

Project: DSS Carmen Lane Lease
APN: 117-483-017
Folio: 003687
Agent: DG

LEASE AGREEMENT

THIS LEASE AGREEMENT is made by and between the

COUNTY OF SANTA BARBARA, a political
subdivision of the State of California, hereinafter
referred to as "COUNTY,"

and

THE VERNON GROUP, a general partnership,
hereinafter referred to as "LESSOR,"

with reference to the following:

WHEREAS, LESSOR is the owner of the property and improvements commonly known as 302 West Carmen Lane, Santa Maria, CA (hereinafter "Property"), also known as Santa Barbara County Assessor Parcel Number 117-483-017, shown as the diagonally slashed area of Exhibit "A", attached hereto and incorporated herein by reference; and

WHEREAS, the Property is improved with an approximately 12,000 square foot office building (hereinafter "Premises"), with surrounding grounds and a parking lot immediately adjacent to and behind the Premises; and

WHEREAS, LESSOR and COUNTY desire to enter into this Lease Agreement (hereinafter "Agreement"), for the purpose of leasing the Property to COUNTY, to be used by COUNTY'S Department of Social Services.

NOW THEREFORE, in consideration of the premises, and the mutual covenants and conditions contained herein, LESSOR and COUNTY agree as follows:

1. **ADMINISTRATION AND ENFORCEMENT**: The provisions of this Agreement shall be administered and enforced for COUNTY by the Director of the Department of Social Services ("Director"), or designee.

2. **LEASED PREMISES**: LESSOR hereby leases to COUNTY and COUNTY hereby takes from LESSOR, the Property, including the approximately 12,000 square foot office building (the Premises), with surrounding grounds and a parking lot immediately adjacent to and behind the Premises, all shown on Exhibit "B", attached hereto and incorporated herein by reference. Prior to commencement of this Agreement and COUNTY'S obligation to pay rent hereunder, LESSOR shall complete the tenant improvements described on Exhibit B attached hereto ("LESSOR's Work").

3. **PARKING**: COUNTY shall have exclusive use of all parking spaces on the Property.

4. **TERM:** The term ("Term") of this Agreement shall be for a period of approximately FIVE (5) years, commencing on the date LESSOR provides notice that the LESSOR's Work has been completed and a Certificate of Occupancy has been issued by the City of Santa Maria (the "Commencement Date"), and terminating February 28, 2019, subject to such provisions for extension and termination as described herein. LESSOR shall evidence the actual Commencement Date by written notice to COUNTY, with a copy of the Certificate of Occupancy.

a) The "Target Commencement Date" for the term of this Agreement shall be March 1, 2014. Notwithstanding, the term of this Agreement shall actually commence upon the satisfaction of all of the following conditions for occupancy, but in no event shall the Commencement Date precede the Target Commencement Date:

i. LESSOR has completed LESSOR's Work pursuant to Section 11, TENANT IMPROVEMENTS herein, and reimbursed COUNTY for COUNTY'S reasonable costs incurred for the architectural and design plans for the Tenant Improvements up to a maximum of \$10,000; and

ii. The City of Santa Maria, in its role as building code inspector, has made its final inspection and signed the final building permit (as approved by COUNTY), and issued a Certificate of Occupancy for the Premises; and

iii. LESSOR has given COUNTY notice that a Certificate of Occupancy has been issued and the Premises are available for occupancy; and

iv. COUNTY has provided written acceptance of the Premises for occupancy, which acceptance shall not be unreasonably delayed, conditioned or withheld.

b) If the conditions for occupancy have not been satisfied on or before sixty (60) days following the Target Commencement Date, COUNTY may terminate this Agreement by providing written notice thereof to LESSOR except such 60 day period shall be extended to the extent that Lessor is delayed in completing LESSOR's work due to (i) any delay by the COUNTY in responding to LESSOR'S request to change the scope of the work or pay for costs above \$250,000 pursuant to Section 11(a) above, if applicable (ii) any delay in the County Board of Supervisors promptly approving this Agreement as required pursuant to section 36 above, or (iii) unanticipated "acts of God" or force majeure events that are outside the reasonable control of LESSOR. In such case, this Agreement shall terminate and no party shall have any further liability or obligation to the other. COUNTY's right to terminate under this paragraph shall lapse if COUNTY does not terminate and LESSOR subsequently satisfies all of the conditions to commence the Agreement set forth herein.

5. **EXTENSION AND RENEWAL:** Provided COUNTY is in compliance with all terms and conditions of this Agreement, COUNTY is hereby granted one (1) option to renew this Agreement from and after the expiration of the original term, for one additional term of five (5) years, as follows:

Option #1, 5-year period from March 1, 2019 through February 28, 2024.

COUNTY may exercise its option to renew by providing written notice to LESSOR at least six months (6) months prior to expiration of the Term. Such notice may be provided by the Director, or designee. Monthly base rent during the extended term shall be THIRTEEN THOUSAND EIGHT HUNDRED DOLLARS (\$13,800.00) plus operating costs.

6. **RENT:** The monthly base rent for the initial five-year term of this Agreement shall be TWELVE THOUSAND DOLLARS, (\$12,000.00), based on \$1.00 per square foot, per month. In addition to base rent, COUNTY shall pay operating costs as set forth in Section 7, *OPERATING COSTS*, hereof. Rent shall begin to accrue on the Commencement Date, and shall become due and payable, in advance, on or before the first day of each and every calendar month of the Term and any renewal term. Annually, LESSOR shall execute and return such forms as COUNTY may reasonably require for processing the request for rent payments so that rent may be paid in a timely manner provided such forms are mere acknowledgements and do not change any term or condition in this Agreement. The rent due for any period which is for less than one (1) calendar month shall be prorated based upon a thirty (30) day month.

7. **OPERATING COSTS:** Throughout the term of this Agreement, COUNTY shall pay, in addition to the monthly base rent set forth in Section 6 above, operating costs ("Operating Costs"), which shall include all costs incurred by LESSOR relating to the ownership and operation of the Property and Premises, as such costs are defined in Exhibit "C", attached hereto and incorporated herein by reference. Operating Costs shall begin to accrue on the Commencement Date, and shall become due and payable, in advance, on or before the first day of each and every calendar month of the Term, and shall be paid concurrently with base rent. Upon Commencement of this Agreement, Operating Costs shall be TWO THOUSAND ONE HUNDRED SIXTY DOLLARS (\$2,160.00) per month, according to the Estimated annual Operating Costs set forth in Exhibit C. In the event Operating Costs increase during the Term, LESSOR shall provide COUNTY with thirty (30) days written notice before such increase takes effect.

8. **HOLDING OVER:** Should COUNTY occupy the Premises after expiration of this Agreement, with the consent of LESSOR, such possession shall be construed to be a tenancy from month-to-month and COUNTY shall pay LESSOR for such tenancy at the monthly rate in effect on the expiration date. This month-to-month tenancy may be terminated upon thirty (30) days written notice by LESSOR or COUNTY given at any time during the month.

9. **COUNTY'S USE/RIGHT TO SUBLEASE:** COUNTY shall use and occupy the Premises only for office space for County Social Services or other related COUNTY business or services, or any other legal use which is reasonably comparable thereto, and for no other purpose. COUNTY shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance. COUNTY, at its sole discretion and without further approval shall have the right to sublease space within the Premises to governmental and other agencies which provide services to the public provided COUNTY gives notice to LESSOR of any such sublease along with copies thereof. Said subleases (if any) shall be subject to the terms and conditions of this Agreement. Other than the foregoing, COUNTY shall not assign this Agreement or sublet the Premises or any portion thereof without the consent of LESSOR.

10. **NONAPPROPRIATION:** LESSOR understands that monies paid to LESSOR by COUNTY as rent are derived from federal, state, or local sources, including local taxes, and are subject to curtailment, reduction, or cancellation by government agencies or sources beyond the control of COUNTY. COUNTY shall have the right to terminate this Agreement during the Term or the renewal term in the event that such curtailment, reduction, or cancellation occurs, provided that COUNTY has used its best efforts to obtain appropriations to fulfill its obligations under this Agreement. Termination shall be effective upon the expiration of six (6) calendar months after the termination notice is delivered by COUNTY to LESSOR, and the liability of the parties hereunder for further performance under the terms of the Agreement, except as otherwise set forth in this Section and in Section 22, *INDEMNIFICATION*, herein below, shall thereupon cease, but neither party shall be relieved of their duty to perform their obligations up to the date of termination or that are intended to survive the termination.

In the event COUNTY exercises this NONAPPROPRIATION clause, COUNTY will reimburse LESSOR a percentage of the remaining unamortized actual costs of the LESSOR's WORK and other

tenant improvements provided by LESSOR, based on a straight line amortized schedule over an approximately five-year period, beginning on the Commencement Date and ending on February 28, 2019, and calculated based on the final date the COUNTY exits the Premises. COUNTY shall pay such amount on the date it vacates the Premises, however, no payment shall be due or owing if the initial Term expires and COUNTY chooses not exercise its option to extend the Term. "Tenant Improvement" costs so reimbursed shall include any commissions related to the tenant improvements, including architectural and engineering fees, incurred by LESSOR.

11. **TENANT IMPROVEMENTS:**

a) **General Provisions.** LESSOR shall complete the LESSOR's Work prior to the Commencement Date of this Agreement according to the plans, drawings, or specifications attached hereto as Exhibit B that have been approved and signed by LESSOR and by the Director, or designee, on behalf of COUNTY (hereinafter "Approved Plans"). LESSOR shall be solely responsible for the cost of LESSOR's Work as set forth in the Approved Plans up to a maximum of \$250,000. If the total cost to LESSOR of the LESSOR's Work shall exceed \$250,000, LESSOR shall provide COUNTY with written notice thereof, and COUNTY, at its sole discretion, may either pay all additional amounts or revise the scope of the LESSOR's Work and Approved Plans to keep total costs under \$250,000. All tenant improvements must conform to: (1) the Floor Plan and any Approved Plans; (2) the City of Santa Maria Building Code; and (3) any permits issued by the City of Santa Maria or other applicable regulatory agency.

b) **County's Communication System.** COUNTY shall independently contract to install and maintain voice and data communication systems within the Premises to COUNTY standards provided, however, that in no event shall COUNTY make any roof or exterior wall penetrations without LESSOR's prior written approval. COUNTY shall pay the cost of all equipment, installation, maintenance, and monthly charges for said internal systems. All voice and data communication equipment and wiring installed by COUNTY shall be the property of COUNTY.

c) **Occupancy.**

i. LESSOR shall give COUNTY written notice of the completion (Completion Notice) of the LESSOR Work on or before the date the Premises are ready for occupancy. The notice shall state that the applicable improvements have been completed by the date in the notice, and that the City of Santa Maria has issued a Certificate of Occupancy or the city building inspector has signed off on final inspection of the tenant improvements.

ii. At such time that LESSOR has substantially completed the LESSOR Work and prior to the delivery of the Completion Notice, LESSOR shall provide COUNTY with notice thereof and COUNTY shall have five (5) working days to inspect the tenant improvements and approve or disapprove such improvements, which approval shall not be unreasonably withheld. In the event that the Director disapproves any tenant improvement, LESSOR shall be given written notice of the reason for such disapproval and LESSOR shall promptly correct such defect and the Director shall promptly re-inspect. If the COUNTY does not respond within five days, COUNTY shall be deemed to have accepted the LESSOR's Work.

d) **Ownership of Tenant Improvements.** Upon termination of this Agreement and/or vacation of the Premises by COUNTY, all tenant improvements and alterations made by LESSOR in accordance with the provisions of this Agreement shall remain the property of the LESSOR and COUNTY shall relinquish possession with all such improvements in good condition and repair with only normal wear and tear.

12. **FIXTURES:** The parties agree that all improvements to, or fixtures on, the Premises, made or added by either party, except trade fixtures added by COUNTY that may be removed as hereinafter provided, shall be and become the property of LESSOR upon their being affixed or added to the Premises. Upon expiration or termination of this Agreement, COUNTY may remove such trade fixtures as it shall have affixed or added to the Premises (if any) at its expense which may be removed without damage to the Premises.

13. **ALTERATIONS:** COUNTY agrees that, after occupancy, no alterations, improvements, or any construction within the Premises will be made without the prior written consent of the LESSOR which consent shall not be unreasonably withheld provided the alteration or improvement is consistent with the design and long term use of the Property. LESSOR reserves the right to post notices of non-responsibility on the Premises.

In the event COUNTY desires alterations or improvements made to the Premises, LESSOR shall have the option to make the alterations or improvements or grant COUNTY the right to make the alterations or improvements under LESSOR'S direction. If LESSOR consents to making the alternations or improvements, LESSOR shall provide a price and timetable for all such work requested. Approval by COUNTY of the requested work may be granted by the Director. In the event LESSOR undertakes the alteration, LESSOR shall, to the extent required by law, comply with all provisions of public contract law, and Section 30, PREVAILING WAGE RATES, hereof. Payment by COUNTY for alterations shall be made within thirty (30) days following COUNTY'S inspection and acceptance of the alteration.

14. **SIGNS:** LESSOR shall allow COUNTY to install reasonable signage on the Property and Premises, at COUNTY'S sole cost and expense provided such signage complies with all applicable city and county requirements. COUNTY shall remove all signage at its sole cost and expense upon termination of this Agreement.

15. **PROPERTY SUPPLIED BY COUNTY:** It is understood and agreed that COUNTY may install additional equipment and systems, such as, but not limited to: security, water purification, data, and telephones, as well as using and installing lateral files that are required to be installed with anchors into the building walls in order to comply with safety standards. COUNTY shall pay the cost of all equipment, installation, maintenance, and monthly charges for such internal systems. All such equipment and systems shall remain the property of COUNTY and shall be removed by COUNTY upon termination of this Agreement. COUNTY shall restore all walls to their condition at occupancy, reasonable wear and tear excepted.

16. **MAINTENANCE AND REPAIR:**

a) **One Year Warranty.** Beginning on the Commencement Date and running for one year thereafter, LESSOR shall warranty the condition of the Premises, including but not limited to all pre-existing conditions and all of LESSOR's Work pursuant to this Agreement, against all defects in labor and materials and shall promptly, upon notice from COUNTY, remedy any defects. LESSOR shall not, however, be required to remedy damage caused by misuse, negligence or misconduct of COUNTY, its agents, officers, employees, or clients or to the extent that COUNTY modifies or alters any system, fixture or equipment.

b) **Shared Maintenance and Repair.** Upon the expiration of such warranty, LESSOR and COUNTY agree to perform maintenance and repair to the Premises and appurtenances as follows:

i. **LESSOR'S Responsibilities:** Throughout the term of this Agreement, LESSOR shall maintain all mains, wires (other than wiring installed by COUNTY), and cables to the Premises. LESSOR will contract and pay all charges for maintenance of the heating, ventilation, and air conditioning equipment (HVAC), the roof and structural elements of the Property as well as all plumbing and utility systems, and all exterior surfaces and landscaped areas (COUNTY shall maintain and repair all wiring and cabling installed by COUNTY). LESSOR shall retain qualified service providers to perform regular maintenance on such systems as LESSOR reasonably determines to be necessary or appropriate to maintain the Property in good condition and repair.

LESSOR shall keep the Premises in good order and repair as LESSOR'S responsibilities are set forth herein. LESSOR shall, upon receipt of notice from COUNTY that maintenance or repair work is required, perform or cause to be performed such maintenance, and repair work in a competent, expeditious, and workman-like manner and in such a way as to cause the least inconvenience and disruption to COUNTY as may be commercially practicable. All costs that LESSOR incurs in connection with performing these responsibilities are considered Operating Costs which shall be reimbursed to LESSOR pursuant to Section 7 above.

LESSOR shall have ten (10) days after notice from COUNTY to make repairs and/or provide maintenance pursuant to this Section, except that LESSOR shall make repairs within one (1) workday if the nature of the problem presents a hazard or emergency. If LESSOR does not make repairs within the time limits specified, COUNTY may make such repairs.

ii. **COUNTY'S Responsibilities:** COUNTY, through its Department of Social Services shall, at its sole cost and expense, keep and maintain in good condition and repair all exterior signs, and the interior of the Premises, including all plumbing and electrical systems that can only be accessed from the interior of the Premises. Upon termination or expiration of this Agreement, COUNTY will return the Premises to LESSOR, with those items in good order, reasonable wear and tear excepted.

c) To the extent that there is conflict between whether an item is LESSOR or COUNTY'S responsibility, COUNTY shall notify LESSOR and LESSOR shall either elect to perform the repair or other work itself and charge it back to COUNTY as an Operating Cost or notify COUNTY that COUNTY is to perform the repair or work.

17. **UTILITIES AND JANITORIAL SERVICES:** COUNTY shall be responsibility for payment for all utilities serving the Property and Premises and shall pay all charges when due. COUNTY shall arrange and pay all charges for janitorial services to the Premises.

18. **AMENDMENTS:** This Agreement may be amended by written consent of both parties. Said amendments, once fully executed, shall be binding upon heirs, successors, and assigns of all parties hereto.

19. **NONDISCRIMINATION** LESSOR and COUNTY in their respective operations to be conducted pursuant to the provisions of this Agreement, will not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, age, sex, or national origin in any manner prohibited by the laws of the United States, the State of California, or COUNTY ordinance.

Noncompliance with provisions of this article shall constitute a material breach hereof and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefore.

20. **QUIET ENJOYMENT:** LESSOR covenants that COUNTY, on performing the provisions of this Agreement, shall have peaceable and quiet enjoyment of the Premises. LESSOR further covenants that it will not deliberately interfere or permit others acting subsequently through or under LESSOR to deliberately interfere with COUNTY'S peaceful possession or use of the Premises.

21. **NOTICES:** Except where otherwise specifically provided, all notices under this Agreement and in connection herewith and all statements shall be addressed and delivered as follows:

COUNTY: County of Santa Barbara
Department of Social Services
234 Camino Del Remedio Santa Barbara, CA
93110-1369
Attn: Operations Manager
(805) 681-4401

with a copy to:

County of Santa Barbara
General Services Dept./Support Services Div.
1105 Santa Barbara St., 2nd Floor, East Wing
Santa Barbara, CA 93101
Attn: Real Property Manager

LESSOR: The Vernon Group, a General Partnership
426 N. Barrington Ave
Los Angeles, CA 90049
(310) 476-6647

with a copy to:

Andrew D. Simons, Esq.
Reicker, Pfau, Pyle & McRoy, LLP
1421 State Street, Suite B
Santa Barbara, CA 93101

or at such other address as the respective party may designate in writing. Any notice may be given by use of the United States postage prepaid certified mail, overnight courier, email if receipt is confirmed or by personal delivery. The date of mailing, or in the event of personal delivery the date of delivery, or in the case of email, the date receipt is confirmed, shall constitute the date of service.

22. **INDEMNIFICATION:** COUNTY shall defend, indemnify, and save harmless LESSOR, its officers, agents and employees (if any) from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities arising out of this Agreement, or occasioned by the performance or attempted performance of the provisions hereof, including but not limited to any act or omission to act on the part of COUNTY or its agents, employees, or independent contractors.

LESSOR shall defend, indemnify, and save harmless COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof, including but not limited to any act or omission to act on the part of LESSOR, his agents, employees, or independent contractors.

23. **LESSOR'S INSURANCE OBLIGATION:** LESSOR shall maintain adequate property insurance for the Property and the Premises throughout this Agreement.

24. **COUNTY SELF-INSURANCE PROGRAM:** COUNTY is self-insured for General and Automobile Liability Insurance. Documentation will be provided to LESSOR evidencing the \$500,000 self-insured retention by COUNTY and the remaining coverage evidenced by a Certificate of Insurance for Excess Liability Coverage up to \$1,000,000.

COUNTY shall provide Fire Legal Liability coverage in the amount of \$50,000 as part of the General Liability Policy.

25. **DEFAULT:** Except as otherwise specified herein, should either party at any time be in default hereunder with respect to any material covenant contained herein, the non-defaulting party shall give notice to the defaulting party specifying the particulars of the default and the defaulting party shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of twenty-one (21) calendar days from such notice, then this Agreement shall terminate at the option of the non-defaulting party unless the cure of such default shall reasonably take more than twenty-one (21) calendar days in which case the defaulting party shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure.

26. **REMEDIES.** In the event of a default or breach by either party, the nondefaulting party may exercise any right or remedy at law or in equity which such nondefaulting party may have by reason of such default or breach including but not limited to the following:

a) The non-defaulting party may waive the default or breach in accordance with Section 27, WAIVER, herein below.

b) The non-defaulting party may maintain this Agreement in full force and effect and recover whatever monetary loss(es) may have resulted from such default or breach.

c) Where COUNTY is the non-defaulting party, COUNTY may terminate this Agreement and surrender possession.

d) Where LESSOR is the non-defaulting party, LESSOR may terminate or not terminate this Agreement. Where LESSOR elects not to terminate this Agreement but elects to terminate COUNTY'S right of possession, LESSOR shall have the right and the duty to use commercially reasonable efforts to re-let the Premises to mitigate COUNTY'S damages as required by law. If LESSOR lawfully removes property of COUNTY, such property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, COUNTY.

27. **WAIVER:** It is further understood and agreed that any waiver, express or implied, of any breach of any term of this Agreement shall not be a waiver of any subsequent breach of a like or any other provision of this Agreement.

28. **TERMINATION:** This Agreement shall terminate and all rights of COUNTY shall cease and COUNTY shall quietly and peacefully deliver to LESSOR, possession and interest in the Premises and upon such delivery, shall be relieved of all future liability:

a) At the expiration of the term as provided in Section 4, TERM;

b) Upon termination of funding as stated in Section 10, NONAPPROPRIATION;

- c) Upon discrimination by LESSOR in violation of Section 19, NONDISCRIMINATION;
- d) Upon the failure of either party to satisfy, observe, or perform any of the covenants, conditions, or reservations set forth in this Agreement and the expiration of the cure period as provided in Section 25, DEFAULT; or
- e) Upon the total destruction of the Premises, as provided in Section 31, DESTRUCTION OF THE PREMISES.
- f) The Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power.

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

29. **ABANDONMENT**: COUNTY shall not vacate or abandon the Premises at any time during the term of this Agreement and if COUNTY shall abandon, vacate, or surrender said Premises, any personal property belonging to COUNTY and left on the Premises more than thirty (30) days after termination of this Agreement shall be deemed abandoned, at the option of the LESSOR.

30. **PREVAILING WAGE RATES**: Rates of Wages, including overtime, holiday and Sunday rates provided for construction work on the Premises as requested by, or completed on behalf of, COUNTY may be subject to California Labor Code, Sections 1770 et. seq., as amended. If so required, LESSOR shall, if it hires any employees after the Commencement Date of this Agreement to work at the Property, pay no less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. A copy of the prevailing rate of per diem wages is on file at the office of the General Services Department.

31. **DESTRUCTION OF THE PREMISES**: If the Premises are totally destroyed by fire or any other cause, this Agreement, at the option of COUNTY, shall terminate.

If a loss renders any portion of the Premises unusable, COUNTY may choose to remain or may terminate this Agreement by written notice to LESSOR. Should COUNTY choose to remain, LESSOR shall promptly repair the Premises within ninety (90) days of the casualty.

If COUNTY remains in possession of the Premises despite partial destruction, the rent provided in this Agreement shall be reduced by the same percentage that usable floor space has been reduced until the destroyed portion is rebuilt to its condition prior to the casualty.

32. **OBLIGATIONS TO SECURED LENDER/FORECLOSURE**: In case of a foreclosure or other proceeding by which the lender or its successor takes title to the Premises, COUNTY will accept the lender or its successor as the lawful landlord in place of LESSOR. COUNTY shall provide such estoppel or attornment certificates as the lender, or successor, may require, without subordination of this Agreement.

33. **CAPTIONS**: The title on headings to the sections of this Agreement are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

34. **SEVERABILITY**: If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be

deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

35. **SUCCESSORS IN INTEREST:** This Agreement shall bind and inure to the benefit of the parties hereto, their respective personal representatives, heirs, successors in interest, and assigns.

36. **SUPERVISOR APPROVAL:** COUNTY'S and LESSOR'S obligations hereunder are expressly contingent upon the formal approval of this Agreement by the Santa Barbara County Board of Supervisors.

37. **EXECUTION IN COUNTERPARTS:** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

38. **FACSIMILE/ELECTRONICALLY TRANSMITTED SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents or electronically transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing ORIGINAL SIGNATURES are provided within seventy-two (72) hours of transmission; however, funds shall not be released nor shall documents be accepted for recordation by the Clerk Recorder of the County until such documents bearing original signatures are received by COUNTY.

39. **CERTIFICATION OF SIGNATORY:** The signatories of this Agreement and each of them represent and warrant that they are authorized to execute this Agreement and that no additional signatures are required to bind COUNTY and LESSOR to its terms and conditions or to carry out duties contemplated herein.

Project: DSS Carmen Lane Lease
APN: 117-483-017
Folio: 003687
Agent: DG

IN WITNESS WHEREOF, COUNTY and LESSOR have executed this Agreement to be effective on the date executed by COUNTY.

"COUNTY"
COUNTY OF SANTA BARBARA

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

Supervisor Steve Lavagnino
Chair, Board of Supervisors

By: _____
Deputy Clerk

Date: _____

"LESSOR"
THE VERNON GROUP, a general partnership

By: _____

Printed Name and Title

APPROVED:

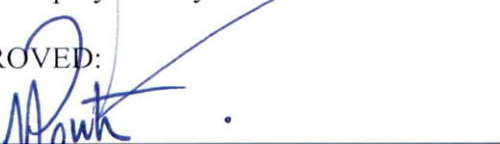
Daniel Nielson
Director of Social Services

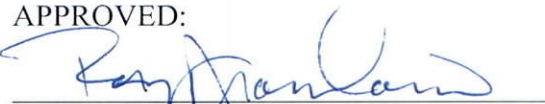
APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: 
Kevin E. Ready, Sr.
Senior Deputy County Counsel

APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: 
Deputy Auditor-Controller

APPROVED:

Matthew P. Pontes
Director of General Services

APPROVED:

Ray Aromatorio, A.R.M., A.I.C.
Risk Program Administrator

Project: DSS Carmen Lane Lease
APN: 117-483-017
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Agent: DG

IN WITNESS WHEREOF, COUNTY and LESSOR have executed this Agreement to be effective on the date executed by COUNTY.

"COUNTY"
COUNTY OF SANTA BARBARA

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

Supervisor Steve Lavagnino
Chair, Board of Supervisors

By: _____
Deputy Clerk

"LESSOR"
THE VERNON GROUP, a general partnership

By: Carol Vernon
CAROL VERNON, PARTNER
Printed Name and Title

APPROVED:

Daniel Nielson
Director of Social Services

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: _____
Kevin E. Ready, Sr.
Senior Deputy County Counsel

APPROVED:

Matthew P. Pontes
Director of General Services

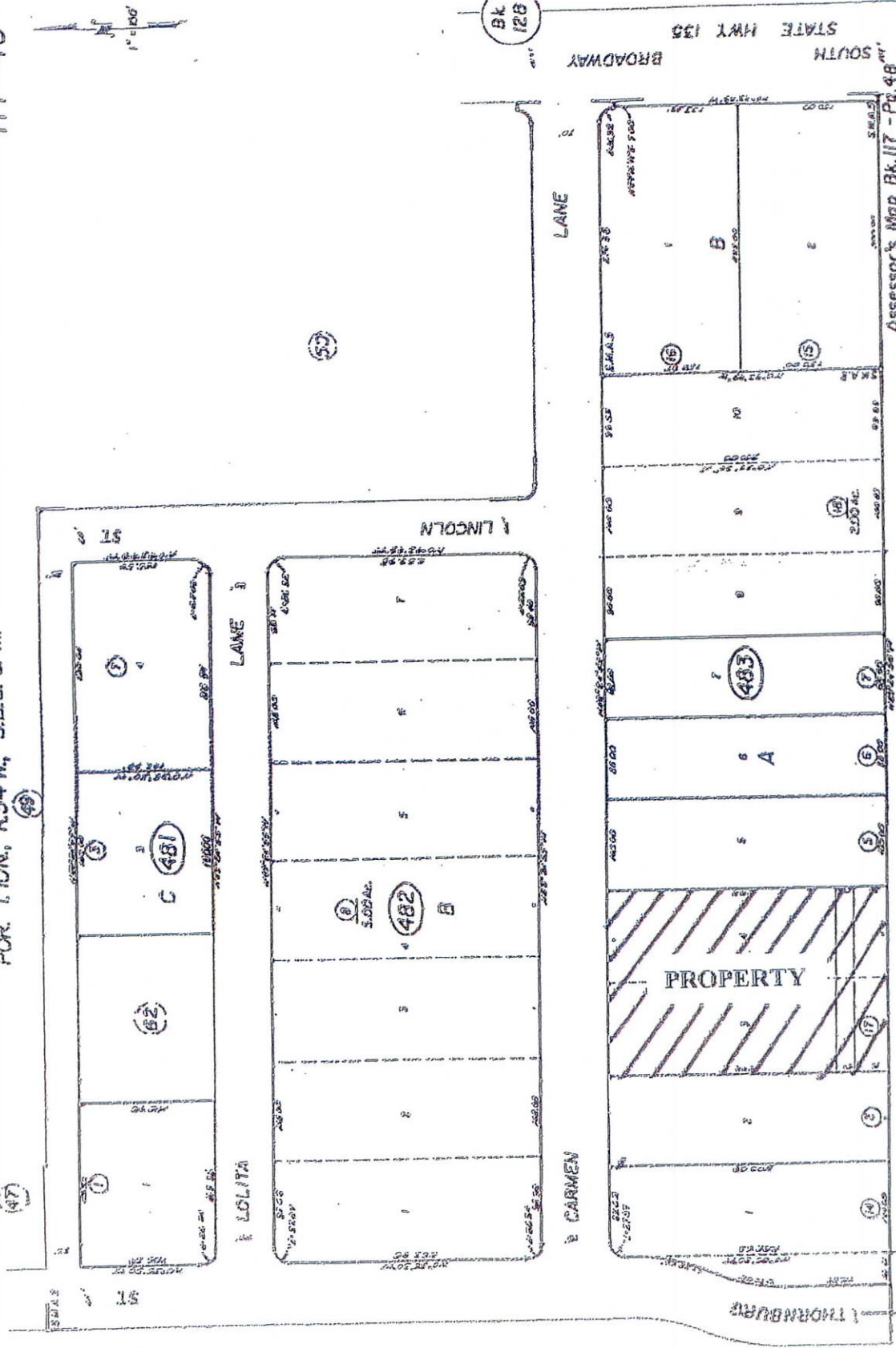
APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy Auditor-Controller

APPROVED:

Ray Aromatorio, A.R.M., A.I.C.
Risk Program Administrator

FOR TION, R.34 W., S.E.B. & M.



Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

3/1/63 R.M. Bk. 70, Pg. 76 - Santa Maria Acres Unit 2
12/10/65 R.M. Bk. 74, Pg. 50 - Santa Maria Acres Unit No. 3

Assessor's Map Bk. 117 - Pg. 48
County of Santa Barbara, Calif.

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Exhibit A
Property

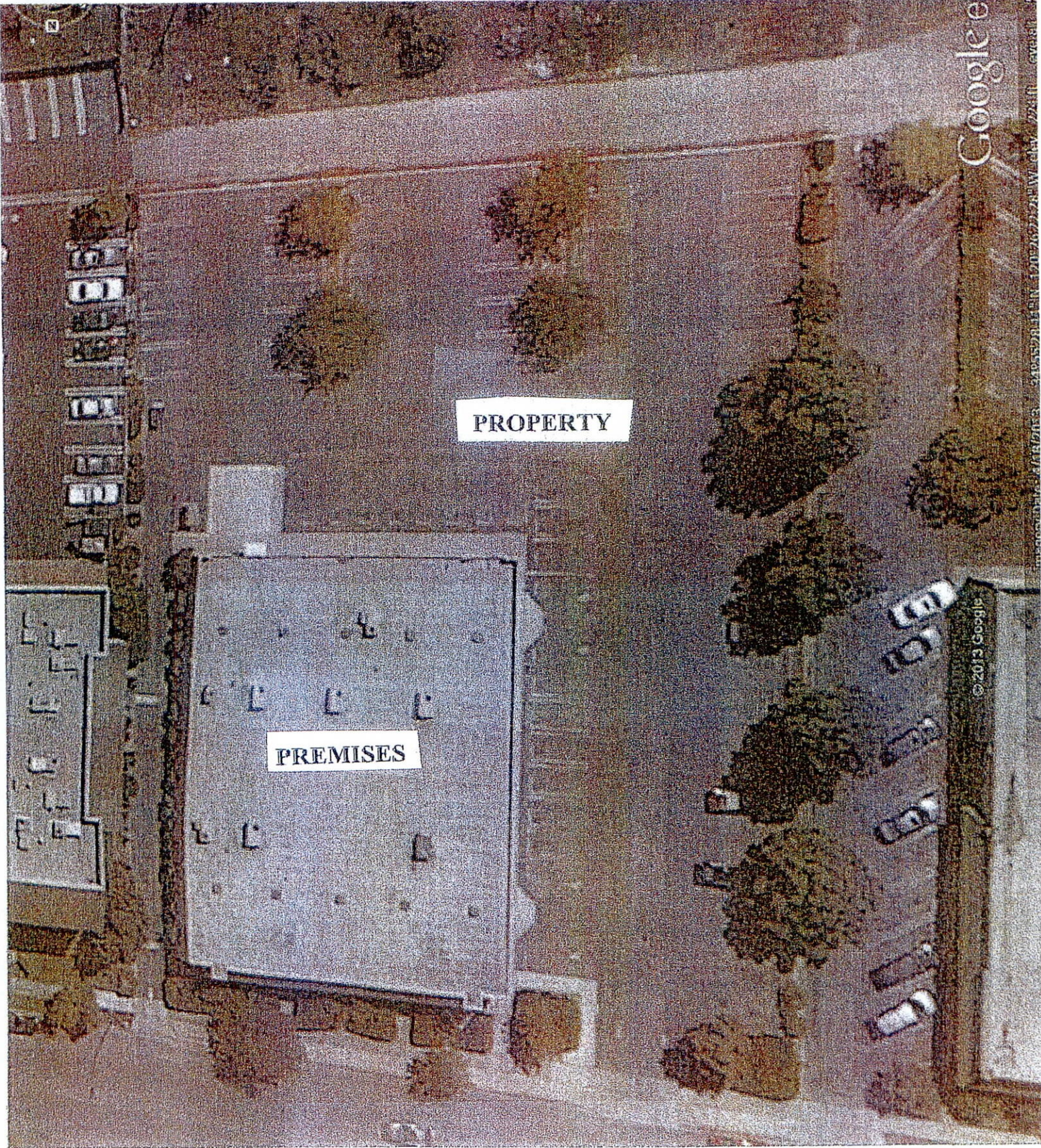


EXHIBIT B
Property and Premises

FLOOR PLAN

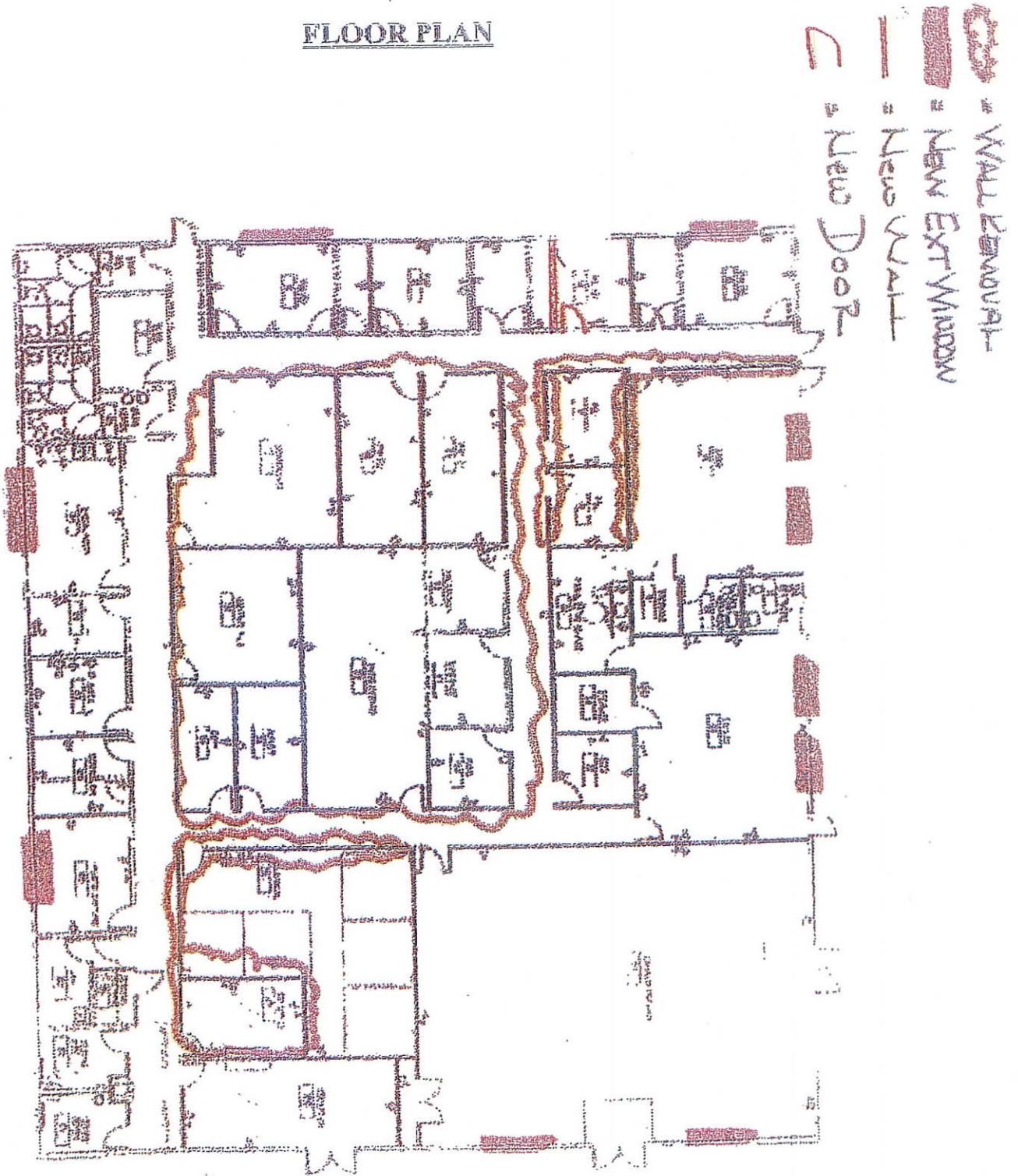


EXHIBIT B
LESSOR's Work

**EXHIBIT C
OPERATING COSTS**

1. **OPERATING COSTS DEFINED:** Operating Costs shall mean all reasonable costs paid or incurred by LESSOR that are directly attributable to the maintenance and operation of the Property and Premises. Such costs shall include, without limitation, the costs and expenses incurred during the term of the Agreement and attributable to the following:

- a. All costs necessary in LESSOR'S reasonable judgment for the repair, maintenance and operation of the Property, including any utilities provided by LESSOR;
- b. Lot sweeping, resealing, repainting, and restriping of any parking areas;
- c. Maintenance of heating, ventilation and air-conditioning systems serving the Premises;
- d. The premiums on insurance maintained by LESSOR with respect to the Property and Premises;
- e. All applicable real property taxes, including general and special assessments and similar levies ("Property Taxes") levied and assessed against the Property, subject to any and all exemptions applicable to LESSOR and/or COUNTY, and, should the Property Taxes be increased because of any improvements made by COUNTY, COUNTY shall also pay the amount of the increase attributable thereto; and
- f. Reasonable property management fees.

Capital Expenditures: Replacement of any structural components of the Premises, including the roof, heating, ventilation and air-conditioning systems, subsurface plumbing or foundation, shall be capital expenditures for purposes of calculating COUNTY'S obligations hereunder. The cost of any capital expenditures shall be allocated over a twelve (12) year period and COUNTY shall not be required to pay more than 1/144th of the cost of such capital expenditure in any given month.

2. **ESTIMATED ANNUAL OPERATING COSTS:** Upon execution of this Agreement the estimated annual operating costs are:

Insurance	\$3,358.00
Repairs/Maintenance/Management	\$7,505.00
Landscaping	\$4,057.00
Taxes	<u>\$11,000.00</u>
Total Estimated Annual Operating Costs:	\$25,920.00
Monthly Operating Costs:	\$2,160.00 (\$.18/sq. ft.)