

Attachment 1

ATTACHMENT 1

Lease Agreement

Project: APCD Casa Nueva
APN: 059-140-029
Folio: YR 3410
Agent: DG

LEASE AGREEMENT

THIS LEASE AGREEMENT, hereinafter "Agreement," is entered into by and between

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

and

AIR POLLUTION CONTROL DISTRICT, a special
district, hereinafter referred to as "DISTRICT,"

with reference to the following:

WHEREAS, COUNTY is the owner of the property located at 260 North San Antonio Road, in the unincorporated area of Santa Barbara County, more particularly described as Assessor Parcel Number 059-140-029 (hereinafter "Property"), and the building thereon commonly known as the Casa Nueva Building (hereinafter "Building"), as such are depicted on Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS, COUNTY and DISTRICT entered into a non-binding Memorandum of Understanding dated August 8, 2000, (on file with COUNTY'S Office of the Clerk of the Board, file #00-21486), in which COUNTY indicated its intention to lease to DISTRICT and DISTRICT indicated its intention to lease from COUNTY a portion of the Building at a base rent of \$1.30 per square foot more or less, depending upon COUNTY'S payment for Certificates of Participation (COPs) issued to finance the construction of the Building; and

WHEREAS, COUNTY has issued the COPs and the square footage cost of leasing the Building is based on the COUNTY'S cost to amortize the COPs financing the building at approximately \$1.29 per square foot; and

WHEREAS, COUNTY and DISTRICT also entered into a First Amendment to the MOU (hereinafter "First Amendment") on February 6, 2001, (on file with COUNTY'S Office of the Clerk of the Board, file #01-21972), pursuant to which the DISTRICT agreed to fund any Building construction costs that were greater than the amount of the COPs that had been issued for the Building; and

WHEREAS, COUNTY and DISTRICT have cooperated in the design of the Building to ensure that it meets all of the DISTRICT'S space requirements and furthers the DISTRICT'S policy goals regarding environmentally sensitive construction; and

WHEREAS, COUNTY and DISTRICT now desire to execute this Agreement for the purpose of leasing a portion of the Building to DISTRICT, to be used for office space.

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

1. **TRUTH OF RECITALS:** The above recitals are true and correct.
2. **ADMINISTRATION AND ENFORCEMENT:** The provisions of this Agreement shall be administered and enforced for COUNTY by the Director of the COUNTY'S General Services Department, and for DISTRICT by the Air Pollution Control Officer of the DISTRICT (hereinafter sometimes collectively referred to herein as "Directors").
3. **LEASED PREMISES:** COUNTY hereby leases to DISTRICT and DISTRICT hereby takes from COUNTY, a portion of the approximately 28,274 square foot Building. The portion to be leased by DISTRICT, hereinafter "Premises", shall consist of 14,139 square feet of commercial office space. The Premises, as depicted on Exhibit B, attached hereto and incorporated herein by reference, shall include certain common areas that are to be shared solely by DISTRICT and the Santa Barbara County Association of Governments (hereinafter, "DISTRICT-SBCAG Common Areas") and certain areas to be shared by all tenants of the Building (hereinafter, All Tenant Common Areas"), all as designated and defined on Exhibit B.
4. **TERM:** The term of this Agreement shall be for a period of thirty years, commencing May 1, 2003, (hereinafter "Target Commencement Date"). Notwithstanding the above, if the Premises are not ready for occupancy by the Target Commencement Date and the delay is not due to actions of the DISTRICT, then the term shall commence 30 days after DISTRICT receives notice from COUNTY that a Certificate of Occupancy has been issued for the Building (hereinafter "Commencement Date"). This Agreement shall terminate thirty (30) years from the Commencement Date as set forth, subject to the provisions for termination and extension herein contained.
5. **CONVERSION TO YEAR-TO-YEAR:** Should DISTRICT occupy the Premises after the expiration date of this Agreement, or any extension thereof, with the consent of COUNTY, expressed or implied; such possession shall be construed as a tenancy from year-to-year, and DISTRICT shall continue to provide the same consideration as specified herein. Such annual tenancy may be terminated by either party upon one year written notice given at any time during the year.
6. **RENT/MAINTENANCE/CAPITAL REPLACEMENT:**
 - A. **RENT:** Rent for the term of this Agreement shall be \$18,278.90 per month, based on \$1.2928 per square foot per month. If COUNTY refinances the COPs with a lower

interest rate, DISTRICT'S base rent shall be reduced by an amount proportional to its share of the Building. Rent shall not be subject to a cost of living adjustment. Rent payments shall commence on the Commencement Date, and shall be payable in advance on or before the first (1st) day of each and every calendar month thereafter, except as provided herein. 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.

B. **MAINTENANCE/CAPITAL REPLACEMENT:** In addition to rent, DISTRICT shall pay its proportionate share of actual maintenance and operation of the Property, which shall include, among other things, an amount to be allocated to a reserve fund for the replacement of capital items. DISTRICT shall pay for maintenance and operation of the Property to COUNTY in accordance with Exhibit "C" attached hereto and incorporated herein by reference.

7. **CONDITION/ TENANT IMPROVEMENTS:** DISTRICT and COUNTY shall cooperate to ensure substantial compliance with all conditions of construction set forth in Blackbird Architects' Project Manual, dated January 4, 2002, and Construction Documents, dated September 28, 2001, and any authorized changes or shop drawings created during the construction process for County Project #F62201/8609. These documents are on file with the County Architect for the County of Santa Barbara. DISTRICT may inspect the Premises upon completion of construction and shall notify COUNTY immediately thereafter of any conditions of construction that have not been satisfied; however, failure to satisfy a condition of construction shall not delay commencement of the term unless such failure prevents the issuance of a Certificate of Occupancy.

Except as set forth herein, DISTRICT shall install no tenant improvements within or upon the Premises without the prior written consent of COUNTY. Any improvements shall be performed at DISTRICT'S expense and DISTRICT shall be responsible for obtaining all required permits prior to the commencement of work. Upon termination of this Agreement, all such improvements shall remain, or be removed by DISTRICT at COUNTY'S option. In the event of removal, DISTRICT shall restore all walls, floors, and ceilings to their original condition insofar as is reasonably practicable.

DISTRICT is hereby authorized to install the following:

A. Its own information technology systems including all computers and wiring for such systems during the final stages of construction of the Building and throughout the lease term. COUNTY hereby agrees that DISTRICT will own such DISTRICT-installed system(s) and is authorized to make any changes to such system(s) during the lease term.

B. Its own telephone system including telephones and wiring for such systems. Such systems may be installed during the final stages of the construction of the BUILDING. COUNTY hereby agrees that DISTRICT will own such DISTRICT-installed system(s) and is authorized to make any changes to such system(s) during the term.

8. **ALTERATIONS AND CONSTRUCTION:** Except as otherwise provided for herein, any exterior or interior construction or alteration proposed by DISTRICT in, on, or about the Premises shall be requested by DISTRICT in written form with proposed plans and specifications prior to any construction or alterations. COUNTY, through its General Services Department, shall issue a written approval or disapproval of any additional plans and specifications submitted pursuant to this Section. Such approval shall not be unreasonably withheld.

Any such COUNTY approval shall be deemed conditioned upon DISTRICT acquiring all legally necessary permits from the appropriate governmental agencies at its sole expense, furnishing a copy thereof to COUNTY prior to the commencement of any work, and DISTRICT'S compliance with all conditions of said permit(s). Any and all permits or clearances required shall be granted only on the merits of the application thereof, and nothing in this Agreement shall be construed to require that COUNTY, or any other government agency, grant such permits or clearances. DISTRICT shall give COUNTY'S General Services Department, or designee, not less than ten (10) days written notice prior to the commencement of any such work in, on, or about the Property; and COUNTY shall have the right to post Notices of Nonresponsibility, as provided by law.

During any such construction or alteration, DISTRICT shall keep the leasehold and improvements free and clear of liens for labor and materials expended by or for DISTRICT or on its behalf, and shall hold COUNTY harmless and defend COUNTY with respect to any construction or alterations. Non-compliance with this section shall constitute a material breach hereof. When improvements are constructed by DISTRICT under the provisions of this Agreement, DISTRICT shall inform COUNTY of the date of completion of such improvements.

9. **MAINTENANCE AND REPAIR:**

A. **COUNTY'S Responsibilities:** COUNTY agrees to perform all maintenance and repair to the Building as said responsibilities are set forth in Exhibit D, attached hereto and incorporated herein by reference, except that DISTRICT shall be responsible for maintenance and repair where such is required due to the negligence of DISTRICT, agents, officers, employees and/or invitees.

B. **DISTRICT'S Responsibilities:** DISTRICT, shall, at its sole cost and expense, keep and maintain in good condition and repair the interior of the Premises and those items listed as DISTRICT'S responsibility in Exhibit D. Upon termination or expiration of this Agreement, DISTRICT will return the Premises to COUNTY, with those items in good order, reasonable wear and tear excepted.

C. The exterior landscaping of the Building shall be maintained and funded by DISTRICT pursuant to that certain letter agreement by and between COUNTY, DISTRICT and the Santa Barbara County Association of Governments, attached hereto as Exhibit E, and incorporated herein by this reference.

To the extent that there is conflict between this Section and Exhibit D, Exhibit D shall prevail.

10. **UTILITIES AND JANITORIAL SERVICES:** COUNTY shall pay all charges for, exterior lighting, gas and electricity, sewer, water, trash collection and grounds/common area maintenance, excluding landscaping, and bill DISTRICT for DISTRICT'S proportionate share of the actual cost thereof. DISTRICT'S share shall be the ratio that the total number of square feet in the Building which is leased to DISTRICT (as stipulated to in Section 3. LEASED PREMISES, herein) bears to the total number of leasable square feet in the Building. Upon commencement of this Agreement, DISTRICT'S share shall be 14,139/28,274, or ½.

DISTRICT shall independently contract and pay for janitorial services, as well as phone and data service within the Premises.

11. **REDUCTION IN LEASED SPACE:** If, DISTRICT wishes to decrease the amount of space it is leasing hereunder it may do so pursuant to this Section 11. At any time during the term of this Lease, upon one year advance notice in writing to COUNTY, DISTRICT may relinquish certain designated portions of its LEASED PREMISES to COUNTY as those portions are identified on Exhibit F, attached hereto and incorporated by this reference (hereinafter "Functional Blocks"). Upon such election, the rent, Replacement Reserve and maintenance cost obligations due under this Agreement shall be reduced proportionately based upon the building percentages assigned to each Functional Block as set forth in Exhibit F which calculations include the proportionate share of DISTRICT-SBCAG Common Areas and All Tenant Common Areas. In determining whether to relinquish Functional Blocks, DISTRICT shall have sole and absolute discretion and the consent of COUNTY shall not be required. In the event that all Functional Blocks have been relinquished by DISTRICT as set forth herein, this Agreement shall automatically terminate and DISTRICT shall be relieved of all further obligations hereunder. Minor changes in Functional Blocks may be made upon the mutual written consent of the Directors.

Notwithstanding the above, DISTRICT shall have sole and absolute discretion and authority to sublease any portion of its LEASED PREMISES that is less than a Functional Block, individually and/or collectively, to the Santa Barbara County Association of Governments under the same terms and conditions, including rent, as contained herein. Any such sublease shall not effect DISTRICT'S obligations hereunder. Any proposed sublease to an entity other than the Santa Barbara Association of Governments shall only be made upon one year advance-written notice to COUNTY and in such instance, COUNTY shall have right of first refusal over the proposed sublease area which it may exercise within 180 days of receipt of notification. Any sublease by DISTRICT shall be under the same terms of this Agreement.

12. **PARKING:** At no additional expense, DISTRICT shall be entitled to non-exclusive use of all Unreserved Parking Spaces on the Calle Real Campus as well as all Reserved Parking Spaces that are specifically reserved for visitors.

13. **AMENDMENTS:** This Agreement may only be amended by written consent of the parties. All amendments, once fully executed shall, like this Agreement, be binding upon heirs, successors, and assigns of all parties hereto.

14. **NONDISCRIMINATION:** DISTRICT shall comply with County laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement 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 therefor.

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

16. **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:

DISTRICT: Santa Barbara County
Air Pollution Control District
260 North San Antonio Road
Santa Barbara CA 93110-1316
Attention: Business Manager

With copy to:

County of Santa Barbara
Office of the County Counsel
105 East Anapamu Street, #201
Santa Barbara, CA 93101

COUNTY: County of Santa Barbara
General Services Department
1100 Anacapa Street
Santa Barbara, CA 93101-6065
Attention: Real Property Office
(805) 568-3070
(805) 568-3249 (fax)

or at such other address as the respective party may designate in writing. Any notice may be given by use of the United States mail, postage prepaid Certified mail, or by personal delivery. The date of mailing, or in the event of personal delivery the date of delivery, shall constitute the date of service.

17. **INDEMNIFICATION**: DISTRICT shall defend, indemnify, and save harmless COUNTY, its officers, agents, employees and contractors 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 DISTRICT or its agents, employees, or independent contractors.

COUNTY shall defend, indemnify, and save harmless DISTRICT, its officers, agents, employees and contractors 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, its agents, employees, or independent contractors.

18. **INSURANCE**: Without limiting the DISTRICT'S indemnification of the COUNTY, DISTRICT shall procure the following required insurance coverages at its sole cost and expense. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no

less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place DISTRICT in default. Upon request by the COUNTY, DISTRICT shall provide a certified copy of any insurance policy to the COUNTY within ten (10) working days.

A. Workers' Compensation Insurance: Statutory Workers' Compensation and Employers Liability Insurance shall cover all DISTRICT'S staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by the COUNTY. In the event DISTRICT is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if DISTRICT has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and DISTRICT submits a written statement to the COUNTY stating that fact.

B. General and Automobile Liability Insurance: The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of DISTRICT and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by the DISTRICT in the indemnity and hold harmless provisions [above] of the Indemnification Section of this Agreement between COUNTY and DISTRICT. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of DISTRICT pursuant to DISTRICT'S activities hereunder. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$10,000 requires approval by the COUNTY. Said policy or policies shall include a severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form: "Such insurance as is afforded by this policy shall be primary and non-contributory to the full limits stated in the declarations, and if the COUNTY has other valid and collectible insurance for a loss covered by this policy, that other insurance shall be excess only."

If the policy providing liability coverage is on a 'claims-made' form, the DISTRICT is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

DISTRICT shall submit to the office of the designated COUNTY representative certificate(s) of insurance documenting the required insurance as specified above prior to this Agreement becoming effective. COUNTY shall maintain current certificate(s) of insurance at all times in the office of the designated County representative as a condition precedent to any payment under this Agreement. Approval of insurance by COUNTY or acceptance of the certificate of insurance by COUNTY shall not relieve or decrease the extent to which the DISTRICT may be held responsible for payment of damages resulting from DISTRICT'S services of operation pursuant to the contract, nor shall it be deemed a waiver of COUNTY'S rights to insurance coverage hereunder.

In the event the DISTRICT is not able to comply with the COUNTY'S insurance requirements, COUNTY may, at their sole discretion and at the DISTRICT'S expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY'S Risk Manager is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY'S risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. DISTRICT agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

C. Personal Property Insurance. DISTRICT shall maintain property insurance for its personal property, including but not limited to equipment, supplies and tenant improvements, throughout the term hereof.

19. MUTUAL WAIVER OF SUBROGATION RIGHTS: COUNTY and DISTRICT hereby waive any rights each may have against the other on account of any loss or damage suffered by COUNTY or DISTRICT, as the case may be, to their respective property, the Premises, its contents, or to other portions of the Building arising from any risk generally covered by "all risk" property insurance; and the parties each, on behalf of their respective insurance companies insuring the property of either COUNTY or DISTRICT against any such loss, waive any right of subrogation that either may have against the other, as the case may be. The foregoing waiver of subrogation shall be offered only so long as any such policy carried by COUNTY will not be invalidated thereby.

20. ENVIRONMENTAL PROTECTION: DISTRICT shall comply with all applicable laws, regulations, rules, and orders regardless of when they become or became effective, including without limitation those relating to construction, grading, signage, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request by COUNTY.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Building attributable to DISTRICT'S acts or omissions, DISTRICT shall clean all property affected to the satisfaction of COUNTY and any governmental body having jurisdiction therefor. DISTRICT shall indemnify, hold harmless, and defend COUNTY from and against all liability, claim, cost, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, and consulting engineering and construction costs) incurred by COUNTY as a result of DISTRICT'S breach of this section, or as a result of any such discharge, leakage, spillage, emission or pollution, regardless of whether such liability, cost, or expense arises during or after the term of this Agreement.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Building attributable to COUNTY'S acts or omissions, COUNTY shall clean all property affected to the satisfaction of DISTRICT and any governmental body having jurisdiction therefor. COUNTY shall indemnify, hold harmless, and defend DISTRICT from and against all liability, claim, cost, and expense (including without limitation any fines, penalties, judgments,

litigation costs, attorney's fees, and consulting engineering and construction costs) incurred by DISTRICT as a result of COUNTY'S breach of this section, or as a result of any such discharge, leakage, spillage, emission or pollution, regardless of whether such liability, cost, or expense arises during or after the term of this Agreement.

21. **TOXICS**: DISTRICT shall not manufacture or generate hazardous waste in the Building unless specifically authorized by this Agreement. DISTRICT shall be fully responsible for any hazardous wastes, substances, or materials as defined under federal, state, or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or transported in the Building during this Agreement and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, substances, or materials. DISTRICT shall notify COUNTY and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials.

22. **COMPLIANCE WITH THE LAW**: DISTRICT shall comply with all applicable federal, state, county, and municipal laws, statutes, rules, regulations, and ordinances regulating the use of the Building during the term.

23. **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 nondefaulting 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 thirty (30) calendar days from such notice, then this Agreement shall terminate at the option of the nondefaulting party unless the cure of such default shall reasonably take more than thirty (30) 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.

24. **REMEDIES**: In the event of a default or breach by either party, subject to the cure provisions contained in Section 23, **DEFAULT** above, 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. Either party may waive the default or breach in accordance with Section 25, **WAIVER**, herein below.

B. Either 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 DISTRICT is the nondefaulting party, DISTRICT may terminate this Agreement and surrender possession.

D. Where COUNTY is the nondefaulting party, COUNTY may terminate or not terminate this Agreement. Where COUNTY elects not to terminate this Agreement but elects to terminate DISTRICT'S right of possession, COUNTY shall have the right and the duty to attempt to relet the Premises for the benefit of DISTRICT upon such terms and conditions, including rent, which DISTRICT deems reasonable. If COUNTY lawfully removes property of DISTRICT, such property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, DISTRICT.

25. **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.

26. **TERMINATION**: Unless extended as provided for in Section 5, **CONVERSION TO YEAR-TO-YEAR**, this Agreement shall terminate and all rights of DISTRICT shall cease and DISTRICT shall quietly and peacefully deliver to COUNTY, 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** of this Agreement;

B. After expiration of the initial term, upon one year written notice given by either party, which notice may be given without cause;

C. Upon release of all Functional Blocks as set forth in Section 11, **REDUCTION IN LEASED SPACE**;

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 23, **DEFAULT**; or

E. Upon the total destruction of the Building, as provided in Section 30, **DESTRUCTION OF THE PREMISES**.

27. **ABANDONMENT**: Subject to Section 11, **REDUCTION IN LEASED SPACE**, DISTRICT shall not vacate or abandon the Premises at any time during the term of this Agreement and if DISTRICT shall abandon, vacate, or surrender said Premises, any personal property belonging to DISTRICT and left in the Building more than thirty (30) days after termination of this Agreement shall be deemed abandoned at the option of the COUNTY.

28. **SURRENDER OF PREMISES**: Upon expiration or termination of this Agreement, DISTRICT shall vacate and surrender the Premises to COUNTY in good condition, except for ordinary wear and tear. DISTRICT shall remove all its personal property prior to the expiration or termination of this Agreement and shall perform all restoration made necessary by the removal of any trade fixtures or personal property prior to the expiration or termination of this Agreement. COUNTY may, by giving at least thirty (30) days notice to DISTRICT, elect to retain or dispose of in any manner any trade fixture(s) or personal property that DISTRICT does not remove from the Premises upon expiration or termination of this Agreement. Title to any such trade fixture(s) or personal property that COUNTY elects to retain or dispose of following expiration of the thirty (30) day period shall vest in COUNTY. DISTRICT waives all claims against COUNTY for any damage to DISTRICT resulting from COUNTY'S retention or disposition of any such trade fixture(s) or DISTRICT'S personal property. DISTRICT shall be liable to COUNTY for COUNTY'S costs for storing, removing, and disposing of any such items.

If DISTRICT fails to surrender the Premises to COUNTY, DISTRICT shall hold COUNTY harmless from damages resulting from the DISTRICT'S failure to surrender the Premises, including, without limitation, claims made by a succeeding lessee resulting from such failure to surrender the Premises.

29. **FIXTURES:** The parties agree that all improvements to, or fixtures on the Building, made or added by either party, except trade fixtures added by DISTRICT that may be removed as hereinafter provided, shall be and become the property of COUNTY upon their being affixed or added to the Building. At the termination of the term hereof, DISTRICT may remove such trade fixtures, including but not limited to phone and information technology equipment as it shall have affixed or added to the Building (if any) which may be removed without damage to the Building.

30. **DESTRUCTION OF THE PREMISES:** If the Building is totally destroyed by fire or any other cause, this Agreement, at the option of DISTRICT, shall terminate.

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

If DISTRICT chooses to remain 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 section is rebuilt to its condition prior to the casualty.

31. **RESERVATIONS:** COUNTY hereby reserves the right for COUNTY or its agents to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for making such alterations, repairs, improvements or additions to the Premises as COUNTY may deem necessary. In addition, COUNTY reserves the right to grant such easements, rights and dedications that COUNTY deems necessary, so long as such easements, rights or dedications do not unreasonably interfere with the use of the Premises by DISTRICT.

Notwithstanding the above, in the event that access through the Premises is required by third parties such as lessees of roof space, access shall only be provided during normal working hours and upon 24-hour notice to DISTRICT. Whenever practical, third parties entering the Premises shall be accompanied by an employee of DISTRICT or COUNTY.

32. **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.

33. **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.

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

35. **WASTE AND NUISANCE:** DISTRICT shall not commit, nor suffer to be committed, any waste upon the Premises, nor permit any nuisance to exist thereon.

36. **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 DISTRICT and COUNTY to its terms and conditions or to carry out duties contemplated herein.

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 SIGNATURES:** In the event that the parties hereto utilize facsimile 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 of the facsimile, except that funds shall not be released upon a facsimile signature nor shall facsimile signed documents be accepted for recordation by the Clerk Recorder of the County.

39. **CONSTRUCTION:** The parties agree that each party and its respective counsel have reviewed and approved this Agreement to the extent that each party in its sole discretion has desired, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement. The terms and provisions of this Agreement embody the parties' mutual intent, and this Agreement shall not be construed more liberally in favor of, nor more strictly against any party hereto.

40. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the parties hereto and no obligation other than those set forth herein will be recognized.

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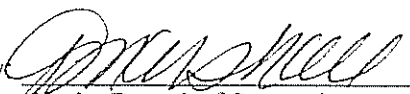
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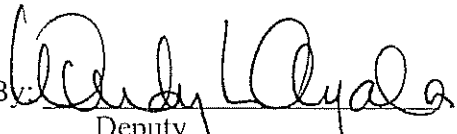
Project: APCD Casa Nueva
APN: 059-140-029
Folio: YR 3410
Agent: DG

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

"COUNTY"
COUNTY OF SANTA BARBARA

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

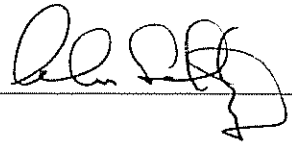
By: 
Chair, Board of Supervisors

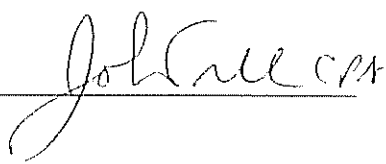
By: 
Deputy

Date: 11/26/02

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

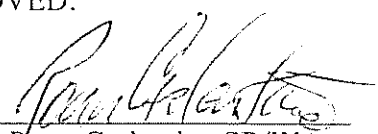
APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

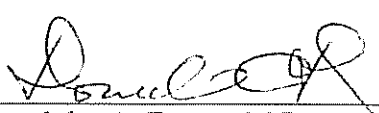
By: 

By: 

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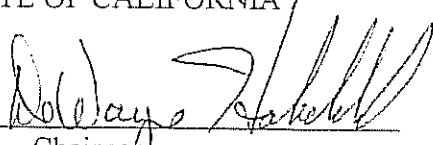
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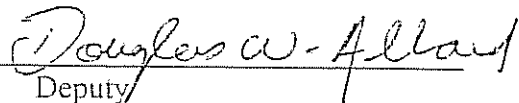
By: 
Ronn Carlentine SR/WA
Real Property Supervisor

By: 
John A. Forner, M.B.A., A.R.M.
for Risk Manager

"DISTRICT"
SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT,
STATE OF CALIFORNIA

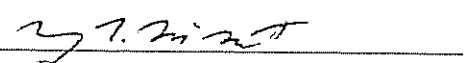
ATTEST:
DOUGLAS W. ALLARD
CLERK OF THE DISTRICT BOARD

By: 
Chairperson

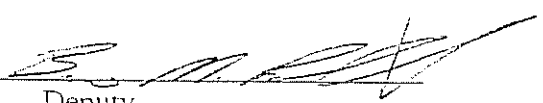
By: 
Deputy

Date: 11-21-62

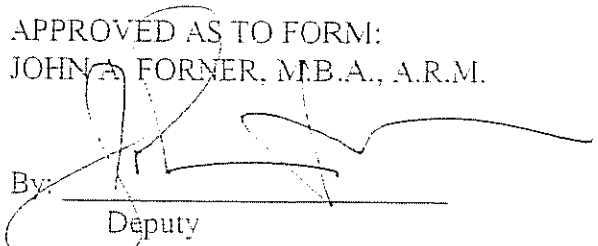
APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL
For District

By: 
Deputy

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

By: 
Deputy

APPROVED AS TO FORM:
JOHN A. FORNER, M.B.A., A.R.M.

By: 
Deputy

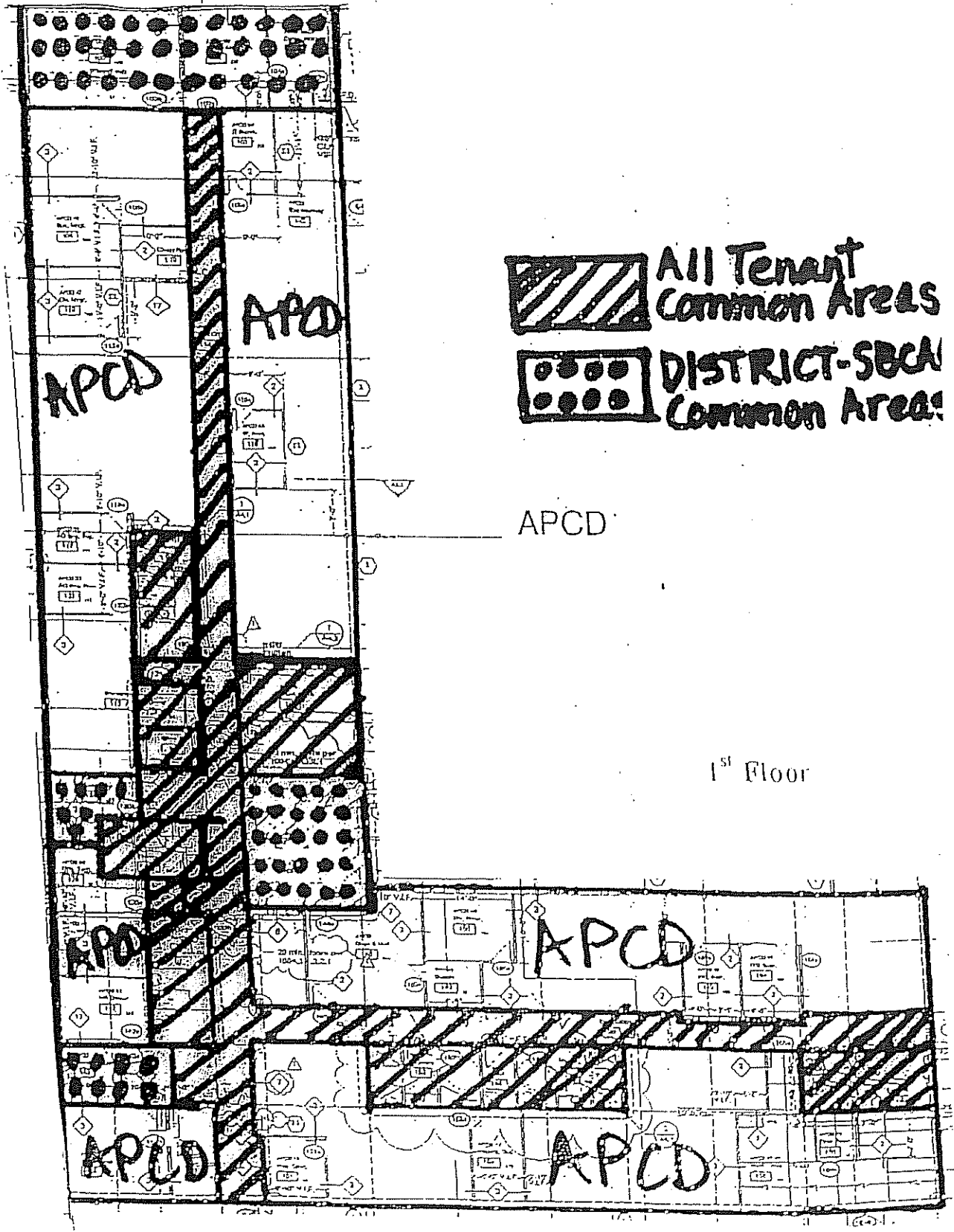


EXHIBIT B

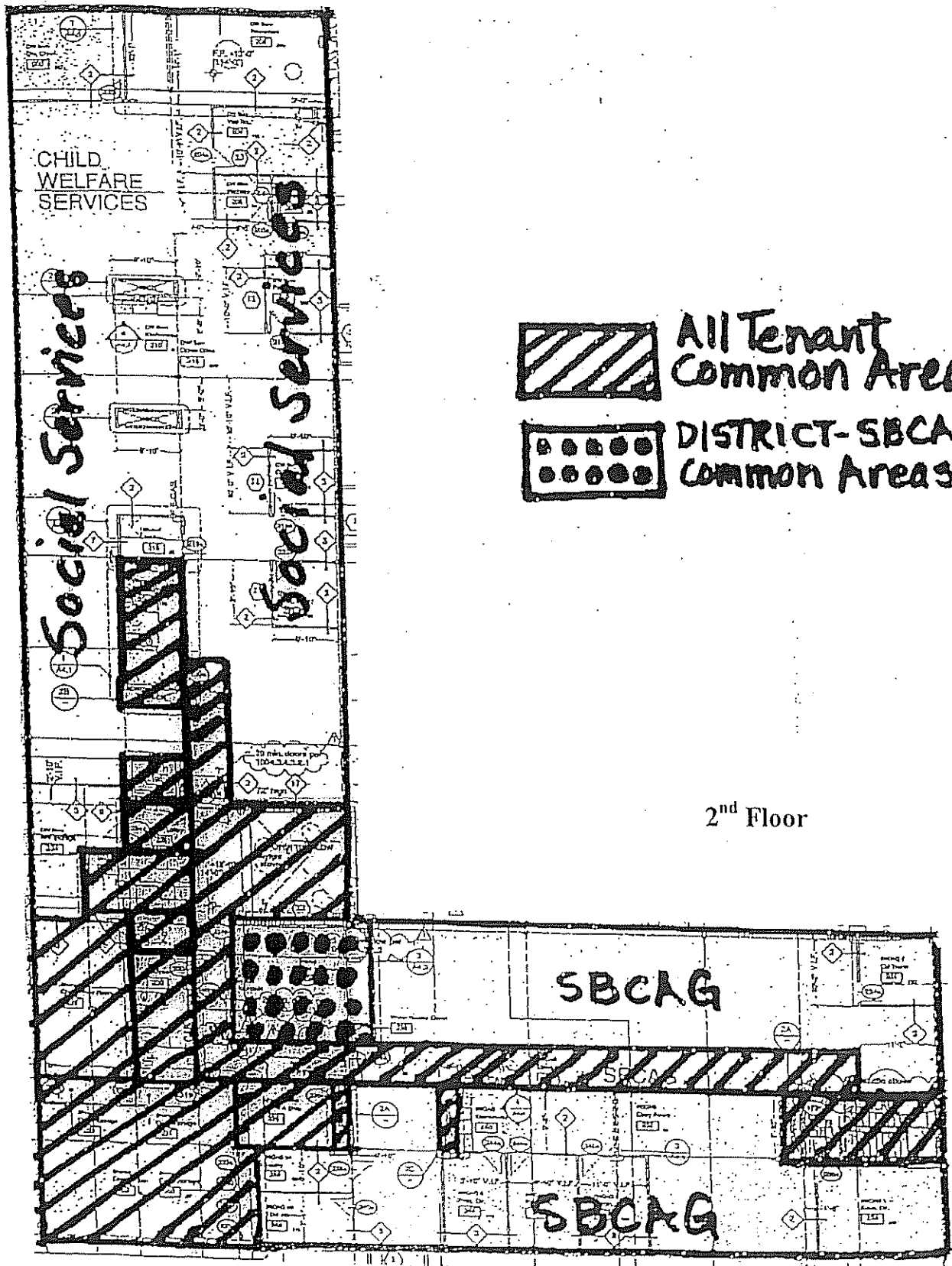


EXHIBIT B

CASA NUEVA
SPACE ALLOCATION

Gross Building Square Footage	28653	
Minus Lobby Air Space	-379	
Gross Usable Square Footage	28274	
Minus Assignable Space	-20796	
Remainder	7477	
All Tenant Common Area:		7477
Agency Share of All Tenant Common Area:		
SBCAG	1581	
Social Services	2157	
APCD	<u>3739</u>	
		7477
Total Leased SqFt per Agency:		
Social Services:		
Assignable Square Footage	5999	
All Tenant Common Area Square Footage	<u>2157</u>	
Total Square Footage		8156
SBCAG:		
Assignable Square Footage	4398	
All Tenant Common Area Square Footage	<u>1581</u>	
Total Square Footage		5979
APCD:		
Assignable Square Footage	10399	
All Tenant Common Area Square Footage	<u>3739</u>	
Total Square Footage		14139
TOTAL		28274

COP TOTAL	\$8,772,622.27	
Cost per Gross Square Foot	\$310.27	
Divided by 20 year life of COP	\$15.51	
Divided by 12 months = \$/sqft/mo.	\$1.2928	

EXHIBIT B

Agency's Assignable SqFt				
SBCAG SqFt	Soc.Svc SqFt	APCD Sq Ft		Total
	1515	3159		1110
	303	945		1632
	316	645		26
	221	248		450
	225	69		619
	225	932		423
	331			145
	748			384
				25
				634
				182
				540
				276
				480
				1900
	3884	5999		8824
				18707
DISTRICT-SBCAG Common Areas	359			815
DISTRICT-SBCAG Computer Area	156			760
Total Assignable	4398	5999		10399
				20796
	Proportionate Share of Common Areas:			
	0.21	0.29		0.50

DISTRICT-SBCAG Common Areas:

Library	417
Lobby	379
1st Flr Conf Rm	146
1st Flr Conf Rm	232
	1174

Proportionate Share of DISTRICT-SBCAG Common Areas:

SBCAG	359	0.31
APCD	815	0.69

Proportionate Share of DISTRICT-SBCAG Computer Room:

	916	
SBCAG	156	0.17
APCD	760	0.83

EXHIBIT B

EXHIBIT C
TOTAL OPERATING COSTS

1. **TOTAL OPERATING COSTS DEFINED:** Operating costs shall mean all sums paid or incurred by COUNTY for the maintenance and operation of the Property in which the Premises are situated, including both costs allocable to the Building and to all common areas, and a replacement reserve to be used for replacement of structural and mechanical systems as described below. Such costs shall include, without limitation, the costs and expenses now or in the future attributable to the following:

- A. All costs necessary in COUNTY'S reasonable judgment for the repair, maintenance and operation of the Building in which the Premises are situated (APN 059-140-029);
- B. Lot sweeping, resealing, repainting, and restriping of any parking areas;
- C. Cleaning, sweeping, trash removal, and other janitorial services for common areas;
- D. Maintenance and repair of refuse receptacles;
- E. Directional signs and other markers;
- F. The premiums on insurance maintained by COUNTY with respect to the Property or Premises; and
- G. Maintenance of heating, ventilation and air-conditioning systems installed by COUNTY.

Common Areas: The term "common areas" shall include the parking lots, hallways, rest rooms, etc., of the Property.

For purposes of this Agreement, operating costs shall be allocated such that DISTRICT shall pay actual costs for maintenance of the Property and Building, as well as estimated costs to be allocated to a dedicated reserve account for repair and replacement of major systems of the Building as identified herein

DISTRICT'S proportionate share of COUNTY'S total operating costs shall be the ratio that the total number of square feet at the Property which are leased to DISTRICT (as stipulated to in Section 3, *LEASED PREMISES*) bears to the total number of leasable square feet at the Property. For purposes of this Agreement, "leasable square feet at the Property" shall be defined as 28,274 square feet, and upon commencement of this Agreement, the Premises shall be defined as 14,139 square feet, which includes DISTRICT'S share of the common areas.

Upon commencement of this Agreement, DISTRICT'S share of total operating costs shall be ½ (hereinafter "DISTRICT'S share"). DISTRICT'S share may be reduced pursuant to Section 11. *REDUCTION IN LEASED SPACE* hereof. If Functional Blocks, as defined in Section 11, are relinquished, DISTRICT'S share shall be reduced proportionally, according to Exhibit F hereof.

COUNTY shall bill DISTRICT for DISTRICT'S proportionate share of the actual operating costs incurred by COUNTY. Any such bill shall be made in arrears for operating costs incurred during the preceding month, and shall be due and payable within thirty (30) days following delivery of such bill. Each month shall be computed on a thirty (30) day basis. The expiration or other termination of the Term shall not affect DISTRICT'S obligation to pay its proportionate share of operating costs accrued during the last month of the Term.

2. REPLACEMENT RESERVE/Cost of Living Adjustment: Upon commencement of this Agreement, DISTRICT shall pay to COUNTY, in addition to the maintenance expense discussed above, ONE THOUSAND FOUR HUNDRED THIRTEEN AND 90/100 DOLLARS (\$1,413.90) per month, based on \$.10 per square foot, for repair and replacement of major systems as such are identified herein. This amount shall be subject to an annual cost of living adjustment based upon the following:

On May 1, 2004, and on each anniversary thereof throughout the Term and any extension thereof, (each of which dates is herein referred to as an "Adjustment Date"), the Replacement Reserve payment shall be increased by the same percentage as the increase in the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers (1982-84=100), All Items, for the Los Angeles-Anaheim-Riverside area (the "Index"). In no event shall the Replacement Reserve payment be less than that payable before the Adjustment Date, nor shall any increase exceed a maximum of seven (7%) percent annually.

The Replacement Reserve payment shall be increased in accordance with the following formula:

$$X = A \times B/C$$

X = Adjusted Replacement Reserve payment

A = Replacement Reserve payment in effect immediately before the current Adjustment Date

B = The monthly index in effect for the month of February immediately preceding the current Adjustment Date (the "Adjustment Index")

C = The monthly index in effect for the month of February, 2003 (the "base Index").

If the Index changes so that the base year differs from that in effect when the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index has not been discontinued or revised.

All amounts paid pursuant hereto, and interest accrued thereon, shall be deposited into a dedicated reserve account and may only be used for the following capital items except that additional items may be added upon the mutual written consent of the Directors: Roof replacement, HVAC replacement, major painting, carpet or flooring replacement, elevator replacement, rewiring of a majority of the Building, interior fire sprinkler replacement, water heater replacement, and elevator replacement. Items replaced pursuant to this hereto shall be replaced with capital items of similar capacity and quality. In the event that DISTRICT would like to upgrade the capital items being replaced it shall contribute the difference between the cost of like-kind replacement and the replacement of the capital item requested. In the event that DISTRICT relinquishes Functional Blocks as provided for in Section 11, *REDUCTION IN LEASED SPACE* the entity or department that moves into such relinquished space shall also be subject hereto.

3. ADMINISTRATIVE AMENDMENT TO MAINTENANCE EXPENSE AND REPLACEMENT RESERVE: In the event that the COUNTY determines that the amounts set forth above for Replacement Reserves are insufficient for the DISTRICT'S share of adequate replacement reserves, these amounts may be increased upon the mutual written agreement of the Directors. In addition, the Directors may agree to amend this exhibit so as to provide for a direct cost allocation if such system is determined to be feasible.

In the event of disagreement by the Directors, this matter may be referred for decision to the respective Boards of the parties hereto.

EXHIBIT C

EXHIBIT D
MAINTENANCE AND REPAIR RESPONSIBILITIES

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	DISTRICT
1. Building Exterior				
	Repair Walls		X	
	Painted Surfaces		X	
	Door and Window Trim		X	
	Doors, Hardware		X	
	Windows: Hardware and Screens		X	
	Locks		X	
	Roof		X	
	Rain Gutters		X	
	Flashing		X	
	Down Spouts		X	
	Lighting		X	
	Bulbs		X	
	Fixtures		X	
	Transformers		X	
	Fluorescent Lights		X	
	Ballast		X	
	Handrails		X	
	Signs (County Designation)		X	
	Timers		X	
	Gutters		X	
	Decking Walkways		X	
	Exterior Patios		X	
	Decking (Overdecking on roof top area)		X	
	Water Softener, Filter and Conditioner		X	
	Stairs		X	
	Roof Drains		X	
	Gates		X	
	Gas/Water Lines		X	
	Elect. Lines		X	
	Phone/ Computer Lines		X	
	Sewer Lines		X	

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	DISTRICT
2. Building Interior (within Leased Premises)				
	Walls		X	
	Painted Surfaces		X	
	Door Hardware			X
	Locks			X
	General Cleaning			X
	Floor, Sweeping and Cleaning			X
	Carpet, Vacuum and Cleaning			X
	Window Coverings		X	
	Lighting		X	
	Bulbs		X	
	Fixtures		X	
	Transformers		X	
	Fluorescent Lights		X	
	Ballast		X	
	Handrails (ADA)		X	
	Signs		X	
	Timers			X
	Drinking Fountains		X	
	Ceiling		X	
	Showers		X	
	Toilet/Urinals (Replacement)			
	Toilet/Urinals (Maintenance)		X	
	Sink & Faucets (Replacement)		X	
	Sink & Faucets (Maintenance)		X	
	Gas Lines		X	
	Water Lines		X	
	Sewer Lines/Drains		X	
	Phone Lines & Jacks			X
	Computer Lines & Jacks			X
	T.V. Cable & Jacks			X

EXHIBIT D

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	DISTRICT
	Phones			X
	Towel Racks	X		
	Garbage Disposal	X	X	
	Refrigerator/ Microwave	X		X
	Stove	X		
	Counter Tops, replacement	X		
	Cabinets, replacement	X		
	Dish Washer	X		
	Trash Compactor	X		
3. Grounds				
	Drinking Fountains		X	
	Mail Boxes		X	
	Fences		X	
	Trash Bins		X	
	Trash Enclosures		X	
	Bike Racks		X	
	Signs (County)		X	
	Litter Pick-up			X
	Lighting			
	Parking Lot		X	
	Driveways		X	
	Walkways		X	
	Timers (external)		X	
	Timers (internal)	X		
	Signs		X	
	Cleaning, Sidewalks, Walkways, Parking Lot		X	
4. Landscaping				
	Trees			X
	Shrubs			X
	Flowers			X
	Lawn			X

EXHIBIT D

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	DISTRICT
	Watering			X
	Sprinkler, Repair and Replace			X
	Headers			X
	Rodent/Pest			X
	Seeding			X
	Fertilizer			X
	Plant Trimming			X
	Plant Removal			X
	Plant Replacement			X
	Tree Care & Trimming			X
5. Mechanical Systems				
	Electrical Panels, Breaker, Interior		X	*X
	Electrical Fuses, Interior		X	*X
	Electrical Receptacle, Switches, Interior		X	*X
	Electrical Central Switches		X	
	Elevator		X	
	Heating		X	
	Air Conditioning		X	*X
	Water Heater		X	

* DISTRICT may elect to provide maintenance and repair or to request COUNTY to provide maintenance and repair.

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	DISTRICT
6. Roadways/Parking Lots				
Repair & Maintenance				
	Striping		X	
	Handicap Signage		X	
	Asphalt Surface, Curbing		X	
	Cement Surface, Curbing		X	
	Wheel Stops		X	
	Drainage		X	
	Signs		X	
7. Fire Equipment				
	Sprinklers		X	
	Hoses		X	
	Extinguisher (interior)		X	
	Alarm Systems		X	
	Smoke Detectors		X	
8. Other Items				
	Paper supplies, dispensers, waste containers, soap in restrooms and kitchens			X
	Interior janitorial products and services			X
	Interior Floor Waxing, Sweeping			X
	Window Washing (interior & exterior)			X
	Exterior sweeping entry, sidewalks and walkways		X	
	Janitorial service for public areas or common use areas		X	
	Broken window glass or door glass		X	
	Refuse, Rubbish and Garbage Disposal		X	
	Cleaning Storage Rooms, Utility Rooms		X	
	Exterminating		X	
	Carpet Replacement Linoleum Replacement Tile Replacement		X	
	Lawn mower, repair and maintenance			X
	Building Foundation		X	
	Flooring (wood & concrete)		X	
	Utility mains & appurtenances		X	

EXHIBIT D

April 10, 2001

Mark Mittermiller
General Services Department
Courthouse Annex
1100 Anacapa
Santa Barbara 93101-6065

Subject: Wisteria Vine on the Casa Nueva Building

Dear Mark:

The three agencies programmed to inhabit the new Casa Nueva building have discussed Blackbird Architect's proposed wisteria vine and have come to the following conclusions and agreements.

- 1- The wisteria vine, as the architect has described it to us, is an integral part of the new building. It is our understanding that its presence will enhance the building's energy efficiency by providing shade in the summer and allowing light into the building in the winter. We believe that all the departments will ultimately benefit from having the vine through energy savings, not to mention from added beauty.
- 2- We understand that the departments currently housed on the Health Care Services Campus have their grounds maintained by the Parks Department and have the costs applied to them through the County's cost-applied system. It is also our understanding that the Parks Department does not wish to take on the additional landscaping (especially the vine) associated with the new building.
- 3- To ensure that the wisteria vine and all other landscaping that is integral to the new building are maintained properly throughout the life of the building, we intend to hire a private grounds maintenance firm.
- 4- It is our intent to distribute the cost for this grounds maintenance contract equitably among the building occupants with one exception. We would like the Parks Department to calculate what it would cost if they were maintaining more typical landscaping. It is our agreed intent to only charge Social Services for their portion of this cost applied calculation so that they would not pay more than they normally would.

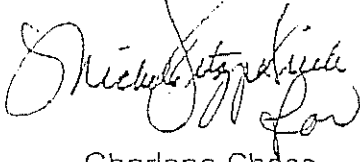
We will need to work with the Parks Department to arrive at an appropriate calculation to maintain "typical" landscaping. However, since APCD and SBCAG have agreed to make up the difference to hire a private grounds maintenance firm,

EXHIBIT E

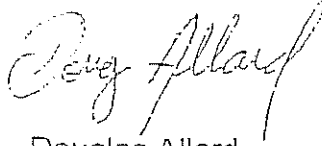
we expect that Blackbird Architects will be given the authorization to proceed with the proposed wisteria vine.

Ultimately, we will codify this and all other cost sharing arrangements in our individual lease agreements. Our signatures below confirm that, as to grounds maintenance, the above constitutes our intended agreements.

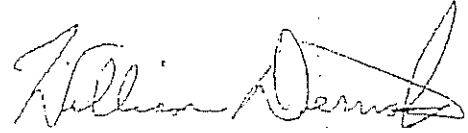
Sincerely,



Charlene Chase
Social Services



Douglas Allard
SBCAPCD



William Derrick
SBCAG

cc: Sarajane Woolf, General Services
Yianni Doulis, Blackbird Architects