



County of Santa Cruz

PROBATION DEPARTMENT

P.O. BOX 1812, SANTA CRUZ, CA 95061-1812

(831) 454-2150 FAX: (831) 454-3035

JOHN P. RHOADS
CHIEF PROBATION OFFICER

August 17, 1999

Agenda: August 24, 1999

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

Approve and Authorize Chief Probation Officer to Sign Real Property Lease Agreement for Challenge Grant Day Treatment Program Site in Watsonville

Dear Board Members:

Included in the County Administrative Officer's FY 1999-2000 supplemental budget report was the acceptance of funds from the State Board of Corrections-Juvenile Crime Enforcement and Accountability Challenge Grant program, which established two day treatment centers for Probation Youth, one center in South County and one in North County. Each center includes school services, Probation supervision, drug and alcohol treatment, vocational services, mental health treatment, and recreational activities.

The Probation Department, in partnership with Children's Mental Health and the County Office of Education, and with assistance from the Department of Public Works, Real Property Division, has successfully located sites in Santa Cruz and in Watsonville for the day treatment centers.

Your Board approved the lease agreement for the Santa Cruz site on August 17, 1999, but delays in receiving the final lease agreement, and lack of sufficient time for final review, necessitated deferral of approval for the Watsonville site.

The proposed site in Watsonville is located at 930-962-966 East Lake Avenue, in the back area of the East Lake Village Shopping Center, encompassing three suites. This site was chosen for its general layout and . access to public transportation. The Department of Public Works, Real Property Division has negotiated a 36-month lease with 6-C's East Lake Village Shopping Center for the period September 15, 1999 through September 14, 2002. Monthly base rent is \$4,942 for Year One; \$5,066 for Year Two; and \$5,218 for Year Three. The base rent includes construction of required tenant improvements to provide adequate classroom and office space. Additional costs for the tenant's share of property taxes, utilities, insurances, and common area charges are estimated at \$415 per month. Approximate leased square footage for the Watsonville site is 4,153.

The City Manager and Chief of Police for the City of Watsonville were contacted by the Chief Probation Officer and have approved the site location in their jurisdiction. The site is appropriately zoned for general office use.

Costs for this leased office space is included in the Challenge Grant funding award, and there is no increase in county cost associated with this lease agreement.

IT IS THEREFORE RECOMMENDED that your Board approve the attached ADM 29 Request for Approval of Agreement encumbering \$53,155 from funds available in appropriations account 574300-3810, Rents and Leases-Structures, to 6-C's East Lake Village Shopping Center for Probation Challenge Grant office space at 930-962-966 East Lake Avenue, Watsonville; and authorize the Chief Probation Officer to sign the lease agreement on behalf of the County.

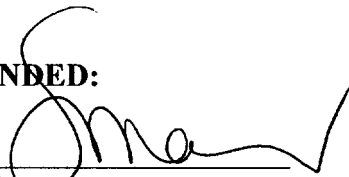
Sincerely,



JOHN P. RHOADS
Chief Probation Officer

JPR:FN

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

cc: County Administrative Officer
County Counsel
Auditor-Controller

Department of Public Works, Real Property Division
Probation Department

DATED: August 3, 1999

PREMISES: 930, 962 and 966 East Lake Avenue,
Watsonville, California

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LEASE

THIS LEASE is entered into on the date of full execution by and between County of Santa Cruz (Tenant) whose address is 701 Ocean Street, Suite 410, Santa Cruz, California 95060 and SIX C'S - EAST LAKE VILLAGE SHOPPING CENTER, William J. Codiga, (Landlord), whose address is 966 East Lake Avenue, Watsonville, California 95076.

Landlord hereby leases to Tenant and Tenant hires from Landlord those certain premises situated in the County of Santa Cruz, State of California, commonly known as 930, 962 and 966 East Lake Avenue, Watsonville, California 95076, consisting generally of office space of approximately 800 square feet, 2,457 square feet and 896 square feet respectively and totaling 4,153 square feet which Gross Rentable Area shall be defined as that area computed by measuring from the outside finish of permanent outer building walls to the outside finish of any walls separating the demised premises from any public corridor and/or other permanent partitions, and to the centerline of partitions which separate the demised premises from adjoining rentable areas without deduction for columns and/or projections and features necessary to the building structure and/or architecture, and more particularly described in the attached Exhibit "A", on the following terms and conditions:

1. **TERM.** The term shall commence September 15, 1999 and shall expire September 14, 2002.

(Note: Tenant shall be allowed early occupancy of the premises commencing September 1, 1999 through September 14, 1999 free of minimum monthly rent. Tenant shall, however, be responsible for monthly additional rent per Item. 5 of this lease during this period. Should Tenant default on the terms and conditions of this lease during said early occupancy period, Tenant shall not only be responsible for all the provisions of this lease but also for minimum monthly rent and additional rent during said early occupancy period as well. Should Tenant open for business prior to September 1st, 1999, this lease and all of its provisions shall be considered as of the date of such opening.

2. **POSSESSION.** If Landlord is unable to deliver possession of the premises by the date specified for the commencement of the term as a result of causes beyond its reasonable control, Landlord shall not be liable for any damage caused for failing to deliver possession, and this lease shall not be void or voidable. Tenant shall not be liable for rent until Landlord delivers possession of the premises to Tenant and the term shall be extended by the delay.

Notwithstanding the foregoing, Tenant shall be liable for minimum monthly rent and additional rent (consisting of rent property taxes, insurance, and common area charges), for any period of time by which delivery of possession of the premises is delayed because of additions or changes to the work requested by Tenant. Any such sum shall be due and payable at the commencement of the term.

3. **ACCEPTANCE OF PREMISES.** By accepting possession of the premises on the commencement of the term, Tenant represents and acknowledges that Tenant has had full opportunity to and has in fact inspected the premises and accepts the same in their existing condition. A move-in report will be taken following tenant's acceptance of the premises. Prior to lease commencement, Landlord shall perform the following improvements to the Premises -- (Tenant Improvements) - per Exhibit C attached.

4. **MINIMUM MONTHLY RENT.** Tenant shall pay to Landlord minimum monthly rent, without deduction, offset, prior notice, or deduction according to the following schedule:

Year One: \$4,942.00.00 per month.

Year Two: \$5,066.00 per month.

Year Three: \$5,218.00 per month.

Base monthly rent for any partial month shall be pro-rated at the rate of one-thirtieth of the minimum monthly rent per day.

5. **ADDITIONAL RENT:** Tenant shall be responsible for additional rent included but not limited to Items 13, 18 and 25 of this lease, estimated to be \$10 per square foot net month. Additional rent shall be paid on the first day of each month of the term of this lease.
6. **PREPAID RENT.** Upon full execution of this lease, Tenant shall pay to Landlord the amount of \$10,805.30, which shall constitute the first month's minimum rent and the last month's minimum rent and the last month's minimum rent and the last month's minimum rent.
7. **SECURITY DEPOSIT.** The security deposit for this Lease Agreement is waived, however, if Tenant is in default, Tenant must cure the default or compensate Landlord for all damage sustained by Landlord resulting from Tenant's default.
9. **USE.** Tenant shall use the premises for County Offices and related operations.
10. **LIMITATIONS ON USE.** Tenant's use of the premises as provided in this lease shall be in accordance with the following:

Cancellation of lease: increase lease rates Tenant shall not add, bring, or keep anything in or about the premises that will cause a cancellation of any insurance covering the building in which the premises are located. If the rate of any insurance carried by Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within 10 days before the date Landlord is obligated to pay a premium on the lease, a sum equal to the difference between the original premium and the increased premium.

Compliance with laws Tenant shall comply with all laws concerning the premises or Tenant's use of the premises, including, without limitation, the obligation at Tenant's cost to alter, maintain, or restore the premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the premises during the term. Tenant shall comply with any and all reasonable rules and regulations of Landlord in connection with the premises or the building, which are now or hereafter in effect.

Waste: Nuisance Tenant shall not use the premises in any manner that will constitute waste, nuisance, or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the premises to owners or occupants of adjacent properties or other tenants in the building in which the premises are located. Tenant shall not use the premises for sleeping, washing clothes, cooking, or the preparation, manufacture, or mixing of anything that might emit any odor or objectionable noises or lights into the building in which the premises are located. No second-hand store, auction, distress or fire sale, or bankruptcy or going-out-of-business sale may be conducted on the premises without Landlord's written consent. Tenant shall not sell or display merchandise outside the confines of the premises. Tenant shall keep the premises in good condition and repair, and clean, orderly, sanitary and free from objectionable odors, litter, and debris and from insects and other pests.

Hazardous and Toxic Substances

Except for Landlord's knowledge of that certain Environmental Report relating to the former dry cleaners at 982 East Lake Village Shopping Center currently on record with the County of Santa Cruz Environmental Health Department to the best of Landlord's knowledge,

after reasottahle ittquity, tto Hazardous Substances, as hereinafter defined, are ttow located ott the Premises described as Exhibit A which is attached to attd made a part of this lease.

Defittitiott of Hazardous Sthstatts: Tlte term "iiazardous Substance" as used in this Lease shall mean any product, stbstance, chemical, material or waste whose presence, ttatttre, quantity attd / or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (I) potentially injttriotts to the ptblic health, safety or welfare, the environment, or the Premises; (ii) regulated or ttotiored by atty governmental authority; or (iii) a basis for potential liability of Lattdlord to any governmental agettey or third party ttnder arty applicable statute or contntott law theory. ilrzardotts Substance shall include, but not be limited to, itydrocarbotts, petroleum, gasoiitte, crttd oil or atty products or hy-prodttcts thereof. Tenant shall ttot etttage in any acivify itt, ott or about tltc Premises wtich constitutes a Reportable Use (as hereinafter delitted) of iiazardotts Substances without the express prior written consent of Landlord and compliance a timely ttattttter (at Tenants sole cost and expense) with ail Applicable Requirements as defined in Item 10 (d). "Reportable Use" shall ttteatt (i) the installation or use of any above or below grottd storage tank, (ii) the generation, possession, storage, ttse, transportation, or disposal of a iiazardous Sthstattce that reqttires a permit front, or with respect to which a report, notice, registration or busittess plan is required to be filed with, any governmental authority, attd (iii) the presetce itt, on or about the Premises of a Hazardous Substance with respect to which any Applicable Laws require that a ttotice be givett to persons ettterittg or occupyttg the Premises or ttiglthorittg properties. Notwithstanding the foregoing, Tenant may, witttott Lattdlords prior consent, hut upon notice to Lessor attd itt compliance with ail Applicable Requirements, ttse atty ordittaty and customary materials reasottably required to be used by Tettattt in the normal course of the Permitted Use, so long as sttclt use is ttot a Reportable ttse attt does not expose the Pretttises or tteightborittg properties to atty meattingfttl risk of cotttantittatiott or damage or expose Landlord to any liability therefor. In addition, Lattdlord ntay (but without atty obiigatiott to do so) condiliott its consettt to atty Reportable Use of and iiazardotts Substance by Tettant upon Tenants giving Lattdlnd sttclt additional assttrattces as landlord, itt its reasottahle discretion, deems necessary lo protect itself, the public, fite Premises and the environment agaittst damage, cotttattittation or injuty and / ot liability therefor, ittcludittg hut ttot limited to the installation (attd, at iattdlords option, retttnvai on or before Lease expiration or earlier termination) of reasottahly necessary protective modifications to the Premises (such as cottcrete encasements) attd / or the deposit of an additional Security Deposit .

(h) Duty to Inform Landlord: If Tenant knows, or has reasottahle cause to believe, that a iiazardous Substance has come to be located itt, on, under or shoot the Premises or the Building, otiter titatt as previottsiy cottsented to by Landlord, Tettattt shall imntediately give Landlord writtett ttotice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claitt, actiott, or proceedittg givett to, or received from, atty governmental authority or private patly cottcertting the presence, spill, release, discltarge of, or exposure to, sttclt ilazardous Substance ittcltdittg httt ttot limited to all sttclt documents as tnay be ittvoivrd itt atty Reportable Use ittvolvittg the Pretttises. Tettant shall not cause or permit any iiazardotts Sthstattce to be spilled or released itt, on, tttdrr or abottt the Premises (ittcludittg, without limitation, fitrougit the plumbing or sanitary sewer system).

(c) Indemnification: Tettattt shall ittidentttify, protect, defend attd hold Lattdlord, its agents, employees, lenders and ground lessor, if any, and the Premises, harmless from and agaittst atty and all damages, liabilities, judgments, costs, claims, liens, expettses, penalties, loss of permits and attorneys aud consultants fees arisittg out of or involving any Hazardous Substance brought onto the Pretttises by or for Tettattt or by anyone tttdr Tettattts cotttroi. Tettattts obligations uttdr this Item IO (c) sttall ittclttde, but not be limited to, tite effects of any cottmittatiott or ittjttry to person, property or the environment created or suffered by Tenant, and the cost of investigation (ittcltdittg consultants attd attorneys fees and testing), removal, rentediatiott, restoration attd / or abatement thereof, or of any contamination therein ittvolvd, and shall sttttve the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered ittto by Landlord attd Tenant shall release Tenant from its ohiigatiotts tttdr this Lease with respect to iiazardous Substances, uttless specifically so agreed by Lattdlord itt writittg at the time of such agreement.

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(d) **Tenants Compliance with Requirements:** Tenant shall, at Tenants' sole cost and expense, fully, diligently and in a timely manner, comply with all "Applicable Requirement", which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlords engineers and / or consultants, relating in any manner to the Premises (including but not limited to matters pertaining to (1) industrial hygiene, (ii) environment conditions on, in, under or about the Premises, including soil and groundwater conditions, and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Tenant shall, within ten (10) days after receipt of Landlords written request, provide Landlord with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Tenants compliance with any Applicable Requirements specified by landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Applicable Requirements.

(e) **Inspection; Compliance with Law:** Landlord, Landlords agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Requirements (as defined in Item 10 (d)), and Landlord shall be entitled to employ experts and / or consultants in connection therewith to advise Landlord with respect to Tenants activities, including but not limited to Tenants installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance in, on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Tenant or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or Landlords Lender, as the case may be, for the costs and expenses of such inspections.

(f) **Hazardous Substance Conditions:** If a Hazardous Substance Condition occurs, unless Tenant is legally responsible therefor (in which case Tenant shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Landlords rights under this Lease, Landlord may at Landlords option either (1) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonable possible at Landlords expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such conditions exceeds twelve (12) times the then monthly Base Rent or \$100,000.00 (whichever is greater), give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such Hazardous Substance Condition of Landlords desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Landlord elects to give such notice of Landlords intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenants commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or \$100,000.00 (whichever is greater). Tenant shall provide Landlord with the funds required of Tenant or satisfactory assurance thereof within thirty (30) days following said commitment by Tenant. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Landlords notice of termination.

Signs Tenant shall not place or allow to be placed any signs on the exterior of the premises, or which are visible from outside the premises, without the prior written consent of

Landlord. Any sign that Landlord has approved shall be placed, constructed, and maintained by Tenant in compliance with all laws and Tenant shall obtain any required governmental approvals. Landlord makes no representation with respect to Tenant's ability to obtain such approval. Glass lettering shall not exceed 20% of total first floor glass area of store. All lettering shall be done by a professional lettering company after approval in writing by Landlord. Lettering shall be done in a tasteful Manner and shall be consistent in style and size. In the event Tenant violates any of the provisions of this paragraph, Landlord shall be entitled to injunctive relief to restrain such violation and, in addition thereto, shall be entitled to liquidated damages in the amount of \$50.00 per day throughout the period of the violation.

Overloading Tenant shall not do anything on the premises that will cause damage to the building in which the premises are located. The premises shall not be overloaded. No machinery, apparatus, or other appliance shall be used or operated in or on the premises that will in any manner injure, vibrate, or shake the premises. Tenant shall not overload the rear loading area with vendor or distribution vehicles.

Parking: The parking area to the rear of the leased premises shall be used for parking by the Tenant, his agents and employees and delivery of merchandise to and from the premises; the front parking lot of the shopping center (adjacent to East Lake Avenue) shall be used for customer parking only, and not by Tenant, his agents and employees nor for delivery of merchandise to and from the premises; in any event, Tenant hereby agrees that Tenant's use of all parking lots shall be subject to reasonable regulations by Landlord by which regulations Tenant agrees to abide.

II. **CONTINUOUS OPERATION.** Tenant shall continuously use the premises for the use specified in this. Tenant agrees that Tenant shall throughout the entire term and any extensions hereof use said premises for the purpose herein above described in the preamble and shall occupy all of said premises and shall cause said premises to be open for business continuously five (5) days per week between the hours of 9:00 A.M. and 5:00 P.M., with the following exceptions; governmentally recognized holidays, December 24 and December 25. If the premises are destroyed or partially condemned and this lease remains in full force and effect, Tenant shall continue operation of its business at the premises to the extent reasonably practical from the standpoint of good business judgment during any period of reconstruction. Tenant shall at all maintain a staff of counselor / supervisors for supervision of its students and program participants so as not to adversely affect other Tenants or their customers, employees, agents or invitees. Landlord reserves the right to monitor Tenants operation regarding its effect on other Tenants, customers, employees, agents or invitees and to require Tenant to mitigate any adverse affect on such Parties should Tenants operation deem such action necessary.

13. **REAL PROPERTY TAXES.** Within twenty (20) days after receiving notice from Landlord, Tenant shall pay its proportionate share of all real estate property taxes, governmental fees, and assessments of every kind and nature levied against or in connection with the land, buildings, and other improvements with the shopping center during the term of this lease or any extension thereof, including any future parking or facilities required of Landlord by applicable governmental regulations.

Tenant's proportionate share for each tax year shall be the ratio of the total real property taxes that the total number of square feet in the premises bear to the total number of leaseable square feet in the building and other improvements in which the premises are located.

14. **PERSONAL PROPERTY TAXES.** Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges ("taxes") that are levied and assessed against Tenant's personal property, equipment and trade fixtures installed or located in or on the premises, and that become payable during the term. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments.

If any taxes on Tenant's personal property, equipment and trade fixtures are levied against Landlord or Landlord's property, or if the assessed value of the building and other improvements in which the premises are located is increased by the inclusion of a value placed on Tenant's personal property, equipment and trade fixtures, and if Landlord pays the taxes on any of these items or the taxes based on the increased assessment of these items, Tenant, on demand, shall immediately reimburse Landlord for the sum of the taxes levied against

Landlord, or the proportion of the taxes resulting from the increase in Landlord's assessment. **100**
Landlord shall have the right to pay these taxes regardless of the validity of the levy.

15. MAINTENANCE BY TENANT. Tenant shall at all times keep the lease premises in good order, condition and repair. This obligation shall include, but not be limited to, maintenance of exterior entrances, all plate glass, window moldings, partitions, doors, door jambs, door closures, door hardware, sub-floor, skylights, fixtures, equipment, electrical system, lighting, plumbing systems, plumbing fixtures, and all other portions of the premises which Landlord is not specifically obligated to maintain under the terms of the following paragraph. Tenant's obligation hereunder shall include the duty to make repairs or replacements where necessary according to the percentage of the expected useful life of the subject item represented by Tenant's term, but shall not include damage caused by unavoidable casualty to the extent covered by Landlord's insurance. Tenant shall be liable for any damage to the building in which the premises are located resulting from any act or omission of Tenant or its authorized representatives.

16. MAINTENANCE BY LANDLORD. If Tenant refuses or neglects to properly maintain or repair the premises as required hereunder and to the reasonable satisfaction of Landlord as soon as possible after written demand, Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay Landlord's costs for making such repairs plus 20% for overhead, upon presentation of bill therefore, as additional rent. Landlord shall be responsible for the repair and maintenance of the structural parts of the building and other improvements in which the premises are located, which structural parts include only the foundations, bearing and exterior walls (excluding all signs), roof, and plumbing, sewage systems and waste systems lying outside the premises, excluding any modifications or alterations made to same by Tenant.

17. COMMON AREAS AND FACILITIES. The term "common area" as used in this Lease shall mean tile parking areas, roadways, pedestrian sidewalks, hallways, corridors, loading docks, delivery areas, landscaped areas, and all other areas or improvements which may be provided by Landlord for the common use of the tenants of the center in which the premises are situated. The common area shall include roof overhangs, awnings, canopies, and any columns supporting them. Landlord hereby reserves the exclusive right to:

- a. To establish reasonable rules and regulations for the use thereof;
- b. To use or permit the use by others to whom Landlord may have granted such rights for promotional activities and outdoor sales;
- c. To close all or any portion thereof as may be necessary by Landlord to prevent a dedication thereof or the accrual of any rights by any person or the public thereof; and
- d. To change the layout of such common areas, including the right to reasonably add to or subtract from their shape and size, whether by the addition of building improvements or otherwise.

Landlord shall operate, manage, equip, light, repair and maintain said common areas owned by Landlord for their intended purposes in such manner as Landlord shall at Landlord's sole discretion determine, and Landlord may from time to time change the size, location, nature and use of said common areas and may make installations therein and move and remove the same. •

18. OPERATING COSTS AND EXPENSES: Tenant shall pay to Landlord as additional rent, at the times hereinafter set forth, without deduction, offset or abatement, Tenant's proportionate share of all direct costs and expenses of every kind and nature paid or incurred by Landlord in operating and maintaining the premises. Such costs and expenses shall include, without limitation, costs of cleaning, lighting, landscaping, providing security, providing public liability, property damage, fire and extended coverage, and such other insurance as Landlord deems appropriate, all wages and benefits (including premiums for workers compensation and other insurance) paid to or on behalf of employees, personal property taxes, supplies, fire protection and fire hydrant charges, water and sewer charges, utility charges, license and

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permit fees, reasonable depreciation of equipment used in operating and maintaining the common areas, and rent paid for leasing any such equipment., all costs of maintaining, repairing, resurfacing and replacing all common areas and all building exteriors, including all roof areas, overhangs, siding glazing, doors, fiasco, awnings, sheet metal, gutters, heating venting and air conditioning equipment, lighting and utility installations plus Landlord's management and administrative expenses.

Tenant's estimated payment of additional rent shall be based on the proportion that Tenant's leased Premises bears in relation to the total leasable area of the total Project and shall be paid monthly or upon such other basis as Landlord shall require. Tenant may request in writing at any time an accounting of such additional rent from Landlord and Landlord shall provide an accounting to Tenant in an expedient manner.

19. **ALTERATIONS.** Tenant shall not make any alterations to the premises without Landlord's written consent. As a condition of consent, Landlord at his election can require Tenant to post a bond with landlord in the amount of the cost of construction to be done by Tenant. Any alterations made shall become the property of Landlord and shall remain on and be surrendered with the premises on expiration or termination of the term and, except that Landlord can elect within 30 days before expiration of the term, or within fifteen days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the premises. If Landlord so elects, Tenant at its cost shall restore the premises to the condition designated by Landlord in its election, before the last day of the term, or within 30 days after notice of election is given, whichever is later. If Tenant makes any alterations to the premises as provided in this paragraph, the alterations shall not be commenced until five days after landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

20. **MECHANIC'S LIENS.** Tenant shall pay all costs for construction done for it or caused to be done by it on the premises as permitted by this lease. Tenant shall keep the building, other improvements, and land of which the premises are a part free and clear of all mechanic's liens resulting from construction done by or for Tenant.

21. **UTILITIES AND SERVICES.** Tenant shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, electricity, water, telephone service, and trash collection, and for all connection charges. Tenant agrees to pay his pro-rata share of any charges billed to the Landlord by any government agency for the use and rent of sewage facilities or any other service or assessment.

22. **LIABILITY INSURANCE.** Tenant hereby agrees to indemnify Landlord and to hold 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 Tenant's employees, agents, licensees, invitees or assigns, or any injury to property of any kind whatsoever, and to whomever belonging, including Tenant, from any cause or causes whatsoever, in any way connected with Tenant's use of the Premises, during the term of this Agreement or any extension thereof or any occupancy by Tenant hereunder. This indemnity shall include the obligation to defend Landlord from any such lawsuits or claims tiled. Tenant's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates to the grossly negligent or intentional act or acts of Landlord, or its employees, agents, contractors, or prior tenants of the Premises, or to a breach by the Landlord of any terms, conditions or obligation on Landlord's part to be required or performed under the terms of this Agreement, or to any structural or latent defect or defects contained in the Premises.

23. **TENANT'S PROPERTY AND FIRE INSURANCE.** Tenant at its cost shall maintain on all its personal property; equipment and trade fixtures, in, on, or about the premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsement, to the extent of at least 100% of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's improvements or alterations. Tenant shall deliver to Landlord certificates of such fire insurance policies, which shall contain a clause requiring the insured to give Landlord ten days written notice of cancellation of such policies. Except in the case of Landlord's intentional misconduct or gross neglect, Landlord shall not be liable for any damage

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to property of Tenant or of others located on the premises, nor for the loss of or damage to any property of Tenant or of others by theft or otherwise. Except in the case of Landlord's intentional misconduct or gross neglect, Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, gas, electricity, water, rain or leaks from any part of the premises, or the common areas, or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by any other cause of whatsoever nature. Landlord shall not be liable for any such damage caused by other tenants or persons in the premises, occupants of adjacent property, of the common area, or the public, or quasi-public work. All property of Tenant kept or stored on the premises shall be so kept or stored at the risk of Tenant only and Tenant shall hold Landlord harmless from any claims arising out of such damage to the same, including subrogation claims by Tenant's insurance carriers, unless such damage shall be caused by the willful act of gross neglect of Landlord, and through no fault of Tenant.

24. **PLATE GLASS INSURANCE.** Tenant acknowledges that it is self-insured and shall be responsible for all damage to plate glass contained in or on the Premises. Tenant shall indemnify Landlord from all liability caused by damage to plate glass contained in or on the Premises unless caused specifically by landlord, his agents, employees, or invitees.

25. **LANDLORD'S INSURANCE.** Landlord shall maintain on the building and other improvements in which the premises are located policies of comprehensive public liability insurance, policy of standard fire and extended coverage insurance and such other insurance as Landlord deems appropriate. The insurance policy shall provide that any proceeds shall be made payable to Landlord.

26. **LIABILITY AND INDEMNITY.** Landlord shall not be liable to Tenant for any damage arising from intentional acts or negligence of other tenants or occupants of the building. Tenant shall indemnify, defend, protect, and hold Landlord harmless from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs or expense, (including attorneys' fees) arising from or in connection with, or caused by (a) any act, omission or negligence of Tenant or any subtenant of Tenant, or their respective contractors, licensees, invitees, agents, servants or employees, wheresoever the same may occur, or (b) any use of the premises, or any accident, injury, death or damage to any person or property occurring in, on or about the premises, or any part thereof, and any service delivery facilities of any other portions of the center used by Tenant, excluding such claims, loss, proceedings, damages, causes of action, liability, costs or expenses arising from or in connection with, or caused by Landlord's active negligence or willful misconduct.

27. **WAIVER OF SUBROGATION.** Each Party hereby waives any and all rights of recovery against the other party or against any other tenant or occupant of the building in which the premises are situated, or against the officers, employees, agents, representative, customers and business visitors of such parties or of such other tenant or occupant of the building for loss or damage to said party or its property or the property of others under its control, arising from any cause insured against under the standard form of fire insurance policy with all permissible extension endorsements covering additional perils or under any other policy of insurance carried by such party in lieu thereof, to the extent such loss or damage is insured against by such policy.

28. **DESTRUCTION.** If there is destruction of the building and other improvements in which the premises are located from any cause that exceeds 33-1/3% of the then replacement value of the building and other improvements, Landlord can elect to terminate this lease whether or not the premises are destroyed, as long as Landlord terminates the leases of all tenants of the building and other improvements. Upon giving of written notice to Tenant, the term of this lease shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the leased premises and surrender the same to owner. Nothing in this paragraph shall be construed as a limitation of Tenant's liability for such occurrence, should such liability otherwise exist.

If the premises or other building and other improvements in which the premises are located are totally or partially destroyed from any cause, rendering the premises totally or partially inaccessible or unusable, and Landlord does not elect to terminate this lease as provided above, then Landlord shall restore the premises or the building and other

improvements in which the premises are located to substantially the same condition as existed before destruction, if the restoration can be made under the existing laws and can be completed within 180 working days after the date of destruction, Tenant shall be responsible for replacing any of Tenant's personal property, equipment or trade fixtures.

If the restoration cannot be made in the time stated above, then within 15 days after the parties determine that the restoration cannot be made within such time, Tenant can terminate this lease immediately by giving written notice to Landlord. If Tenant fails to terminate this lease and if restoration is permitted under the existing laws, Landlord, at its election can either terminate this lease or restore the premises or the building or other improvements in which the premises are located within a reasonable time and this lease shall continue in full force and effect. If the existing laws do not permit the restoration, either party can terminate this lease immediately by giving notice to the other party.

In case of destruction there shall be no abatement or reduction of rent between the date of destruction and the date of completion or restoration, based on the extent to which the destruction interferes with Tenant's use of the premises.

29. **CONDEMNATION.** Should during the term of this lease or during the period of time between the execution of this lease and the date the term commences, title to all of the leased premises or so much thereof that a reasonable amount of reconstruction of the premises will not result in the premises being reasonably suitable for Tenant's continued occupancy for the use and purposes for which the premises are leased, be taken by any public or quasi-public entity under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this lease shall terminate as of the date that possession of said premises, or part thereof, be taken.

If any part of the premises shall be so taken and the remaining part thereof (after reconstruction of the then-existing building in which the premises are located) is reasonably suited for Tenant's occupancy, this lease shall, as to the part so taken, terminate as of the date that possession of said part be taken, and the rent shall be reduced in proportion to the amount of floor area taken.

All compensation awarded or paid upon such a total or partial condemnation shall belong to and be the sole property of Landlord.

30. **ASSIGNMENT.** Tenant shall not voluntarily assign or encumber its interest in this lease or in the premises, or sublease all or any part of the premises, or allow any other person or entity (except Tenant's employees) to occupy or use all or any part of the premises, without first obtaining Landlord's written consent.

31. **INVOLUNTARY ASSIGNMENT.** No interest of Tenant in this lease shall be assignable by operation of law (including, without limitation, the transfer of this lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

(1) If Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Tenant is the bankrupt; or, if Tenant is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

(2) If a writ of attachment or execution is levied on this lease;

(3) If, in any proceeding or action to which Tenant is a party, a receiver, holder or trustee is appointed with authority to take possession of the premises.

An involuntary assignment shall constitute a default by Tenant and Landlord shall have the right to elect to terminate this lease, in which case this lease shall not be treated as an asset of Tenant.

32. **DEFAULT.** In the event of default in the payment of any installment of rent, or in the performance of any other covenants or conditions of this lease, which default continues for ten (10) days after notice and demand in writing by Landlord to correct such default, or if Tenant

abandons the property prior to the expiration of the term provided for in this agreement, the Landlord may at his option terminate the lease and recover damages from Tenant, including (a) the worth at the time of award of the unpaid rent which has been earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligation under this lease, or which the ordinary course of things would be likely to result therefrom.

Other than the payment of rent, in the event Tenant does not cure a default within fifteen (15) days of notice of such default by Landlord (such notice being evidenced in writing and being considered noticed as of the date of postmark by U.S. mail) Landlord can cure the default at Tenant's cost. If Landlord by reason of Tenant's default, pays attorney's fee or does attorney's act that requires the payment of attorney's fee, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the rate of 10% per annum from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

If Tenant shall fail to pay any monthly rent payment by the fifth day of the month, or any billed charges, within 15 days of billing date in which payment is due, a late charge shall be assessed equal to 10% of the payment. In addition, any rent not paid by such date shall bear interest until paid at the rate of 10% per annum plus the prevailing discount rate established by the Federal Reserve Bank of San Francisco. In the event that any check or other instrument tendered by Tenant is dishonored, in addition to late charges and interest as specified above, Tenant shall pay an additional fee of \$15.00 to reimburse Landlord for administrative costs incurred in connection with such dishonored instrument. In any such case of dishonored check, the Lessor may thereupon make a written demand upon Lessee to pay all sums thereafter due under this lease and any extensions hereof in cash, certified check or U.S. Postal Money Order and Lessee does hereby covenant and agree with Lessor that Lessee shall comply with any such demand. Following each second consecutive late payment of rent, Lessor shall have the option to require that beginning with the first payment of rent due following the date such late payment became due, rent shall no longer be paid in monthly installments but shall be payable three (3) months in advance. Nothing contained in this paragraph shall extend or otherwise alter Tenant's obligation to pay rent in advance on the first day of each month as provided in Paragraph 4 above except that during the first ninety (90) days of the term of this lease, Landlord shall waive the penalties contained in this Item 32 provided that Tenant furnishes to Landlord written evidence that appropriate direction has been given to Tenant's Accounts Payable department regarding the payment obligations contained in this Agreement.

33. **LANDLORD'S ENTRY ON PREMISES.** Landlord or its designee shall be permitted to enter upon the leased premises during normal business hours or in the event of an emergency to inspect the premises, to make repairs, additions or alterations to the premises, the betterment of which the premises form a part, or to exhibit the premises to prospective tenants, buyers or their agents, or to place "For Sale" signs at any time during the term, or "For Rent" signs during the last three months of the term, or during any period while Tenant is in default.

Landlord shall not be liable in any manner for attorney's fees, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the premises as provided in this paragraph. Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this paragraph.

34. **SUBORDINATION.** This lease and shall be subordinate to any encumbrance now of record or recorded after the date of this lease affecting the building, other improvements, and land of which the premises are a part. Such subordination is effective without any further act of Tenant. Tenant shall from time to time on request from Landlord execute and deliver any documents or instruments that may be required by a lender to effectuate any subordination. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably

constitutes and appoints Landlord as Tenant's special attorney-in-fact to execute and deliver any such documents or instruments.

Within ten (10) days after receipt of a written request therefor by Landlord, Tenant agrees to execute and deliver in recordable form an estoppel certificate to any mortgagee or proposed mortgagee or purchaser to the Landlord certifying (if such be the case) that this lease is unmodified and in full force and effect (and if there has been modification, that the same is in full force and effect as modified and stating the modifications); that there are no defenses or offsets against the enforcement thereof or stating those claimed by the Tenant; and stating the date to which rentals and other charges are paid. Such certificate shall include such other information as may be reasonably required. The failure by the Tenant to deliver any such certificate within thirty (30) days shall be conclusive proof to the Tenant that this lease is in full force and effect and has not been modified except as may be represented by Landlord. Notices of any default by Landlord shall be given by Tenant to any mortgagee of whom Tenant has been notified in writing, and said mortgagee shall have the right but not the obligation to cure said default.

35. NOTICE. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid first class mail to the address set forth in the introductory paragraph of this lease. Either party may change its address by so notifying the other party, and notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this paragraph. Other modes of delivery may be utilized, provided such other delivery service can provide a proof of delivery.

36. WAIVER. The failure or delay of Landlord in enforcing any right or remedy in violation by Tenant of any term or condition of this lease shall not be deemed to be a consent by Landlord to such violation, and shall not bar, stop or prevent Landlord from enforcing such right or remedy either for such violation or for any subsequent breach of any term, condition or covenant hereof.

37. LEGAL, EXPENSES. Tenant shall pay to Landlord all amounts for reasonable attorney's fees incurred by Landlord in connection with any breach or default under this lease or incurred in order to enforce the terms or provisions hereof. In addition, in the event that any action shall be instituted by either of the parties hereto for the enforcement of any of its rights or remedies in or under this lease, the prevailing party shall be entitled to recover from the other party all costs incurred by said prevailing party in said action, including reasonable attorney's fees to be fixed by the court thereon.

38. SURRENDER OF PREMISES; HOLDING OVER. On expiration or termination of the term, Tenant shall remove all personal property and shall surrender to Landlord the premises and all Tenant's improvements and alterations in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant), except for alterations that Tenant has the right to remove or is obligated to remove under the provisions of Paragraph 18 (Alterations).

If Tenant remains in possession of the premises after the expiration or termination of the term of this lease, with landlord's written consent, such possession shall be deemed to be a month-to-month tenancy only, and not a renewal of this lease or an extension for any further term. Such month-to-month tenancy shall be subject to the same terms and conditions as were applicable during the lease term, except (1) the base rent for each month of such tenancy shall be one hundred and ten percent (110%) of the base rent payable during the last month of the lease term, which rent shall be in addition to all other charges set forth in this lease, and (2) all options, rights of first refusal, if any, granted under the terms of this lease shall be deemed terminated and shall be of no further effect during said month-to-month tenancy. If Tenant remains in possession of the premises after the expiration or termination of the term of this lease or any extension thereof, without Landlord's written consent, Tenant shall be liable to Landlord for all damages occasioned by such holding over, including claims by any prospective occupant of the premises for such delay.

39. SALE BY LANDLORD. In the event of the sale or conveyance by Landlord of the property containing the demised premises, such sale shall operate to release Landlord from any future

liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and it is the responsibility of Tenant to look solely to the responsibility of the successor in interest of Landlord. If any security be given by Tenant pursuant to Paragraph 8 (Security Deposit) of this Lease, Landlord may transfer or deliver the security, as such, to the purchaser of the property, and thereupon Landlord shall be discharged from any further liability with respect thereto.

40. Tenant shall continue to be liable for all rents payable hereunder beyond the term of this lease until Tenant has removed all personal property from the premises and surrendered the premises keys to the Landlord or Landlord's designated agent.

41. Rental payments are to be paid as follows: SIX C'S - EAST LAKE VILLAGE SHOPPING CENTER, 236 Ocean Street, Santa Cruz, California 95060.

42. GENERAL CONDITIONS:

(1) Time is of the essence of each provision of this lease. The parties hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that the failure to timely perform any of the obligations hereof by either party shall constitute a breach of and default under this lease by the party so failing to perform.

(2) If either party is a corporation, that party shall deliver to the other party on execution of this lease a certified copy of a resolution of its board of directors authorizing the execution of this lease and naming the officers that are authorized to execute this lease on behalf of the corporation.

(3) This lease shall be binding on and inure to the benefit of the parties and their successors, except as provided in: Paragraph 29 (Assignment).

(4) Rent and all other sums payable under this lease must be paid in lawful money of the United States of America.

(5) Each party shall be responsible for the payment of any commission or finder's fee due to any real estate broker, finder, or other person, with whom that respective party has entered into an agreement.

(6) All exhibits referred to are attached to this lease and incorporated by reference.

(7) This lease shall be construed and interpreted in accordance with the laws of the State of California.

(8) This lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement.

(9) The captions of this lease shall have no effect on its interpretation.

(10) "Party" shall mean Landlord or Tenant; and if more than one person or entity is Landlord or Tenant, the obligations imposed on that party shall be joint and several.

(11) The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid, or illegal.

(12) This lease has been the subject of negotiation by all parties hereto, and the parties therefore expressly agree that this lease and all provisions contained herein shall not be construed in favor of or against any party by reason of that party having prepared this lease or any draft or any part thereof.

(13) The submission of this lease by Landlord to Tenant does not constitute a reservation of or an option for the premises, and this lease becomes effective as a lease only upon the execution hereof by Landlord and Tenant, and delivery to each party of a fully executed lease, and upon Landlord's receipt from Tenant of all monies required upon execution of this lease.

(14) Except where permitted in this lease agreement, Tenant and its agents, employees and assigns hereby agree to maintain as confidential the terms and conditions of this agreement, unless Landlord grants its permission in writing that Tenant, its agents, employees and assigns may disclose the terms and conditions of this agreement.

(15) At the conclusion of this lease Tenant, not being in default, may remove its personal property provided premises is restored to a "vanilla shell" condition, with all work being performed in a workmanlike fashion.

(16) Tenant shall continue to be liable for all rents and costs due under this lease, until Tenant returns keys to landlord or landlords designated agent after the expiration or earlier termination of this lease.

(17) 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.

43. **FRUSTRATION OF PURPOSE:** Landlord and Tenant both represent and acknowledge that the terms and provisions of this lease were freely negotiated between the parties and that Landlord consented to this lease on the expectation that the terms and conditions of the tenancy would be determined by those negotiations and the provisions of this lease. If during the term of this lease any statute, ordinance or regular law becomes enacted or promulgated which alters the rent provisions set forth in this lease, then Tenant waives the provisions of any such statute, ordinance or regulation, and such waiver is lawful and binding, then Landlord shall have the right to terminate this lease by giving Tenant 90 days written notice of termination.

SIX C'S - EAST LAKE VILLAGE SHOPPING CENTER-Landlord

By: William J. Codiga, it's duly authorized representative 8/16/99
Date

COUNTY OF SANTA CRUZ-Tenant

By: John P. Rhodes, Chief Probation Officer, Probation Department Date
Rhodes

By: _____
Chief Assistant County Counsel Date

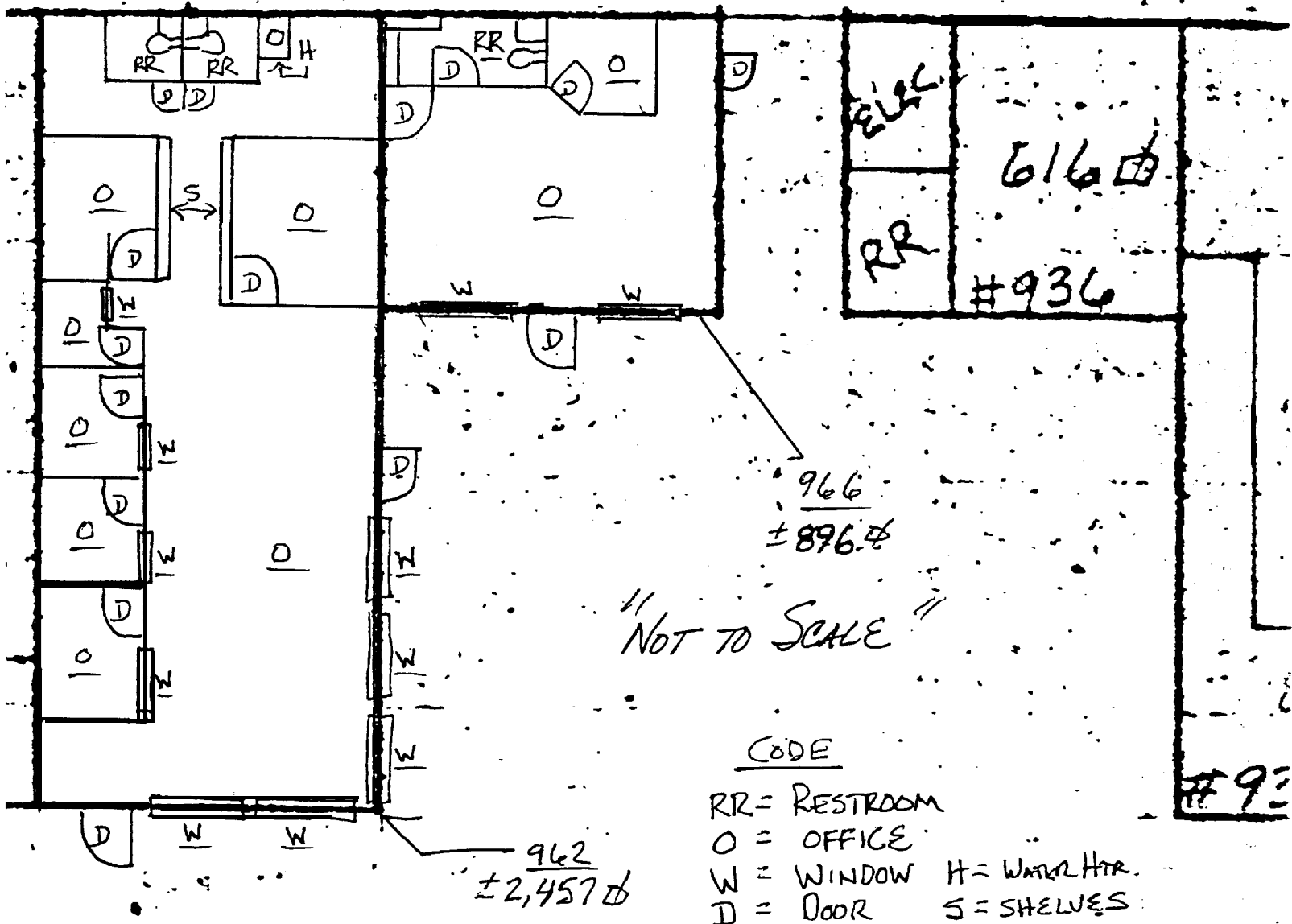
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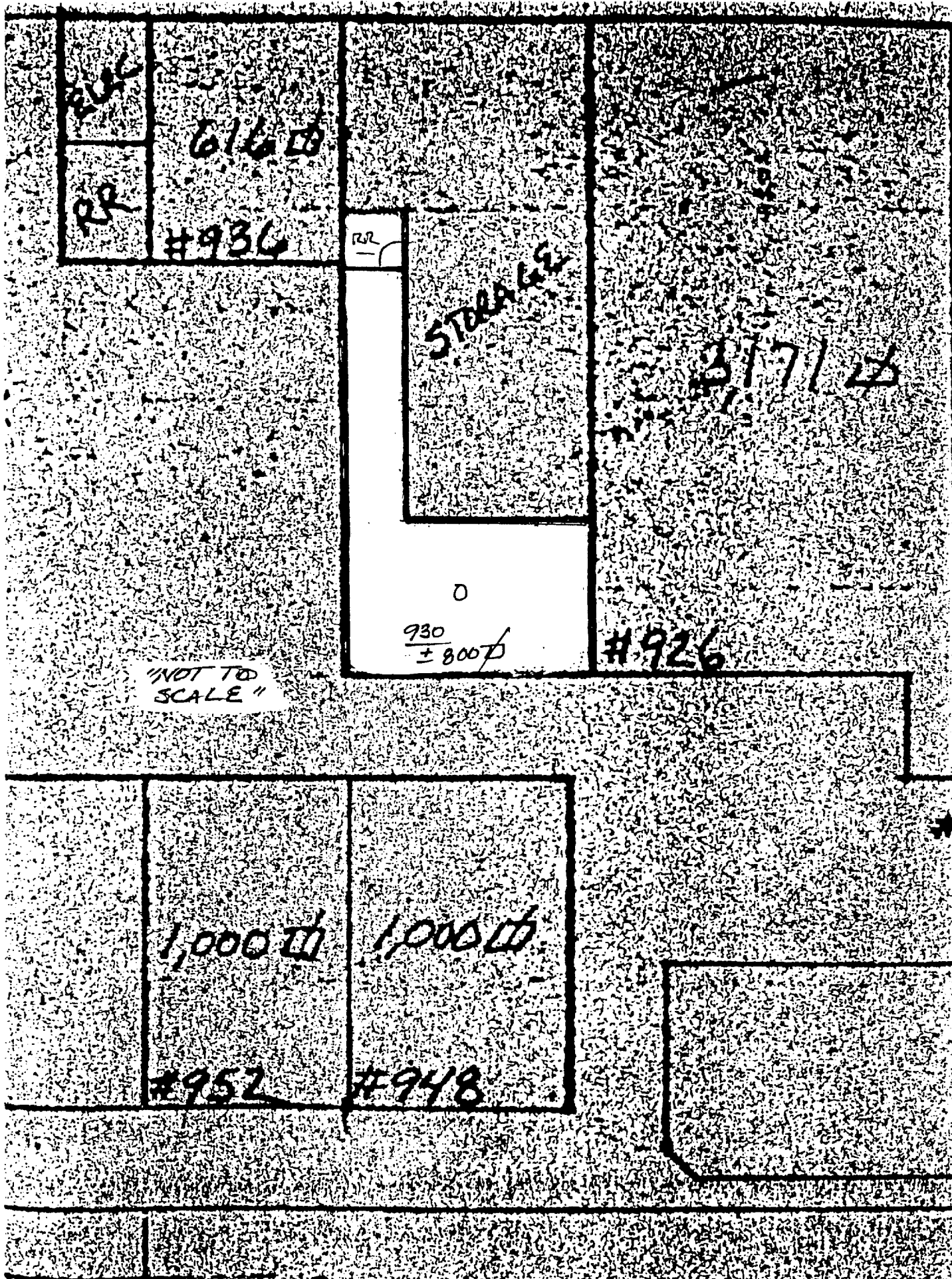
Approved as to Form

D. M. [Signature] 8/16/99
Assistant County Counsel Date

Recommended for Approval

John Kucin 8/16/99
Assistant County Counsel Date
REAL PROPERTY Division





Rules and Regulations

- a. Landlord reserves the right from time to time for public welfare or benefit of all the Tenants of the Project to amend or supplement the following rules and regulations and to adopt additional rules and regulations applicable to the Leased Premises. Reasonable notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to Tenant.
- b. Tenant agrees as follows:
 - (1) All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances designated for such purposes by Landlord.
 - (2) The delivery or shipping of merchandise, supplies and fixtures to and from the Leased Premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the Leased Premises or the Project.
 - (3) All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside of the Leased Premises prepared for collection in the manner and at the times and places specified by Landlord. Tenant shall pay the cost of removal of Tenant's refuse or rubbish.
 - (4) No aerial, satellite dish, telephone wire, coaxial cable or other line shall be erected on the roof or exterior walls of the premises, or the grounds, without in each instance, the written consent of the Landlord. Any aerial, satellite dish, telephone wire, coaxial cable or other line so installed without such written consent shall be subject to removal without notice at any time and Tenant shall pay with the next rent due the cost of removal and roof repair.
 - (5) No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard of or seen outside of the Leased Premises without prior written consent of Landlord. Additionally, Tenant shall conduct its business in a quiet and orderly manner so as not to create unreasonable or unrelated noise.
 - (6) The outside areas immediately adjoining the premises shall be kept clean and free from dirt and rubbish by Tenant to the satisfaction of Landlord and Tenant shall not place or permit any obstructions or merchandise in such areas except with Landlord's specific written approval.
 - (7) Tenant and Tenant's employees shall park automobiles in Project in areas specifically designated by Landlord.
 - (8) The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein. The expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Tenant, who caused same, or whose employees, agents or invitees caused same.

- (9) Tenant shall use at Tenant's cost such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require.
- (10) Tenant shall not burn any trash or garbage of any kind in or about the Leased Premises or Project.
- (11) All public entrances and exits to the Leased Premises shall be kept unobstructed and open to the public during normal business hours.
- (12) Tenant shall not cause or permit any obnoxious or foul odors that disturb the public or other tenants. Should such odors be evident, Tenant shall be required to take immediate steps to remedy same upon written notice from Landlord.
- (13) No pets belonging to Tenant or Tenant's employees will be permitted to wander or roam within the Common Areas or Facilities.
- (14) Any restaurant or business that prepares food must show a certificate of compliance with applicable governmental and health regulations and must maintain same, including regularly scheduled cleaning of any hood/vent used in the restaurant operation upon Landlord's request.

This exhibit "C" is hereby made a part of that certain lease by and between SIX C'S EAST LAKE VILLAGE SHOPPING CENTER (Landlord) and SANTA CRUZ COUNTY (Tenant) for 930,962 and 966 East Lake Avenue, Watsonville, California dated August 3, 1999.

1. Improvements: Per Item 3 of this lease, Landlord shall perform the following improvements prior to the commencement of this lease.

- insure all restrooms meet current applicable governmental requirements.
- install door between kitchen and restroom area in 962 East Lake Avenue.
- install drop ceiling with acoustical tile in restroom and kitchen areas in 962.
- install door from kitchen area to conference room in 962.
- install door and 3 x 5 window between office in 962 and 966.
- install counter with cabinets above in kitchen area of 962.
- install wall for computer equipment separation in restroom of 966.
- install lockable locksets on all doors.
- install new carpet and base in 930 and 966.
- paint interior of all offices.
- insure full function of all electrical, heating, ventilation and air conditioning systems.