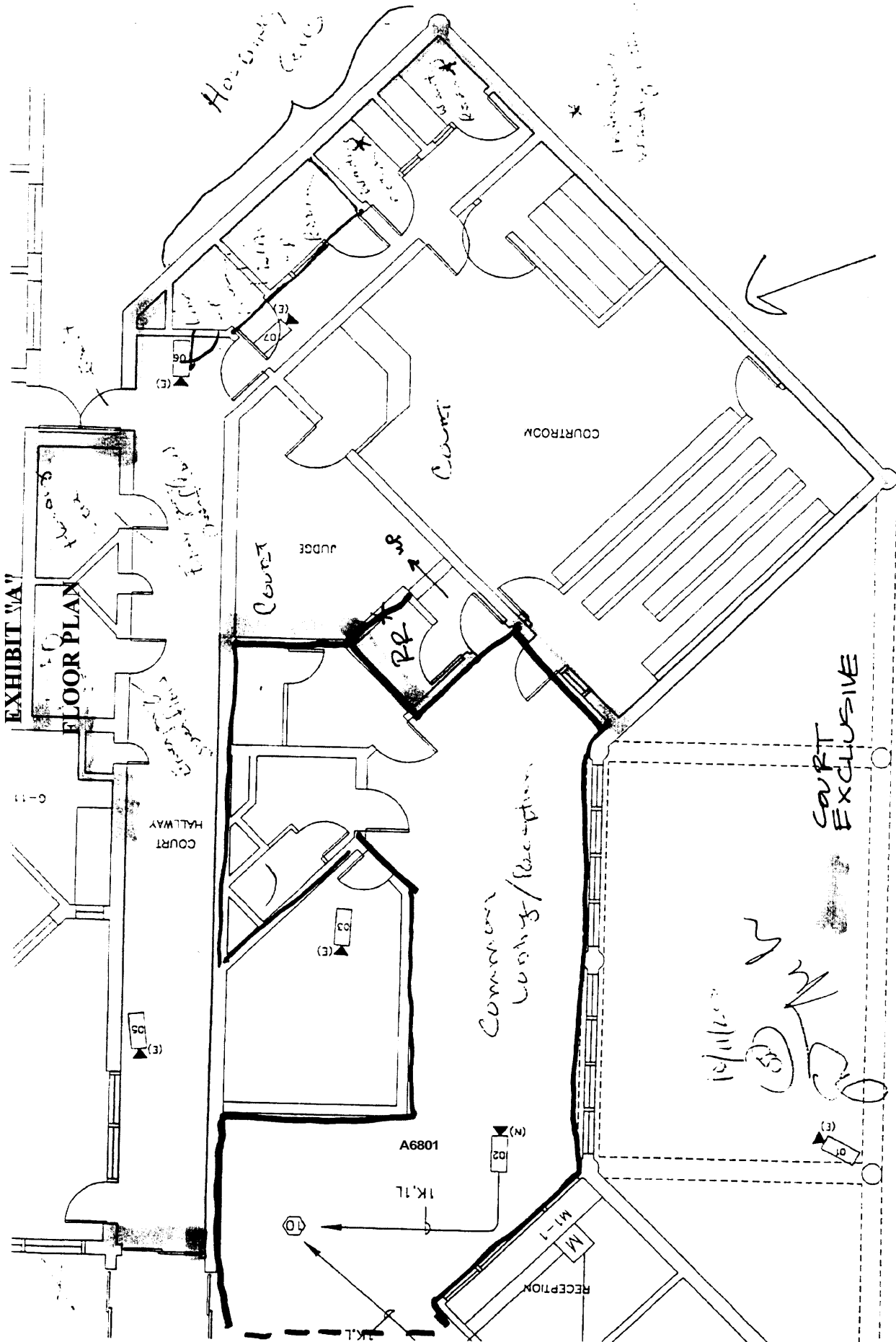
Santa Cruz County GIS 117-08

Jail Court
259 Water St. Santa Cruz, Ca. 95060

Exhibit A

Court Facility: #44-C1

A-2



Tail Courtroom
SANTA CRUZ
BLDG 44-C1
JAIL COURT

Two parking spaces (nos 4 & 7)

SHARED

A-3

Court Facility: #44-C1

Facility # 44-E1

0150

Building Name: Water Street Facility

Building Address: 303 Water Street, Santa Cruz, **CA**

**TRANSFER AGREEMENT
BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE COURTS,
AND THE COUNTY OF SANTA CRUZ
FOR THE TRANSFER OF RESPONSIBILITY FOR COURT FACILITY**

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Court Facility #44-E1

Limited Use Facility Transfer

1254181 1

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TRANSFER AGREEMENT

1. PURPOSE

The Judicial Council of California ("**Council**"), Administrative Office of the Courts (together, the "**AOC**"), and the County of Santa Cruz ("**County**"), set forth the terms and conditions for the transfer of responsibility for funding and operation of the trial court facility commonly known as the Water Street Facility ("**Existing Court Facility**").

2. BACKGROUND

The Lockyer-Isenberg Trial Court Funding Act of 1997, AB 233 (Escutia and Pringle) provides for transfer of the primary obligation for funding of court operations from the counties to the State. The restructuring of funding for trial court operations accomplished by the Lockyer-Isenberg Trial Court Funding Act of 1997 ended a dual system of county and state funding of, and created a more stable and consistent funding source for, trial court operations. The Trial Court Facilities Act of 2002 was adopted to provide for the transfer of responsibility for funding and operation of trial court facilities from the counties to the AOC.

As of the Effective Date of this Agreement, the County holds a leasehold interest in a portion of that certain building (the "**Leased Premises**") located at 303 Water Street, Santa Cruz, California ("**Building**") pursuant to that certain Lease Agreement dated September 1, 2004 (the "**Lease**") a copy of which is attached hereto as Exhibit "**A**", and the Existing Court Facility occupies approximately six percent (6.33%) of the Leased Premises. The County uses the Leased Premises for administrative office uses and provides county services to the Leased Premises appropriate to an administrative office ("**County Services**"). Locating the Existing Court Facility in the Leased Premises benefits both the County and the Court as it allows the County to efficiently provide County Services and the Court to provide court services relating to and in support of those County Services. In light of the fact that: (a) the Court occupies such a small proportion of the Leased Premises; and (b) the Existing Court Facility is small relative to other court facilities in the County the County and the AOC agree that responsibility for the Existing Court Facility will be delegated back to the County under the terms set forth herein and pursuant to the provisions of section 70393(c) of the Act. The County and the AOC further agree that proceeding as set forth herein will ensure the orderly provision of services continue to the Existing Court Facility in a manner that is beneficial to the AOC, the Court and the County. Attached hereto as Exhibit "**B**" is a floor plan of the Leased Premises depicting the location of the Existing Court Facility in the Leased Premises.

3. DEFINITIONS

“Act” means the Trial Court Facilities Act of 2002 (Government Code sections 70301-70404) as of the Effective Date.

“Agreement” means this Transfer Agreement, together with the attached Exhibits.

“Closing Date” means the date on which the State Department of Finance approves the County Facilities Payment for the Court Facility.

“County Facilities Payment” means the payments the County must make to the State’s Controller under Article 5 of the Act.

“Court” means the Superior Court of California in and for the County of Santa Cruz.

“Effective Date” means the date this Agreement is signed by the last Party to sign.

“Equity” means the term “equity” as used and referred to in the Act.

“Operation” means the administration, management, maintenance, and repair of designated areas of the Leased Premises, but does not include custodial services.

“State” means the State of California.

“State Parties” means the Council, the Administrative Office of the Courts, and the Court, their respective political subdivisions, officers, agents, and employees.

4. TRANSFER OF RESPONSIBILITY

4.1 Transfer of Responsibility. On the Closing Date, the transfer of responsibility for the Existing Court Facility from the County to the AOC will occur pursuant to the terms of this Agreement.

4.2 General Responsibilities After Transfer. Upon the completion of the transfer of responsibility, the Parties will have the general rights, duties, and liabilities set forth in the Act in respect of the Existing Court Facility, except as expressly delegated by the Parties in this Agreement, or any other agreement.

4.3 Specific Responsibilities After Transfer. The Parties will have the following specific rights, duties, and liabilities upon and after the transfer of responsibility:

4.3.1 Delegation. Upon the Closing Date, the AOC delegates all of its rights and duties with respect to Operation of the Existing Court Facility to the County,

and the County accepts the delegation of the **AOC's** rights and duties with respect to Operations of the Existing Court Facility (the **"Delegation"**). While the Delegation is in effect, the County will provide and maintain the same basic level of services, including routine maintenance and repair, but excluding any elective upgrades to the Court-occupied space, in the Existing Court Facility as the County generally provides to other County-occupied buildings or leased premises. The AOC and the County agree that all liabilities, duties and responsibilities for the Existing Court Facility (including, without limitation, liability for any seismic-related damage and injury) are and remain the sole and exclusive responsibility of the County as long as (a) the Delegation is in effect, and (b) the Court occupies the Existing Court Facility in accordance with this Agreement. While the Delegation is in effect, the County will not be obligated to pay a County Facilities Payment.

4.3.2 Withdrawal of Delegation. Upon one year's written notice, the AOC, in its sole discretion, may withdraw and terminate the Delegation after the end of that one year notice period for any reason. During that notice period, the County and the AOC agree to negotiate in good faith and enter into a joint occupancy agreement for the Leased Premises that includes the following provisions:

(a) a methodology for the AOC and the County to share costs for Operations of the Leased Premises based upon the Court and the County's pro rata occupancy of the Leased Premises;

(b) a designation that the County will be managing party for the Leased Premises and therefore responsible for Operations of the common area of the Leased Premises, including without limitation the building systems of the Leased Premises;

(c) designation of the Leased Premises into the following three areas: (i) County Exclusive-Use Area; (ii) Court Exclusive-Use Area; and (iii) Common Area;

(d) an acknowledgment that the County will commence payment of the County Facilities Payment in accordance with section 5 of this Agreement; and

(e) any other provision which is typically included in a joint occupancy agreement between the AOC and the County, or in the event that the AOC and the County do not have any existing joint occupancy agreements, then the parties shall look to joint occupancy agreements between the **AOC** and other counties for guidance.

4.3.3 Relocation of Existing Court Facility by County. The County and AOC acknowledge and agree that the term of the Lease expires on August 31, 2009 with no option to extend. In the event that the County relocates the County Services to another location within the County, and the Court gives its written consent to relocating the Existing Court Facility to the new location along with the County Services (**“Relocation Facility”**), the County may move the Existing Court Facility to the Relocation Facility, and any reference in this Agreement to Existing Court Facility shall then apply to the Relocation Facility. The Court shall have complete discretion to not give its written consent to moving to a Relocation Facility, and the County shall have complete discretion to not relocate the Existing Court Facility to a Relocation Facility. The Relocation Facility must be comparable in size and functionality to the Existing Court Facility. In addition to the cost of the Relocation Facility, the County will be responsible for all reasonable costs associated with relocating the Court (**“Court Moving Costs”**), including, without limitation, moving costs or costs that the Court incurs as a result of the relocation (e.g. printing new stationery or notices). If the County chooses not to relocate the Existing Court Facility to a Relocation Facility, the County will not be responsible for the cost of the new location, but the County will be responsible for all Court Moving Costs associated with relocating the Existing Court Facility to its new location, and upon vacation of the Existing Court Facility, the County will commence payment of the County Facility Payments pursuant to section 5 of this Agreement. If the County desires to relocate the Court into a Relocation Facility, the County shall give the Court not less than one hundred eighty (180) days notice of the proposed relocation (**“Relocation Notice”**). The Relocation Notice shall include the location and a brief description of the proposed Relocation Facility, the date upon which the County desires the relocation to commence and the County’s estimated time and cost for the relocation. At the Court’s request, the County shall promptly provide the Court access to the proposed Relocation Facility for the Court’s inspection. Within sixty (60) days of receipt of the Relocation Notice, the Court shall notify the County of any concerns the Court has with the comparability of the proposed Relocation Facility. Any Court concerns about the comparability of the proposed Relocation Facility that cannot be readily resolved by the parties shall be addressed under Section 6 of this Agreement.

4.3.4 Vacation of Existing Court Facility by Court. The AOC, after consultation with the Court, may vacate the Existing Court Facility by giving the County 180 days written notice. Upon the Court’s vacation of the Existing Court Facility in accordance with this section, the County shall commence making County Facility Payments pursuant to section 5 of this Agreement.

4.3.5 County’s Rights Under Section 70344(b) of the Act. County may exercise its rights under section 70344(b) of the Act by giving a minimum of one hundred eighty (180) days written notice to the AOC. If County exercises its rights under section 70344(b) of the Act, the Court will vacate the Leased Premises within 180 days after the Parties agree on the amount of compensation to be paid by the County to the AOC for (i)

the Equity in the Existing Court Facility, and (ii) the Court's relocation costs. If the Parties cannot agree on the value of the Equity of the Existing Court Facility, the Parties will select a mutually-acceptable MAI appraiser ("**Appraiser**") to determine the fair market value of the Equity of the Existing Court Facility. If the Parties cannot agree on the fair market value of the Court's relocation costs, the Parties will select a mutually-acceptable relocation expert with at least five years of experience in determining relocation costs in California ("**Relocation Expert**"), to determine the fair market value of the Court's relocation costs. Any Appraiser or Relocation Expert will deliver to both Parties its determination of value or costs, respectively, and each Party will be responsible for one-half of the costs of the Appraiser and Relocation Expert. Any disputes under this section 4.3.5 will be resolved under section 6 of this Agreement.

5. COUNTY FACILITIES PAYMENT

The amount of the County Facilities Payment as approved by the AOC is \$7,234 which amount is subject to approval by the State Department of Finance and which shall be subject to adjustment under section 70355 and 70362 of the Act. If such amount is not approved by the DOF, then the Parties agree to amend this Agreement to include the final DOF-approved amount. The County will make its first installment payment of the County Facilities Payment within five (5) days of either:

- (a) the effective date of the AOC's withdrawal of the Delegation in accordance with section 4.3.2 of this Agreement; or
- (b) the Court's vacation of either the Existing Court Facility or the Relocation Facility in accordance with section 4.3.4 and 4.3.5 of this Agreement.

The County's first payment will be prorated on the basis of a 365-day year if the first payment is due on any date other than July 1, October 1, January 1, or April 1. Thereafter, the County will make payments of the County Facilities Payment to the State Controller each and every fiscal quarter, as provided in the Act.

6. DISPUTE RESOLUTION

6.1 Unassisted Negotiation; Mediation. In the event of a dispute between the Parties relating to performance of the Parties' obligations under this Agreement, or any aspect of the Transfer transaction contemplated in this Agreement, the County Administrative Officer and an Assistant Director of the AOC's Office of Court Construction and Management, or their respective designees, will meet to discuss a resolution to the dispute. Any designee appointed must have the authority to negotiate for and to effectively recommend settlement to, the Party that he or she represents. If the Parties are not able to resolve their dispute within 30 calendar days through that unassisted negotiation, they will attempt to resolve the dispute by mediation under this section 11.1. If the dispute concerns a matter within the jurisdiction of the Court

Court Facility #44-E1
Limited Use Facility Transfer
1254181 1

Facilities Dispute Resolution Committee (“**CFDRC**”), established by section 70303 of the Act, the Parties must first mediate the dispute before either Party may commence a dispute resolution proceeding before the CFDRC.

6.2 Mediation.

6.2.1 Initiation of Mediation. Either or both of the Parties may request the initiation of mediation for any dispute described in section 11.1, whether or not the dispute falls within the CFDRC’s jurisdiction, by delivering a written request for mediation (“**Mediation Request**”) to the other Party. The Mediation Request must (1) include a brief summary of the issues in dispute, and (2) state the dates on which the requesting Party is unavailable to attend the mediation within the immediately-succeeding 90 calendar days after the delivery to the other Party of the Mediation Request. Within seven calendar days after the requesting Party’s delivery of a Mediation Request to the other Party, the responding Party must deliver to the requesting Party a response to the Mediation Request (“**Mediation Response**”), which must: (a) include a brief summary of the issues in dispute (which may or may not be the same as the summary provided by the requesting Party); and (b) state the dates on which, as of the date of the Mediation Request, the responding Party is unavailable to attend the mediation within the 83 calendar days immediately following the responding Party’s receipt of the Mediation Request.

6.2.2 Within 12 calendar days after delivery to the requesting Party of the Mediation Response, the Parties will attempt in good faith to agree upon a neutral mediator to preside over the mediation.

6.2.3 If the Parties are not able to mutually agree upon a neutral mediator within 12 calendar days after delivery to the requesting Party of the Mediation Response, then within 17 calendar days after delivery to the requesting Party of the Mediation Response, each Party shall deliver to the other Party a list of five potential mediators which list shall rank the mediator candidates in order of preference and include at least two, but not more than three, of whom may be former judges who never sat on the Superior Court or Municipal Court of the County of Santa Cruz, and the remaining selections shall not include any former superior court or municipal court judges whatsoever. If the same mediator candidate appears on both lists, then such mediator candidate shall be deemed to be selected as the mediator. If more than one mediator candidate appears on both lists, then the mediator shall be selected based on the priority that each such mediator candidate is specified on both lists. If there is no mediator listed on both lists, the Parties shall, within 22 calendar days after delivery to the requesting Party of the Mediation Response, attempt in good faith to mutually agree upon a single mediator from the names on the two lists. If the Parties are not able to agree upon a single mediator, then each Party, within 27 calendar days after delivery to the requesting

Party of the Mediation Response, shall select one mediator on the other Party's list of five mediator candidates, and the mediation shall be done by two mediators.

6.2.4 Cost of Mediation. The Parties will share equally in payment of all costs of the mediation, including the compensation of the mediator. The Parties and the mediator must reach a written agreement regarding the mediator's compensation and expenses before the mediation is commenced.

6.2.5 Date, Time, and Place of Mediation. In consultation with the Parties, the mediator will fix the date, time, and place of each mediation session. The mediation may be held at any convenient location agreeable to the Parties and the mediator. Mediation must be completed within 90 calendar days after the requesting Party's delivery to the responding Party of the Mediation Request.

6.2.6 Attendance at Mediation. Both Parties must attend the mediation session(s). The Parties may satisfy this attendance requirement by sending a representative familiar with the facts of the dispute, who has the authority to negotiate on behalf of, and to effectively recommend settlement to, the Party he or she represents. Any Party to the mediation may have the assistance of an attorney or other representative of its choice at its own cost. Other persons may attend the mediation sessions only with the consent of the Parties and the mediator.

6.2.7 Confidentiality. The mediation will be confidential in all respects, and the provisions of California Evidence Code sections 1152 and 1154 will apply to all written and verbal evidence presented in the mediation and to settlement communications made in the Premediation Statement, during the mediation itself, or otherwise in furtherance of or related to the mediation or the settlement of the dispute. The Premediation Statements will be confidential, for settlement purposes only, and will not be admissible for any purpose other than for the mediation. Without limiting the foregoing, the provisions of California Evidence Code sections 1115 through 1128, inclusive, will apply in connection with any mediation under this Agreement.

6.3 Referral to CFDRRC. After compliance with the terms of section 6 of this Agreement, any unresolved dispute involving any of the matters set forth in sections 70303(c)(1) through (5) of the Act will be referred to the CFDRRC for hearing and recommendation to, and decision by, the Director of Finance, under the Act and the CFDRRC Regulations.

7. NOTICES

Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery (including overnight courier service), certified U.S. mail, postage pre-paid and with return receipt requested, or facsimile transmission, sent during regular business hours of the recipient to the Parties at Court Facility #44-E1

Limited Use Facility Transfer

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their addresses or fax numbers indicated below. Routine exchange of information may be conducted via telephone, facsimile, and/or electronic means, including e-mail.

If to the AOC: Administrative Office of the Courts
 Attention: Portfolio Administration Analyst for the
 BANCRO Regional Office
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Voice: 415-865-4990
 Fax: 415-865-8885

With a copy to: Administrative Office of the Courts
 Office of Court Construction and Management
 Attention: Manager, Real Estate
 455 Golden Gate Avenue
 San Francisco, CA 94102
 Voice: 415-865-4048
 Fax: 415-865-8885

In addition, all notices by the County relating to any alleged breach or default by the AOC of this Agreement must also be sent to:

Administrative Office of the Courts
 Attention: Business Services, Senior Manager
 455 Golden Gate Avenue
 San Francisco, CA 94102-3688
 Voice: 415-865-7978
 Fax: 415-865-4326
 E-mail: grant.walker@jud.ca.gov

If to the County: County of Santa Cruz
 County Administrative Office
 Attention: Carol Girvetz
 701 Ocean Street, Room 520
 Santa Cruz, CA 95060
 Voice: 831-454-2100
 Fax: 831-454-3420

A Party may change its address for notice under this Agreement by giving written notice to the other Party in the manner provided in this section 7. Any notice or communication sent under this section 7 will be deemed to have been duly given as

follows: (1) if by personal delivery, on the date actually received by the addressee or its representative at the address provided above, or (2) if sent by certified U.S. mail, return receipt requested, on the first business day that is at least three calendar days after the date deposited in the U.S. Mail, or (3) if sent by facsimile transmission, upon electronic confirmation of good receipt by the receiving facsimile machine except that facsimile notice received after normal business hours of the recipient will be deemed received at 9:00 a.m. on the first business day after the date on which the facsimile notice was confirmed electronically.

8. MISCELLANEOUS

8.1 Waivers. No waiver of any provision of this Agreement will be valid unless it is in writing and signed by both the AOC and the County. Waiver by either Party at any time of any breach of this Agreement cannot be deemed a waiver of or consent to a breach of the same or any other provision of this Agreement. If a Party's action requires the consent or approval of the other Party, that consent or approval on any one occasion cannot be deemed a consent to or approval of that action on any later occasion or a consent or approval of any other action.

8.2 Force Majeure. Neither Party will be responsible for performance under this Agreement to the extent performance is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature, acts of God, acts of war (declared and undeclared), riots, rebellions, revolutions, or terrorism, whether foreseeable or unforeseeable.

8.3 Assignment. Neither Party may assign this Agreement in whole or in part, whether by operation of law or otherwise, to any other entity, agency, or person without the prior written consent of the other Party. Even if that consent is given, any assignment made in contravention of any Law will be void and of no effect.

8.4 Binding Effect. This Agreement binds the Parties and their permitted successors and assigns.

8.5 Third Parties Benefited. The State Parties are intended beneficiaries of all provisions of this Agreement.

8.6 Governing Law. This Agreement, and the Parties' performance under this Agreement, will be exclusively governed by the laws of the State of California.

8.7 Construction. The headings used in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement. The words "hereof", "herein", and "hereunder", and other words of similar import, refer to this Agreement as a whole and not to any subdivision of this Agreement. This Agreement and the Closing Documents will not be construed against either Party as the principal draftsman. The words "include" and "including" when used are not exclusive and mean "include, but are

not limited to” and “including but not limited to,” respectively. The capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement.

8.8 Integration; Amendments. This Agreement contains the entire agreement of the Parties with respect to the Transfer, and supersede all previous communications, representations, understandings, and agreements, whether verbal, written, express, or implied, between the Parties. This Agreement may be amended only by written agreement signed by both of the Parties.

8.9 Incorporation By Reference. The factual recitals and Exhibits contained in or attached to this Agreement are all incorporated into and made a part of this Agreement for all purposes, and all references to this Agreement in any of the recitals or Exhibits will be deemed to include the entirety of this Agreement.

8.10 Severability. If a term of this Agreement is inconsistent with applicable Law, then on the request of either Party, the Parties will promptly meet and confer to determine how to amend the inconsistent term in a manner consistent with Law, but all parts of this Agreement not affected by the inconsistency will remain in full force and effect.

8.11 Further Assurances. The Parties agree to cooperate reasonably and in good faith with one another to (1) implement the terms and provisions set forth in this Agreement, the Closing Documents, and the Act, and (2) consummate the transactions contemplated herein, and will execute any further agreements and perform any additional acts that may be reasonably necessary to carry out the purposes and intent of this Agreement, the Closing Documents, and the Act.

8.12 Recordation of Memorandum. Within thirty (30) days of written request by the AOC, County will execute, acknowledge, and deliver to AOC a memorandum of this Agreement which the AOC may record against the land upon which the Leased Premises is located.

SIGNATURES ON FOLLOWING PAGE

I agree to the terms of this Agreement.

APPROVED AS TO FORM:
Administrative Office of the Courts,
Office of the General Counsel

By: Charles Martel
Name: Charles Martel
Title: Attorney
Date: 9-15-2008

**JUDICIAL COUNCIL OF CALIFORNIA,
ADMINISTRATIVE OFFICE OF THE
COURTS**

By: Grant Walker
Name: Grant Walker
Title: Senior Manager, Business Services
Date: 9/15/08

ATTEST:
SUSAN A. MAURIELLO Clerk of the Board

By: [Signature]
Deputy

THE COUNTY OF SANTA CRUZ

By: [Signature]
Name: _____
Title: Chairperson, Board of Supervisors
Date: 9/25/08

APPROVED AS TO FORM:
Santa Cruz County
Office of the County Counsel

By: Dana McRae
Name: Dana McRae
Date: 9-23-08

EXHIBIT "A"

303 WATER STREET LEASE AGREEMENT (4)

(See Attached)

/-

July 21, 2008

County of Santa Cruz, Dept. of Public Works
701 Ocean St.
Santa Cruz, CA 95060
ATTN: Fred Antaki

RE: Lease dated September 1, 2004 (the Lease) between The Porfido Trusts (Landlord) and County of Santa Cruz. (Tenant), 303 Water St. Suite 5, 6B, 9, 12, 14, 15, 16, 19, 21, and 22, Santa Cruz, CA (Property)

Dear County of Santa Cruz:

Notice is hereby given that the Landlord has conveyed interest in and the Property to: Encina Investment Group/ Water Street, LLC a California, Limited Liability Company (Purchaser) effective as of July 23, 2008. Purchaser has assumed all obligations of Landlord under the Lease.

All payments under the lease should be made payable to the Purchaser and delivered as follows:

Encina Investment Group/Water Street, LLC

c/o Main Street Commercial
2567 Main Street
Soquel, CA 95073
Attn: Elizabeth Hefner
831-818-5843

Sincerely,
LANDLORD:

SELLER:


Peter Porfido


Michael Porfido


Gary Porfido

10/15/2006

NOTIFICATION OF EXERCISE OF LEASE OPTION

Pursuant to Lessor's Option in Section 1.1 of the Lease for **Suites 9, 12, 14, 15, 16, 19, 21, 22 and a portion of 6** (herein referred to as "6B") in the building known as **303 Water Street, Santa Cruz, California**, dated September 1, 2004, "Lease" by and between **County of Santa Cruz**, "Lessee", and Porfido Properties, "Lessor", Lessor hereby gives notification of its exercise of its option to move Lessee from its currently leased space in **Suite 6B**, to the slightly larger **Suite 5**, measuring approximately 400 rentable square feet. The approximate boundaries and location of the replacement space are given on the attached "Suite 5 - Floor Plan". Below is the **summary** of additional terms applicable to Lessor's exercise of its option.

1. **Relocation Space Commencement.** Lessor shall complete the items listed below by or before November 1, 2006. Lessee shall have right to **begin** moving in upon delivery of space. In the event delivery is delayed, the effective commencement date of the relocation shall be the actual delivery of the space to Lessee.
2. **Improvements By Lessor.** In consideration of Lessee's willingness to relocate, Lessor shall carry out the following improvements at Lessor's expense:
 - a) **Wall finishes.** The existing white and blue wallpaper in the front office shall be removed, walls prepared in a professional manner, and repainted in an off-white color, along with all wood trim in the back office. Lessee shall select color, subject to approval of Lessor, not to be unreasonably withheld.
 - b) **Carpeting.** Lessor shall have ~~existing~~ carpeting professionally cleaned to remove dirt and stains.
 - c) **Electrical and Lighting.** Lessor has contracted with Ecology Action to replace all lights and ballasts in the space with new energy efficient ones, said work to be completed within 30 days of delivery of space.
 - d) **HVAC.** Lessor shall replace or repair the existing air-conditioning unit that serves Suite 5 within 90 days.
 - e) **Ceiling Tiles.** Damaged ceiling tiles shall be replaced as necessary.
 - f) **Security.** Lessor will rekey existing Suite 5 entry door to match Lessee's current keys for Suite 6B.
3. **Improvements by Lessee.**
 - a) **Phones and furnishings.** All telephone wiring, computer cabling, and installation of Lessee's equipment or furnishings within the space shall be Lessee's responsibility. Lessee shall also be responsible for coordinating any subcontractor work with Lessor's contractor so that installation of any of the above does not interfere with completion of Lessor's improvements.
 - b) **Security.** Lessee shall be responsible for installation of any alarm systems or other security measures.
4. **Rent and Term.** Monthly rent and lease expiration shall remain unchanged.
5. **Waiver of Right of First Offering.** Section 2.3 of the Lease gives Lessee ~~has~~ the right of first offering and refusal with respect to vacant space in the building. ~~Lessor's~~ relocation of Lessee is assuming and conditioned upon Lessee's waiver of this right with respect to Suite 6, which Lessor is leasing to a new tenant along with Lessee's vacated space in Suite 6B.

Please contact me immediately at 295-8850 if you have any questions about the above.

Yours truly,



Fred Antaki, Agent for PORFIDO PROPERTIES
Main Street Commercial
fred@mainstrealtors.com

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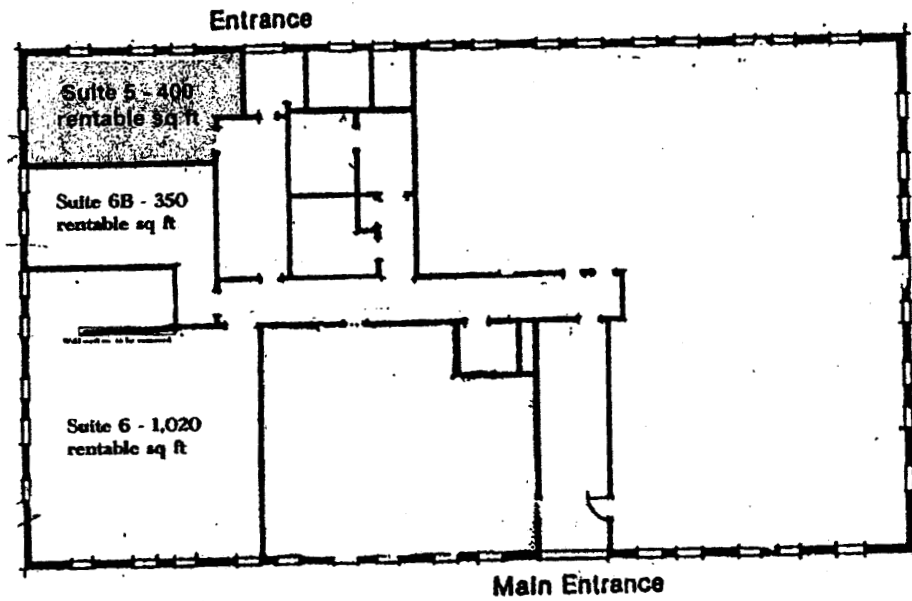
EXHIBIT "A"

Suite 5 - FLOOR PLAN

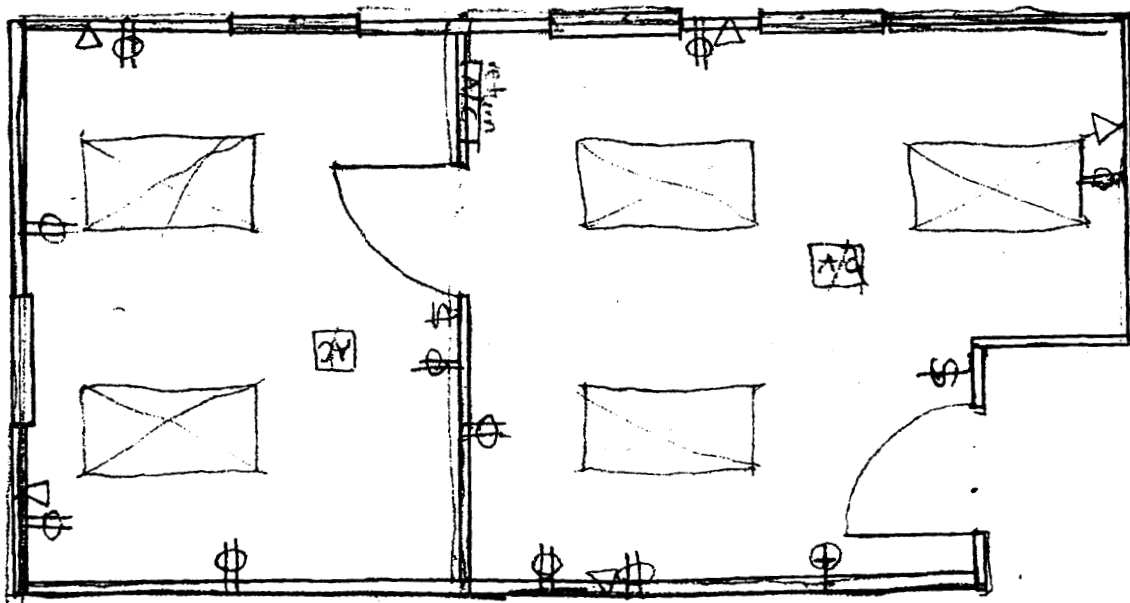
303 WATER STREET

SANTA CRUZ, CA

DRAWINGS BELOW ARE NOT NECESSARILY TO SCALE.
LOCATIONS SHOWN ARE APPROXIMATE.



FIRST FLOOR
NO SCALE



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LEASE AGREEMENT

THIS LEASE FIRST ENTERED INTO THIS 1ST DAY OF September, 2004, between The Survivor's Trust of the Porfido 1988 Family Trust, The Michael and Marybeth Porfido Family Trust, Gary P. Porfido, and The Porfido 1992 Living Trust as "Lessor" and the County of Santa Cruz as "Lessee". This Lease Agreement hereinafter referred to as "Lease" including Exhibit "A" attached hereto and made a part hereof, contains all the agreements of the parties and cannot be amended or modified except by a written agreement. The captions of this Lease are to simplify reading and shall have no effect on its interpretation. The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

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**EXH. F "A" - 303 Water Street Lease (,
County AS Lessee - 303 Water Street, Santa Cruz**

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1. PREMISES:

1.1 Location:

For and in consideration of the rents, covenants and agreements hereinafter agreed by Lessee to be paid, kept and performed, Lessor leases to Lessee and Lessee rents from Lessor that certain space commonly known **as** suites **9,12,14,15,16,19,21,& 22** and a portion of Suite 6 & common area for a total of 6,321 square feet which includes a twelve (12) percent load factor for common areas, situated at 303 Water Street, Santa Cruz, County of Santa Cruz, State of California, and specifically outlined in red on the attached Exhibit "A", and an allocation of 20 non designated parking spaces, together with appurtenances hereinafter referred to as "Premises".

Lessor shall have the one time right to relocate Lessee from the 298 +/- square feet located between Suites 5 & 6 to comparable space within the building. Lessor must give Lessee sixty (60) days advanced written notice of such relocation. Lessee shall be responsible for all expenses, costs, and management of relocating to the space designated by Lessor. Should **Lessee** elect not to be relocated, Lessee's only option shall be to vacate the aforementioned **298 +/- square feet** at the end of the sixty (60) day notice period. Following the vacation of space, Lessor shall immediately reduce Lessee's aggregate square footage by the vacated **footage**, including load factor, and Lessee's rental rate shall be reduced proportionately by the rental value of the vacated space (including load factor) each month for the remainder of the term and any holdover. Lessor shall credit Lessee for any prorated portion of the month(s) that Lessee may have paid in advance for such vacated space.

1.2 Tenant Improvements:

Lessor agrees to keep the building and Premises in good condition consistent with properly managed buildings. Lessor shall complete the following improvements at Lessor's sole cost within ninety (90) days of mutual execution of the binding lease agreement (except HVAC as noted):

- A) New carpet & paint in Suite 9
- B) New carpet & painting in Suite 12
- C) Clean carpets in Suites 14, 16, 19, 20, & 21

EXI. IT "A" - 303 Water Street Lease . ,
County As Lessee - 303 Water Street, Santa Cruz

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- D) Repair seams in carpet in Suite 15
- E) Replace all thermostats with digital units
- F) Replace at least one roof-top HVAC unit every 24 months
- G) Install new parking signage in parking lot
- H) Update interior signage program with All Slatz door signage system (Interior plates identifying Lessee shall be paid and maintained by Lessee)
- I) Paint storage closet door and repair broken shelving inside closet

1.3 Destruction of Premises:

In case the Premises, or the building in which the same are situated, are totally destroyed by any cause whatever prior to the commencement of or during the term of this Lease, then this Lease shall immediately terminate and neither party shall have any further rights or be under any further obligations on account of this Lease, except Lessee for rent accrued; and if Lessee is not in default in the performance of any obligations under this Lease, Lessor shall refund to Lessee any unearned rents paid in advance by Lessee. For the purposes of Section 1.3, damage or injury to the extent of 50 percent of the value of the Premises shall constitute a "total destruction" thereof. In case the Premises or the building in which the same are situated are partially destroyed by any cause whatsoever, Lessor with reasonable promptness shall, within thirty working days, repair and rebuild the same, providing the same can be repaired and rebuilt under State and Municipal laws and regulations. Lessee shall pay rent during such period of repair or rebuilding in the proportion that the portion of the Premises occupied by Lessee bears to the entire Premises. For the purposes of Section 1.3, damage or injury which does not amount to 50 percent of the value of the Premises shall be considered as a partial destruction.

2. TERM:

2.1 Lensth:

Lessee shall have the Premises for and during the term of five (5) year(s) commencing on the 1st day of September, 2004 (Commencement Date) and ending on the last day of August 2009, five (5) years from the Commencement Date. Both parties agree to record a Memorandum of the Lease.

2.2 Holding Over:

EXH. IT "A" - 303 Water Street Lease, ,
County As Lessee - 303 Water Street, Santa Cruz

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303WATER.80504.LSE.wpd

Should Lessee hold over said Premises after this Lease has terminated in any manner, such holding over shall be deemed a tenancy from month to month and at the last applicable rental rate, prior to termination for any reason, payable under this Agreement, payable monthly in advance on the same terms and conditions as contained in this Agreement.

2.3 Option(s) :

Lessee shall have the right of first offering to lease any additional space on the terms and conditions set forth herein, with rent to be set at the then current rent per net rentable square foot under this lease, including a 12% load factor for common area. Lessee shall exercise this option by written notice to Lessor within twenty (20) days of receipt of written notice by Lessor to Lessee of the availability of space. Any Lessee improvements for the additional space shall be negotiated at that time, in good faith.

2.4 Early Termination:

After the third (3rd) year of the term of this Lease, Lessee shall have the right to terminate this Lease upon 180 days written notice to Lessor if Lessee has the opportunity to occupy a newly-constructed county facility, or if Lessee loses state and/or federal funding to **such** an extent as to make continuing occupation of the Premises economically infeasible. Economically infeasible shall mean a loss of funding to such a degree that the continued occupation of the Premises would jeopardize the existence of **Lessee's** individual program. Lessee shall provide to Lessor written proof of the loss of funding.

3. **RENT.**

3.1 Amount:

Lessee shall pay Lessor as rent for the Premises leased during said term in advance, on the 1st day of each month during **said** term the rates based on 6,321 sf as **follows:**

Upon execution of the Lease the sum of \$9,481.50 for 1st month's rent (Month 1). For the months 2 - 6 of year 1 the sum of **\$9,482.00** per month. For the months 6-12 of year 1 the sum of **\$11,378.00**.

For Year 2 the monthly rent shall be \$11,720.00.

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For Year 3 the monthly rent shall be \$12,070.00.
For Year 4 the monthly rent shall be \$12,432.00.
For Year 5 the monthly rent shall be \$12,805.00.

These rates are subject to change if Lessee elects to vacate the 298 **square** feet as noted in Paragraph 1.1.

All of said rental shall be paid to Lessor at the location identified in the Notice Section of this Lease unless Lessor shall notify Lessee otherwise in writing.

Lessor acknowledges that Lessee has on deposit with Lessor a Security Deposit in the Amount of \$3,000. **This** Security Deposit remains as a holdover from the previous LEASE and shall continue as a deposit into this agreement. This Security Deposit shall insure the faithful performance by Lessee of all the terms and conditions of this Lease. Should Lessee violate any provision of this Lease, Lessor may use all or any portion of this deposit to reimburse him for his damage, including but not limited to lost rent, attorney's fees **and** court cost arising out of said violation. Other wise within two (2) weeks of the expiration of the Lease, Lessor shall return the Security Deposit or unused portion to Lessee with interest (if required by law).

All rents shall be paid to:
Sherman & Boone Property Management
P.O. **Box** 49007
San **Jose**, CA 95161-9025

3.2 Late Payments:

Lessee hereby acknowledges that late payments by Lessee to Lessor of rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessee by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent shall not be received by Lessor within ten (10) calendar days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to **six** percent (6%) **of** such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of **late** payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Tenant's

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default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. This provision becomes effective the fourth month following the Commencement Date and any Amendments to this Lease.

3.3 Quiet Enjoyment:

Lessor warrants to Lessee that this Agreement, when executed and delivered, will constitute a binding obligation of Lessor, enforceable in accordance with its terms; and that the execution and delivery of this Agreement and performance of all of its terms does not conflict with any existing agreement binding on Lessor and that no consent is required for the execution and delivery of this instrument by lessor or for its performance by Lessor. Lessor further warrants that if Lessee shall pay all rental and other sums as provided herein to be paid by Lessee and perform **all** the covenants of this Lease to be performed by Lessee, then Lessee shall, during the term hereof, freely, peaceable and quietly occupy and enjoy the full possession of the Premises.

3.4 Gross Lease:

Lessor warrants to Lessee that this lease continues to be a "Gross Lease" in that the Lessee is responsible for rent and the Lessor is responsible for maintenance, utilities, in accordance with sections 3.5 and 5.4 of this Lease, and all taxes except those described below.

Tax Allocation: Lessee shall be liable for all taxes levied against personal property, trade fixtures and other property placed on the Premises by Lessee, and if any **such** taxes **are** levied against Lessor or Lessor's property and Lessor **pays** the taxes or if the assessed value of Lessor's property is increased by the placement of such property or trade fixtures of Lessee, and Lessor pays the taxes based on the increased assessment, Lessee shall pay upon demand to Lessor the taxes so levied or that proportion of taxes resulting from the increased assessment.

3.5 Utilities:

Lessor shall provide the following utilities and services to the Premises:

Electricity; Gas; Water; Janitorial service on a five (5)

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day/wk basis; Trash Collection; Heating; Lighting; Elevator; Air Conditioning; Maintenance of common areas and the Leased Premises, other than maintenance occasioned by Lessee's misuse of the Leased Premises.

Lessor shall maintain the above services as well as maintain the common entry ways and hallways. Lessee agrees, however, to make reasonable use of the common areas and the elevator and not to deposit trash, litter, or store items in the common area. Lessor warrants that the Lessor and property manager will respond quickly to maintenance and damage issues brought forth by Lessee and specified under section 5.4.

Lessee further agrees to be responsible for any damage to the common area including the elevator demonstrated to be from misuse or the defacing or injury of same by Lessee, his agents, employees, or invitees and to pay Lessor the amount or amounts necessary to repair such damage.

4. **USE:**

4.1 County Use:

Lessee shall use said Premises **as County Offices** and for no other purpose, without the written consent of Lessor, during the term of this Lease. Such written consent shall not be unreasonably withheld.

4.2 Compliance with Laws:

Lessee shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or that may hereafter be enacted or promulgated. Lessee shall, at its sole cost and expense, comply promptly with all current and future laws, statutes, ordinances and governmental rules, regulations or requirements that relate to or affect the condition, use, occupancy, repair, change or alteration of the Premises; provided, however, to the extent structural changes are required by law, including but not limited to the Americans with Disabilities Act, and they are not specifically required as a result of any change in the use of the Premises by Lessee since the Commencement Date, Lessor shall effect such changes at its sole cost and expense. A structural change is defined, for purposes of this Section 4.2, as any change, alteration, addition, repair or improvement involving the removal or alteration of any part of the roof, a floor, a

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load bearing wall, column or girder, or other support of the Building.

4.3 Assignment & Subletting:

Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises without the written consent of Lessor. Lessee agrees except as otherwise provided in this Agreement not to make or to suffer to be made any alterations, additions to, or repairs in or upon the Premises without first obtaining the written consent of Lessor. Lessee further covenants and agrees that neither this Lease nor any interest therein shall be assignable or transferable in any proceedings in execution against Lessee, or in any voluntary or involuntary proceedings in bankruptcy, or insolvency taken by or against Lessee, or by process of any law applying to such proceeding without the written consent of Lessor.

5. REPAIRS AND MAINTENANCE:

5.1 County Oblisations:

Lessee agrees at its own cost and expense, during the term of this Lease to maintain the interior of said Premises in good order and repair and in tenantable condition, and to make all repairs and replacements of whatsoever kind or nature, either to the exterior or interior of said Premises rendered necessary as a result of the negligence or omission of Lessee, its agents, servants or employees.

5.2 Fixtures:

Lessee may install in the Premises such fixtures, equipment, and partitions as Lessee may see fit; and not being default ~~hereunder may remove~~ the same from the Premises at any time during the term of this Lease; provided however, that in the installation and removal of such fixtures, equipment, and partitions, the work shall be done in a careful, workmanlike manner.

5.3 Alterations:

Lessee shall have the right from time to time, at Lessee's sole cost, to install carpet, paint, or wallpaper to the interior of the Premises, install security and restricted access systems, and make other non-structural modifications to the Premises to suit

Lessee's needs, with Lessor's consent, such consent not to be unreasonably withheld.

5.4 Lessor Obligations:

Lessor, at Lessor's sole expense, shall keep in good order, condition, and repair, the building and other improvements in which the Premises are located.

Lessor shall also be responsible for repairs which relate to or arise out of:

- 'A. Structural or other latent defects in or to the Premises or the building;
- B. Violations of ordinances, laws, regulations and orders of governmental authorities applicable to the construction or structure of the Premises, or Lessor's building, except to the extent caused by Lessee's use or occupancy of the Premises;
- C. The negligence or intentional act of the Lessor, its employees, agents, or contractors;
- D. **Any** breach by Lessor of any of the conditions, terms, or obligations on Lessor's part to be observed or performed under this Lease, or
- E. Causes outside the Premises over which the Lessee has no control.

Lessor shall have thirty (30) days after written notice from Lessee to commence to perform its obligations to make repairs under this section, or to respond to the complaint in written form, except that Lessor shall commence performance of such obligations immediately after such notice if the nature of the problem presents a hazard, emergency, or substantial interference with Lessee's conduct of its service to the public. Lessor shall diligently pursue such repairs to completion once commenced. If Lessor fails to perform its obligations to immediately repair or cure a problem which presents a hazard, emergency, or substantial interference with Lessee's conduct of its services to the public after thirty (30) days written notice of such defect, Lessee may terminate the Lease and be released from all obligations thereunder. If Lessor does not otherwise perform its obligations in compliance with this paragraph Lessee may, in its discretion perform such obligations

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and shall then have the right to be reimbursed for the sum of actual expense in the performance of the Lessor's obligations. However, Lessee shall not be entitled to expend more than two (2) months rent. If the Lessor does not reimburse Lessee within thirty (30) days after written demand, accompanied by documentation of charges, Lessee shall have the right to withhold from future rent the sum the Lessee has expended, until the Lessee is reimbursed in full. However, if Lessor notifies Lessee within fifteen (15) working days after Lessee's written notice that repairs are needed and Lessor has good faith, reasonable grounds in writing, the Lessee's sole remedy to obtain such reimbursement shall be to institute suit against Lessor.

6. INSURANCE AND INDEMNITY:

6.1 County Obligations:

Lessee hereby agrees to indemnify Lessor and to save it harmless from any liability, claim for damages, or attorney's fees incurred by reason of any personal injury or death to any person, including any of Lessee's employees, agents, or licensees or invitees, or any injury to property of any kind whatsoever, and to whomever belonging, including Lessee, from any cause or causes whatsoever, in any way connected with Lessee's use of the Premises, during the term of this Agreement or any extension thereof or any occupancy by Lessee hereunder. This indemnity shall include the obligation to defend Lessor from any such lawsuits or claims filed. Lessee's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates: to the negligent or intentional act of Lessor, or its employees, agents, contractors, or prior tenants of the Premises; or to a breach by the Lessor of any terms, conditions or obligation on Lessor's part to be required or performed under this Agreement; or to any structural or latent defect in the Premises.

6.2 Lessor's Obligations:

Lessor shall indemnify, defend, and hold Lessee harmless from any liability, claim or damages, or attorney's fees incurred by reason of any personal injury or death to any person(s) or injury to property arising out of Lessor's operations obligations, acts or omissions in any way connected with the Premises. This indemnity shall include clean-up orders for hazardous materials as defined in the Hazardous Materials definition section of

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this Lease Agreement located on, under, or emanating from the Premises. This indemnity shall include the obligation to defend Lessee from any such lawsuits, claims or orders.

6.3 Mutual Obligations:

A party's obligation under this paragraph to indemnify, defend, and hold another harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any received by the party being indemnified.

6.4 County Liability Insurance:

Lessor acknowledges that Lessee is a permissibly self-insured Public Entity as per Section 990 and 990.4 of the Government Code with respect to liability insurance.

6.5 County Property Insurance:

During the entire lease term, Lessee shall obtain and maintain a property insurance policy for fire and extended coverage for fixtures and contents in the Premises in the minimum amount of the replacement value of said fixtures and contents.

6.6 Mutual Release:

The parties hereby release each other and their respective authorized representatives, from any claims for damage to any person or to the Premises, or other improvements in which the Premises are located, and to the fixtures, personal property, and improvements or alterations in or on the **Premises** and other improvements in which the Premises are located that are caused by or result from risks insured against under any insurance policies carried by any party hereto and in force or effect at the time of any such damage. Each party shall cause such insurance policy or self-insurance program obtained by it to provide that it waives all right of recovery by way of subrogation against any party to this Agreement in connection with any damage covered by any such policy or program. No party shall be liable to another for any damage caused by fire, earthquake or any of the risks insured against under any insurance policy or program required by this Lease.

7. ENTRY AND INSPECTION:

7.1 Lessor's Right:

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Lessor or its duly authorized representatives, or agents may enter upon said Premises at reasonable times during the term of this Lease for the purpose of determining whether Lessee is in compliance with the terms and conditions of the Lease or for any other purpose incidental to the rights of Lessor.

8. COSTS OF SUIT:

8.1 Mutual Obligation:

If any action shall be brought by either party for the recovery of any rent due under the provisions of this Lease, or for the breach of enforcement of any conditions, covenants or agreements set forth in this Lease, the prevailing party in such action shall receive reasonable attorneys fees from the other side and further agrees that said attorneys fees shall be and become a part of the judgment in any such action.

9. NON-WAIVER OF BREACH:

9.1 Limited Effect of Waiver:

No waiver by Lessor at any time of any of the terms, conditions, covenants or agreements of this Lease shall be deemed a waiver at any time thereafter of any of the same, nor of the strict and prompt performance by Lessee.

10. SURRENDER OF PREMISES:

10.1 County Obligation:

Lessee agrees at the expiration of the term of this Lease, or upon early termination for any reason, to quit and surrender said Premises to Lessor in good condition except for reasonable wear and tear and damage by the elements or acts of God. Lessee further agrees to remove any and all signs that have been placed on said Premises by Lessee and to repair and restore the Premises to same condition prior to the placement of the signs except for reasonable wear and tear and damage by the elements or acts of God. At any time after 30 days prior to the termination of the Lease, Lessor shall be permitted to place any usual or ordinary "To Let" or "To Lease", or "For Sale" signs on the Premises.

11. DEFAULT IN RENT AND RE-ENTRY:

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11.1 Lessor's Option:

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(A) The vacating or abandonment of the Premises by Lessee (which shall be conclusively presumed if Lessee leaves the Premises closed or unoccupied continuously for thirty (30) days).

(B) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder as and when due and after ten (10) days written notice to Lessee by Lessor to pay same.

© The failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Lessee, other than described in subparagraph (A) and (B) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee.

In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(1) Terminate Lessee's right of possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default, including, but not limited to expenses of reletting, reasonable attorneys' fees, and any real estate commission actually paid; the worth at the time of award by a court having jurisdiction of the unpaid rent which had been earned after termination until the time of such award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; the worth at the time of such award of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and the portion of any real estate commission payable by Lessor applicable

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to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this subparagraph (1), or (ii) proceed under subparagraph (2). For purposes of this subparagraph (1), the term "worth at the time of such award" shall have the meaning provided in Section 1951.2 (b) of the California Civil Code.

(2) As provided in Section 1951.4 of the California Civil Code, maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(3) Pursue any other remedy now or hereafter available to Lessor under the laws of judicial decisions of the State of California.

12. NOTICES:

12.1 Requirements:

Any demands, statements, notices, certificates, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this Lease by either party to the other party shall be in writing and shall be delivered personally or sent by prepaid registered mail addressed to the respective parties. A facsimile may be used so long as a hard copy is sent within 24 hours as prescribed above. The Parties addresses are as follows:

Lessor:

Mr. Phillip Frandler

Property Manager

Sherman & Boone Property Management

1260 41st Avenue, Suite C

Capitola Ca, 95010

General Phone Number 831- 464-0444

Fax Number: 831-462-4263

Direct phone number of Mr. Frandler: 831-464-5042

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Lessee:
Mr. Richard Winner
Administrative Services Officer
County of Santa Cruz Probation Department
P.O. Box 1812
Santa Cruz, CA 95061-1812
Phone: 831-454-3452
Fax Number: 454-3035

13. HAZARDOUS MATERIALS:

13.1 Definitions:

For purposes of this Agreement, it is agreed that unless the context otherwise specifies or requires, the following terms shall have the meaning herein specified:

(A) "Hazardous Materials" shall mean:

Any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.) as amended from time to time and regulations promulgated thereunder ("RCRA"); and/or

Any "hazardous substance" as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. § 91 et seq.) as amended from time to time, and regulations promulgated thereunder 42 U.S.C. Section 9601 et seq; and/or

Asbestos, polychlorinated bithenyls or other substances specifically regulated under the Toxic Substances Control Act (15 U.S.C. § 2601, et seq.), as amended from time to time, and regulations promulgated thereunder ("TSCA"); and/or

Storage tanks, whether or not underground and whether empty, filled, or partially filled with any substance; and/or

The presence of oil, petroleum products, and their by-products; and/or

Any substance the presence of which on the property described as Exhibit A is prohibited by any governmental authority; and/or

Any other substance which, by any governmental authority, requires special handling or notification

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of any governmental authority in its collection, storage, treatment, or disposal; and/or

Any "hazardous material", "hazardous substance" or "hazardous waste" as defined in California Health and Safety Code Sections 25501 and 25501.1.

(B) "Hazardous Material Contamination" shall mean:

The contamination (whether formerly existing, presently existing or hereafter occurring) of buildings, facilities, soil, groundwater, air or other elements on or of the property described at Exhibit A, the Land or the Building by hazardous materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of hazardous materials at any time, whether before or after the date of this Security Agreement) emanating from the property described at Exhibit A, the Land, or the Building.

13.2 Lessor's Representations and Warranties:

To the best of Lessor's knowledge, after reasonable inquiry, Lessor represents and warrants as follows:

(A) No Hazardous Materials are now located on the Property described at Exhibit A the Land or the Building (collectively "said Property"), and neither Lessor, nor any other person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under, from or at the said Property or any part thereof;

(B) No part of said Property is being used or has been used at any previous time for the disposal, storage, treatment, processing or other handling of Hazardous Materials, nor is any part of the said Property affected by any Hazardous Materials Contamination;

© Two properties adjoining or adjacent to said Property are being used or have been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials (Gasoline Filling Station at the SWC of Ocean and Water Streets and cleaners next door on Water Street);

(D) No investigation, administrative order, consent

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order and agreement, litigation or settlement with respect to Hazardous Materials or Hazardous Materials Contamination is proposed, threatened, anticipated or in existence with respect to said Property. Said Property is not currently on and has never been on, any federal or state "Superfund" or "Superlien" list, and the hazardous materials contractor after reasonable investigation has no knowledge or any facts that, if known to governmental authorities, reasonably might be anticipated to cause governmental authorities, to consider placing Property on any such list;

(E) Lessor has not **received** any notice **from** any governmental authority with respect to any violation of law regarding hazardous materials;

14. MISCELLANEOUS:

14.1 Definitions:

The words "**Lessor**" and "**Lessee**" as used herein shall include the plural as well as the singular words used in masculine gender, include the feminine and neuter. If there is more than one Lessor, the obligations imposed upon Lessor shall be joint and several.

14.2 Binding Nature:

This Lease shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

14.3 Time is of Essence:

Time is of the essence with regard to this Lease and as to all covenants, conditions, agreements and obligations herein contained.

14.4 Duly Authorized Representative:.

Each individual executing this Lease on behalf of such party represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said party.

14.5 Board Approval:

This Lease is subject to the approval of the Santa Cruz County **Board** of Supervisors and **does** not bind County

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until such time as Board approval and consent has been received in writing and as required by law.

14.6 Subordination and Offset Statement:

Lessee agrees that this Lease shall be subject to any mortgage, trust deed or like encumbrance heretofore or hereafter placed upon said Premises by Lessor or his successors in interest to secure the payments of monies loaned, interest thereon and other obligations. Lessee also agrees to promptly execute and deliver to Lessor from time to time as demanded by Lessor, an offset statement or estoppel certificate containing such facts as are within the knowledge of, or are available to Lessee pertaining to this Lease, as a purchaser of the leased property or a lender may reasonably require if said statement is prepared for signing by Lessor.

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County As Lessee - 303 Water Street, Santa Cruz

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15. EXECUTION AND SIGNATURES:

In WITNESS WHEREOF, the Lessor has executed this Lease as of the 24 Th day of August, 2004.

In WITNESS WHEREOF, the Lessee has executed this Lease as of the 24 Th day of September, 2004.

Lessee: COUNTY OF SANTA CRUZ

Lessor:

SURVIVOR'S TRUST OF THE
PORFIDO 1988 FAMILY TRUST;

By Judy Cox (PSW) 9/24/04
Judy Cox
Chief Probation Officer
Probation Department

By Dorothy L. Porfido
Dorothy L. Porfido, Trustee

By Michael Anthony Porfido
Michael Anthony Porfido, Trustee

Approved as to Form:

8/10/04
Assistant County Counsel

By Peter Allan Porfido
Peter Allan Porfido, Trustee

MICHAEL & MARYBETH PORFIDO FAMILY
TRUST;

By Michael Anthony Porfido
Michael Anthony Porfido, Trustee

GARY P. PORFIDO;

By Gary P. Porfido
Gary P. Porfido

PORFIDO 1992 LIVING TRUST

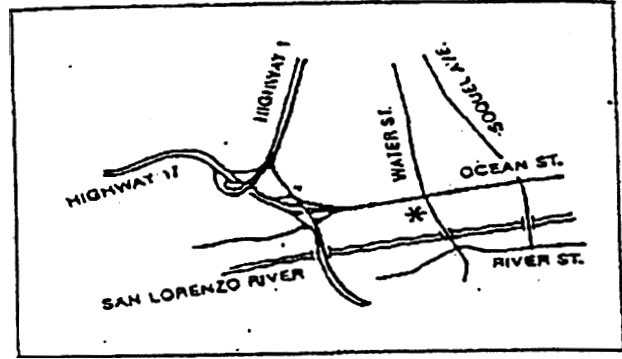
By Peter Allan Porfido
Peter Alan Porfido, Trustee

Approved as to Insurance:

Janet McKinley 8-11-04
Risk Manager.

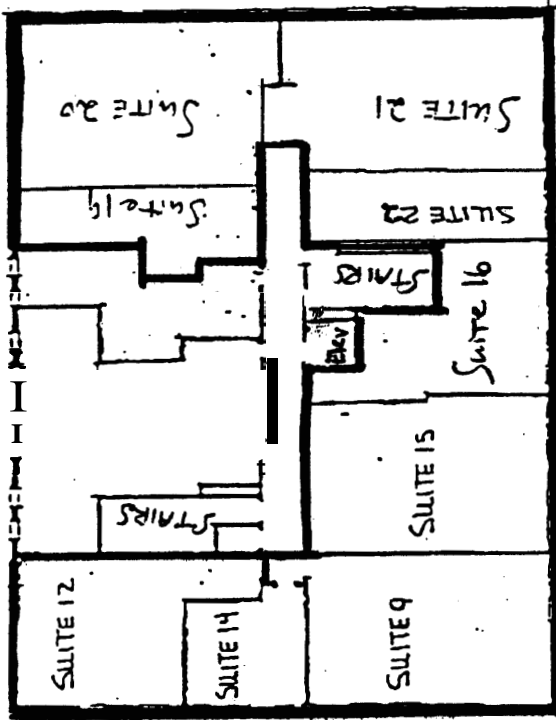
Recommended for Approval:

Scott Loichinger 8/12/04
Scott Loichinger, Chief
Real Property Division

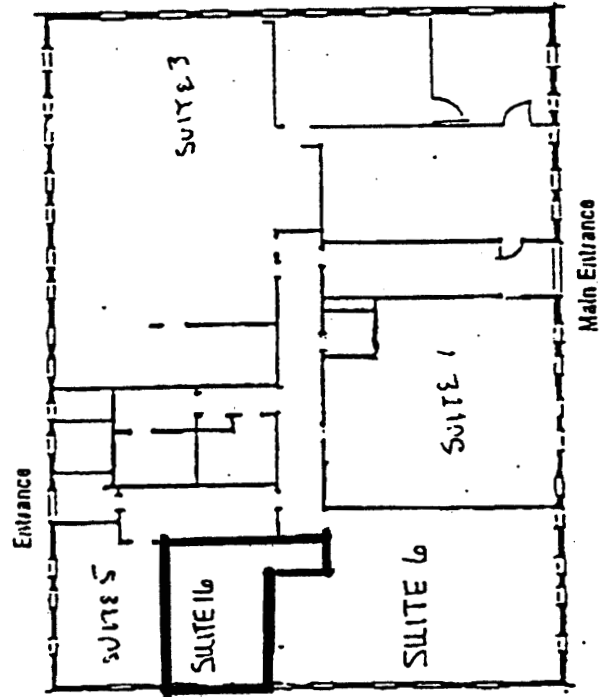


VICINITY MAP

303 WATER STREET
SANTA CRUZ, CA 95060



SECOND FLOOR

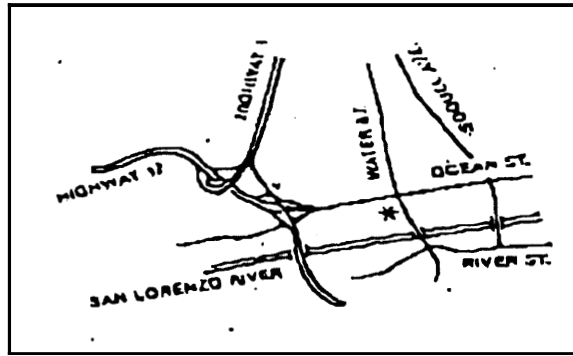


FIRST FLOOR
NO SCALE

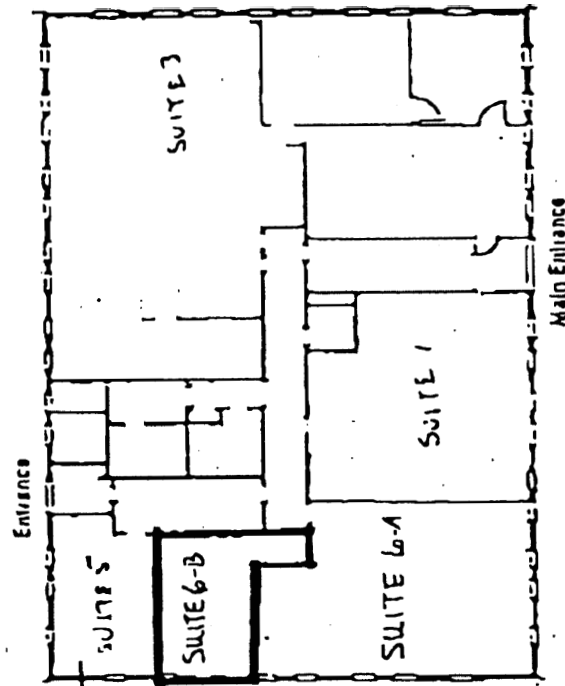
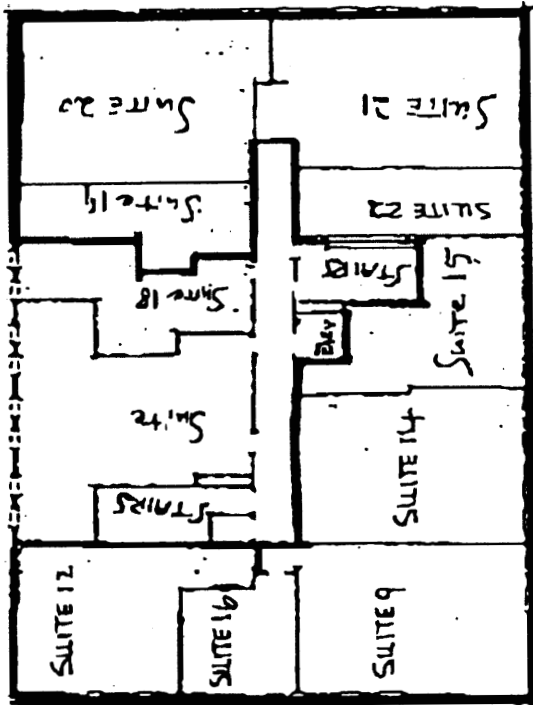
EXHIBIT "A" - 303 Water Street Lease (

EXHIBIT "A"

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303 WATER STREET
SANTA CRUZ, CA 95060



Courts

EXHIBIT "B"
WATER STREET FLOOR PLAN
(See Attached)

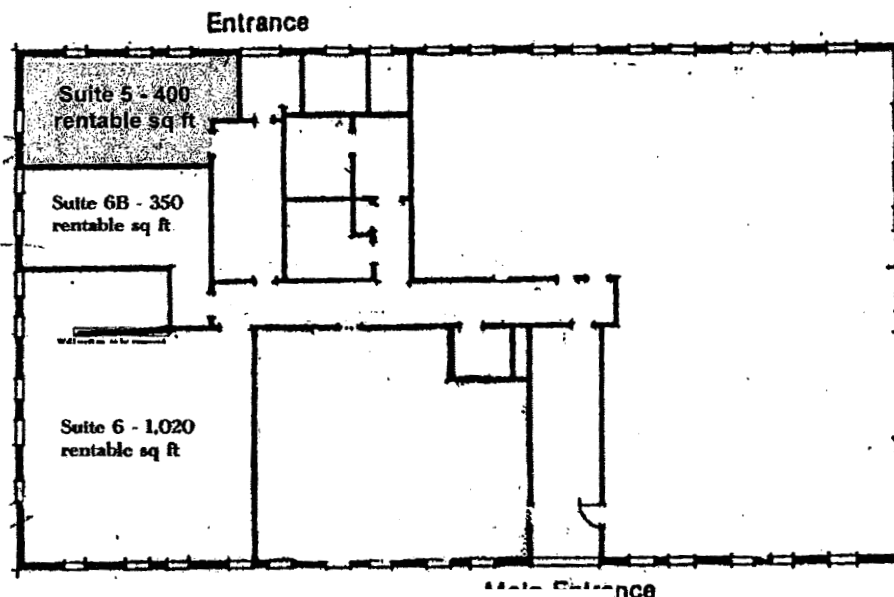
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Suite 5 - FLOOR PLAN

303 WATER STREET

SANTA CRUZ, CA

DRAWINGS BELOW ARE NOT NECESSARILY TO SCALE.
 LOCATIONS SHOWN ARE APPROXIMATE,

**FIRST FLOOR**

NO SCALE

