

**STANDARD LEASE FORM**

LEASE COVERING PREMISES LOCATED AT 500 Capitol Mall, 17 <sup>th</sup> Floor Sacramento, CA 95814
LESSOR'S FED. TAX. I.D., NO. OR SOCIAL SECURITY NO. <b>20-8089861</b>
TENANT AGENCY Board of Equalization

**File No.: 6199-001**  
**Project No.: 131699**

**Preamble** THIS LEASE, made and entered into this 11<sup>th</sup> day of March 2011 by and between

**500 CAPITOL MALL TOWER, LLC**  
**A CALIFORNIA LIMITED LIABILITY COMPANY**

hereinafter called the Lessor, without distinction as to number or gender, and the State of California, acting by and through the Director of the Department of General Services, hereinafter called the State;

**WITNESSETH**

**Description** 1. The Lessor hereby leases unto the State and the State hereby hires from the Lessor those certain premises with appurtenances situated in the City of Sacramento, County of Sacramento, State of California, and more particularly described as follows:

Approximately 4,357 net usable square feet of office space on the 17<sup>th</sup> floor of the building located at 500 Capitol Mall, Sacramento as outlined in red on the attached Exhibit "A" plan, together with specifications marked Exhibit "B" and lessor compliance procedures marked Exhibit "C", Voice & Data Specifications marked Exhibit "D", and "Building Questionnaire" marked Exhibit "E", said Exhibits "A" and "B" and "C" and "D", Project No. 131699 dated February 4, 2011, hereby being incorporated into this lease, and including ~~non~~ two (2) assigned exclusive unobstructed parking spaces contiguous to the subject building, and unlimited use of the building's common facilities. The State shall have access to and use of the leased premises 24 hours per day, seven (7) days per week with no exceptions.

**Term** 2. The term of this lease shall commence on May 1, 2011, and shall end on April 30, 2019, with such rights of termination as may be hereinafter expressly set forth.

**Early Termination** 3. The State ~~has a one-time right to may~~ terminate this lease ~~between at any time effective on or after~~ December 31, 2014 through April 30, 2015, by giving written notice to the Lessor at least ~~thirty (30)~~ sixty (60) days prior to the date when such termination shall become effective. In the event, the State fails to terminate this lease during December 31, 2014 through April 30, 2015, then all early termination rights provided herein are null and void. If the State fails to complete its move out within the notice period and remains in the premises, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

**Rent** 4. Rental payments shall be paid by the State, from legally available funds in arrears on the last day of each month during said term as follows:

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SIXTEEN THOUSAND ONE HUNDRED SIXTY-TWO AND 26/100 DOLLARS  
(\$16,162.26) from May 1, 2011, through April 30, 2012, calculated as follows: then

<u>Base Rent:</u>	<u>\$14,421.67</u>
<u>Amortized Payment:</u>	<u>\$1,030.59</u>
<u>Parking:</u>	<u>\$410.00</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$16,162.26</u>

SIXTEEN THOUSAND FIVE HUNDRED TWENTY-ONE AND 07/100 DOLLARS  
(\$16,521.07) from May 1, 2012, through April 30, 2013, calculated as follows: then

<u>Base Rent:</u>	<u>\$14,770.23</u>
<u>Amortized Payment:</u>	<u>\$1,030.59</u>
<u>Parking:</u>	<u>\$420.25</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$16,521.07</u>

SIXTEEN THOUSAND EIGHT HUNDRED EIGHTY AND 14/100 DOLLARS  
(\$16,880.14) from May 1, 2013, through April 30, 2014, calculated as follows: then

<u>Base Rent:</u>	<u>\$15,118.79</u>
<u>Amortized Payment:</u>	<u>\$1,030.59</u>
<u>Parking:</u>	<u>\$430.76</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$16,880.14</u>

SEVENTEEN THOUSAND TWO HUNDRED EIGHTY-THREE AND 04/100 DOLLARS  
(\$17,283.04) from May 1, 2014, through December 31, 2014, calculated as follows: then

<u>Base Rent:</u>	<u>\$15,510.92</u>
<u>Amortized Payment:</u>	<u>\$1,030.59</u>
<u>Parking:</u>	<u>\$441.53</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$17,283.04</u>

SIXTEEN THOUSAND TWO HUNDRED FIFTY-TWO AND 45/100 DOLLARS  
(\$16,252.45) from January 1, 2015, through April 30, 2015, calculated as follows: then

<u>Base Rent:</u>	<u>\$15,510.92</u>
<u>Parking:</u>	<u>\$441.53</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$16,252.45</u>

SIXTEEN THOUSAND SIX HUNDRED FIFTY-FIVE AND 62/100 DOLLARS  
(\$16,655.62) from May 1, 2015, through April 30, 2016, calculated as follows: then

<u>Base Rent:</u>	<u>\$15,903.05</u>
<u>Parking:</u>	<u>\$452.57</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$16,655.62</u>

SEVENTEEN THOUSAND FIFTY-NINE AND 06/100 DOLLARS  
(\$17,059.06) from May 1, 2016, through April 30, 2017, calculated as follows: then

<u>Base Rent:</u>	<u>\$16,295.18</u>
<u>Parking:</u>	<u>\$463.88</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$17,059.06</u>

SEVENTEEN THOUSAND FOUR HUNDRED SIXTY-TWO AND 79/100 DOLLARS  
(\$17,462.79) from May 1, 2017, through April 30, 2018, calculated as follows: then

<u>Base Rent:</u>	<u>\$16,687.31</u>
<u>Parking:</u>	<u>\$475.48</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$17,462.79</u>

SEVENTEEN THOUSAND NINE HUNDRED TEN AND 38/100 DOLLARS  
(\$17,910.38) from May 1, 2018, through April 30, 2019, calculated as follows: and thereafter

<u>Base Rent:</u>	<u>\$17,123.01</u>
<u>Parking:</u>	<u>\$487.37</u>
<u>Furniture Usage Payment:</u>	<u>\$300.00</u>
<u>Total:</u>	<u>\$17,910.38</u>

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Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to Lessor at the address specified in Paragraph 5 or to such other address as the Lessor may designate by a notice in writing. If the premises are not complete pursuant to Paragraph 6 by the date shown in Paragraph 2, it is understood and agreed by and between the parties that, at the State's sole option, the dates shown in Paragraphs 2 and 3 and the dates and dollar amounts shown in Paragraph 4 may be adjusted to the first of the month following the State's acceptance of the completed premises, such acceptance shall not unreasonably be withheld. If the State exercises this option, it is agreed the State will complete unilaterally an amendment to the lease to revise the herein above stated dates. Any accrued rents for the period of time prior to the unilaterally adjusted commencement date will be paid in accordance with Paragraph 8. Additionally, it is understood and agreed between the parties that, at the State's option, the dates shown in the "CPI Escalator Operating Expenses" paragraph, if incorporated herein, shall be adjusted to reflect the time delay between lease commencement and the first of the month following the actual acceptance date. ~~In the event this lease agreement contains a provision granting the State an Option to Purchase the premises, it is further agreed herein by the parties that, notwithstanding the provision of the Option to Purchase paragraph herein, the effective dates and corresponding purchase option prices of said Option to Purchase shall be adjusted consistent with any adjustment to the lease commencement date. Said "adjusted" purchase option dates shall be established consistent herewith and incorporated into said lease with a unilateral amendment by the State.~~

**Notices**

5. All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and either: 1) deposited in the United States Mail, certified and postage prepaid; or 2) sent via an alternate commercial overnight delivery service (i.e. FedEx or similar) with receiver's signature required; and addressed as follows:

To the Lessor: 500 Capitol Mall Tower, LLC  
7423 Fair Oaks Blvd., Suite 10  
Carmichael, CA 95608  
**Phone No. (916) 972-7000**  
**FAX No. (916) 972-8708**

With a copy to: 500 Capitol Mall Tower, LLC  
500 Capitol Mall, Suite 650  
Sacramento, CA 95814  
**Phone No. (916) 447-0500**  
**FAX No. (916) 447-1140**

To the State: **DEPARTMENT OF GENERAL SERVICES,** **Phone No. (916) 375-4172**  
**REAL ESTATE SERVICES DIVISION** **FAX No. (916) 375-4173**  
**LEASE MANAGEMENT "B" 6199-001**  
**707 THIRD STREET, SUITE 5-305**  
**WEST SACRAMENTO, CA 95605**

ALL NOTICES AND CORRESPONDENCE MUST REFERENCE  
TENANT AGENCY AND PREMISES ADDRESS

Rental warrants shall be made payable to: 500 Capitol Mall Tower, LLC

and mailed to: 500 Capitol Mall, Suite 650  
Sacramento, CA 95814

Nothing herein contained shall preclude the giving of any such written notice by personal service. The address to which notices and correspondence shall be mailed to either party may be changed by giving written notice to the other party.

**Completion and Compliance with Plans and Specifications**

6. Lessor agrees that, prior to May 1, 2011, and at Lessor's sole cost and expense, all required construction, improvements and/or alterations, if any, shall be completed and the leased premises made ready for State's occupancy in full compliance with Exhibit "A", consisting of two (2) sheets titled, "Office Quarters, Project No. 131699" dated February 4, 2011, and in accordance with Exhibit "B", consisting of fifty-seven (57) pages, titled, "Outline Specifications, Project No. 131699" dated February 4, 2011, and Exhibit "C" consisting of eighteen (18) pages titled, "State Fire Marshal, CBC-ADA Access Compliance & Sustainable Measure Procedures Project No. 131699" dated February 4, 2011, and Exhibit "D" consisting of twenty-one (21) pages titled, "Voice and Data Communication Specifications Project No. 131699" dated February 4, 2011, which Exhibits "A" and "B", and "C" and "D" are by this reference incorporated herein.

**Notice of Completion and Access to Premises during Construction**

7. Lessor shall notify the State in writing by certified mail of the date the leased premises will be completed and ready for occupancy at least thirty (30) days prior thereto. Such notice shall be a condition precedent to the accrual of rental hereunder, except however, that if the State occupies the premises prior to the receipt of such notice or prior to the expiration of the notice period of such notice, rental shall commence to accrue as of the date of occupancy.

Following execution of this lease, and not more than sixty days (60) prior to completion of construction and occupancy under this lease, State or its contractors or other representatives shall have the right to enter the premises for the purpose of installing certain equipment such as, but not limited to, modular system furniture, and electrical and telecommunications cabling and equipment.

State agrees to indemnify and hold Lessor harmless from and against any claims, damages, or other injury suffered by Lessor as a result of the work to be performed pursuant to this right to enter the premises prior to State's acceptance and occupancy of the premises. Lessor agrees to indemnify and hold State and its agents, contractors or other representatives harmless from and against any claims, damages, injury or other harm arising out of or in connection with Lessor's obligations under this Lease and to the extent suffered by ~~reason-~~ a direct and proximate result of the negligence or other wrongful act of Lessor or any of Lessor's agents, contractors, or other representatives.

In no event shall the exercise of this right of entry be construed so as to cause an acceleration of the occupancy date of this lease or the obligation of the State to pay rent.

Lessor and State shall each make all reasonable efforts to ensure that the respective construction and installation work is scheduled in such a manner so as to not interfere with or delay the other.

In the event that one or the other party causes a delay in the other party's work, such injured party shall be compensated in the following manner:

Delays caused by the Lessor:

Credit the State a compensating day of delay in the occupancy date and corresponding day of delay in payment of rent.

Delays caused by the State:

Credit the Lessor a compensating day of payment of rent from the actual date of occupancy.

Compensation will be in one day increments.

The parties agree that this shall be the sole remedy for delay, in that the calculation of damages in any other manner is too uncertain and not susceptible of accurate determination.

**Early Occupancy**

8. Lessor agrees that if the leased premises are ready for occupancy prior to the completion date specified above in Paragraph 6, State may elect to occupy the premises on the earliest date practical after its receipt of the herein required completion notice. The rent payable for any such early occupancy by the State shall be at the rate of Fifteen Thousand One Thirty-One and 67/100 (\$15,131.67) per month, and shall be prorated on a daily basis for any partial month.

**Time limit and  
Prior Tenancy**

9. No rental shall accrue under this lease, nor shall the State have any obligation to perform the covenants or observe the conditions herein contained until the leased premises have been made ready for occupancy in accordance with the provisions hereof. It is specifically agreed that in the event the leased premises are not completed and ready for occupancy by the State on or before June 1, 2011, then and in that event the State may, at its option and in addition to any other remedies it may have, terminate this lease and be relieved of any further obligations hereunder, providing that a fair and reasonable allowance for the following delays shall be added to said time for completion:

- A. Acts of the State, its agents or employees, or those claiming under agreement with or grant from the State; or by
- B. The acts of God which Lessor could not reasonably have foreseen or guarded against; or by
- C. Any strikes, boycotts or like obstructive actions by employees or labor organizations and which are beyond control of Lessor, and which cannot be reasonably overcome; or by
- D. Restrictive regulations by the Federal Government which are enforced in connection with a National Emergency.

In the event that the State elects to occupy premises before the work on the premises specified in Exhibit A, B, ~~and C~~ and D is fully completed, the State will provide the Lessor with a punch list of work remaining to be completed (referenced as the State's "Punch List"). Lessor agrees that Lessor shall complete the remaining work no later than 15 business ~~14 calendar~~ days from the date of receipt of said Punch List. If said Punch List is not completed within the specified 15 ~~14~~-day period, Lessor agrees that, beginning on the first day after said 15 ~~14~~-day period following occupancy of premises by the State, rent may at the State's sole option be reduced to Eleven Thousand Eight Hundred Thirty-Five and 76/100 (\$11,835.76) which is seventy percent (70%) of the base rent specified in paragraph 4 herein (excluding any amortization payments) until such time that the Punch List work is completed in full and that such completion of work is inspected and accepted by the State. The portion of the rent specified for amortization of tenant improvements, if any shall continue to be paid in full without interruption.

It is understood and agreed that the rent reduction specified above does not relieve Lessor of its obligation to complete said work and the State shall maintain all other remedies specified in the Lease.

It is understood by all parties hereto that it shall be the Lessor's responsibility to remove any prior tenant.

**Conformity to  
Exhibits**

10. Occupancy of the leased premises by the State shall not relieve Lessor in any respect from full compliance at all times with aforesaid Exhibits "A" and "B" and "C" and "D". It is further understood and agreed that any installation not in conformity with said Exhibits "A" and "B" and "C" and "D" shall be immediately corrected by the Lessor at Lessor's sole cost and expense. In the event Lessor shall, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, fail, refuse or neglect to remedy such condition, State may terminate this lease without further obligation, or as to such specified condition, at its option and in addition to any other remedy the State may have, withhold rent due and bring the leased premises into conformity with said Exhibits at its own cost including State's Administrative costs, if any, and deduct the amount thereof from the rent that may then be or thereafter become due hereunder.

**Asbestos**

11. Lessor hereby warrants and guarantees that the space leased to the State will be operated and maintained free of hazard from Asbestos Containing Materials (ACM) and agrees to the conditions for survey, testing, and abatement of ACM described in Exhibit "B" as applicable. Lessor specifically agrees that, in the event the State elects to exercise its rights under the provisions of Paragraph 16 of this lease, any costs related to abatement or hazard from asbestos shall be the Lessor's responsibility as described in the aforementioned Exhibit "B."

**Parking**

12. ~~Lessor, at Lessor's sole cost and expense, shall clearly mark the parking spaces described hereinabove in Paragraph 37, as assigned to the State of California. Said~~ The parking spaces will be arranged and maintained so as to provide unobstructed access to each parking space at any time. In addition to any assigned parking spaces, State and its invitees shall have equal access to common spaces provided to all tenants on a first-come, first-served basis.

**Services, Utilities,  
and Supplies**

13. Lessor, at Lessor's sole cost and expense, during the term of this lease shall furnish the following services, utilities, and supplies to the area leased by the State, and also to the "common" building areas (if any) such as lobbies, elevators, stairways, corridors, etc., which State shares with other tenants, if any:

- A. Sewer, trash disposal, and water service, including both hot and cold water to the lavatories, ~~except lavatories in Employment Development Department public toilet rooms in lobby areas which need only cold water.~~
- B. Elevator (if any) service.
- C. Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning, and electrical or gas service as needed for State's operations.
- D. Janitorial services sufficient to maintain the interior in a clean well-maintained condition; that is, to eliminate all visible dust, dirt, litter, grime, stains, smears, finger marks, etc., to the greatest practical degree possible, by performing at least the following:

***Daily:***

- (1) Empty and clean all trash containers, and dispose of all trash and rubbish.
- (2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls, and urinals.
- (3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, toilet tissue, and sanitary napkins). Furnish and replenish paper towel supply in all areas of the leased space.
- (4) Sweep or dust mop all hard surface floors, and carpet sweep all carpeted areas, including stairways and halls. Offices with hard surface floors in the public lobby area shall be damp-mopped daily.
- (5) Remove finger marks and smudges from all glass entrance doors.
- (6) Specifically check, and if action is needed, then:
  - a. Dust the tops of all furniture, counters, cabinets, and window sills, (which are free of interfering objects).
  - b. Remove spots and/or spills from the carpets, floors, and stairways.

As needed, but not less frequently than:

***Twice Weekly:*** Vacuum all carpets.

***Weekly:***

- (1) Damp mop all hard surface floors.
- (2) Dust all window blinds.
- (3) Treat stainless steel fountains and sinks to eliminate stains and mineral deposits.
- (4) Spot clean the walls.

***Quarterly:***

- (1) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.
- (2) Treat carpets for static electricity control (if not integrated in the fabric).

***Semi-annually:*** Wash all windows, window blinds, light fixtures, walls, and painted surfaces.

***Annually per Manufacturer's Recommendations:***

- (1) ~~Steam~~-Clean carpets to remove all stains and spots does not involve moving furniture.
- (2) Clean window coverings.

In the event of failure by the Lessor to furnish any of the above services or supplies in a satisfactory manner, the State may furnish the same at its own cost; and, in addition to any other remedy the State may have, may deduct the amount thereof, including State's administrative costs, from the rent that may then be, or thereafter become due hereunder.

## Repair and Maintenance

14. A. During the lease term, the Lessor shall maintain the leased premises in good repair and tenantable condition, so as to minimize breakdowns and loss of the State's use of the premises caused by deferred or inadequate maintenance, including, but not limited to:

- (1) Generally maintaining the leased premises in good, vermin-free, operating condition and appearance.
  - (2) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.
  - (3) Furnishing preventative maintenance, including, but not limited to, manufacturer's recommended servicing of equipment such as elevator (if any), heating, ventilating and air conditioning equipment, and fixtures.
  - (4) Furnishing ongoing maintenance and prompt repair of any and all special equipment and systems referenced in Exhibits A and B including but not limited to, security and access control systems, fire suppression systems, special HVAC systems for computer rooms, and UPS systems.
  - (5) Furnishing and promptly replacing any inoperative light bulbs with building standard light bulbs, fluorescent tubes, ballast, starters, and filters for the heating, ventilating and air conditioning equipment as required.
  - (6) Furnishing remedial painting limited to one time per year as necessary based upon normal wear and tear to maintain the premises in a neat, clean and orderly condition.
  - (7) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.
  - (8) ~~Repairing and replacing as necessary intrabuilding network cable and inside wire cable used for voice and data transmission.~~
  - (9) Repairing and replacing parking lot bumpers and paving as necessary. Repaint directional arrows, striping, etc., as necessary.
  - (10) On a weekly basis, sweeping parking areas and sidewalks, maintaining landscaped areas, including sprinklers, drainage, etc., in a growing, litter-free, weedfree, and neatly mowed and/or trimmed condition.
  - (11) Repairing and replacing as necessary of floor covering that is deemed a health or safety hazard as necessary unless caused by negligence or abuse by State or State's invitees. Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repairing or replacement of floor covering.
  - (12) Keeping all walkways, parking lots, entrances, and auxiliary areas free of snow, water, oil spills, debris, or other materials which may be hazardous to users of the building.
- B. Lessor shall provide prompt repair or correction for any damage except damage arising from a willful or negligent act of the State's agents, employees or invitees.
- C. Except in emergency situations, the Lessor shall give not less than 48 hour prior notice to State tenants, when any pest control, remodeling, renovation, or repair work affecting the State occupied space may result in employee health concerns in the work environment.
- D. In case Lessor, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, the State may terminate this lease without further obligation or at its option, perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the State required for the administration of such maintenance and repairs, from the rent that may then be or thereafter become due hereunder.

## Painting

15. In addition to any painting completed prior to the commencement of this lease, and touch-up painting required after initial occupancy upon receipt of written request from the State, Lessor agrees at Lessor's sole cost and expense to repaint all painted surfaces ( interior and  exterior) of the leased premises in accordance with the attached Exhibits "A" and "B". In no event shall Lessor be required to repaint ~~more than once~~ during the first sixty (60) month period of this lease after the painting completed prior to the commencement date, and once during any succeeding sixty (60) month period. Lessor shall, within forty-five (45) days from the giving of any such notice, arrange for and complete the painting. Colors are to be approved by the State. Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repainting, and provide drop cloths, and covers as necessary.

**Change Orders and Alterations**

16. The State shall have the right during the existence of this lease to make change orders and alterations; attach fixtures; and erect additions, structures, or signs in or upon the leased premises that are not structural, mechanical, electrical, or plumbing related without having first received Lessor's written approval. The Lessor's written approval shall not be unreasonably withheld, conditioned or delayed. Such fixtures, additions, structures, or signs so placed in or upon or attached to the premises under this lease or any extension hereof shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this lease or any renewal or extension hereof, or within a reasonable time thereafter.

In the event alterations, fixtures, additions, structures, or signs in or upon the leased premises are desired by State and State elects not to perform the work, any such work, when authorized in writing by the State shall be performed by the Lessor in accordance with plans and specifications provided by State. Lessor agrees to obtain competitive bids from at least three licensed contractors and to contract with the lowest bidder. Lessor further agrees that the overhead and profit for the work shall not exceed fifteen percent (15%) total for Lessor and any general contractor combined. Within forty-five (45) days after receiving Lessor's notice of completion of the requested work and an invoice requesting payment therefor, together with a complete detailed accounting of all costs for each trade, State agrees to either reimburse Lessor by a single total payment for the cost of such work; or, with Lessor's prior written approval, State will amortize the cost of the requested work over the remaining term of this lease by increasing the monthly rent by an amount to include principal and interest on the unpaid balance. The interest rate may not exceed the prime rate (the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation's 30 largest banks) as of the date of the State's written authorization to proceed.

In the event State terminates this lease on or after the end of the firm term, but before the expiration date of the lease, State agrees to pay to Lessor the portion of the principal balance which is unamortized as of the effective date of termination. Said payment shall be a single payment to be made within forty-five (45) days after the effective date of the termination.

**Assignment and Subletting**

17. The State shall not assign this lease or allow a change in use, without prior written consent of the Lessor, which shall not be unreasonably withheld, ~~but shall in any event have the right to sublet the leased premises.~~ In no event will State assign or sublet the premises to CDCR, Employment Development Department, Social Services, or any other social welfare program or other state agency without similar use to BOE Board Member and/or executive-type initial occupants and/ or other professional uses such as attorneys, Deputy Chiefs, Assistant Chiefs, Chiefs, Directors, Commissioners, Senators and/or Legislators.

**Quiet Possession**

18. The Lessor agrees that the State, while keeping and performing the covenants herein contained, shall at all times during the existence of this lease, peaceably and quietly have, hold, and enjoy the leased premises without suit, trouble, or hindrance from the Lessor or any person claiming under Lessor.

**Inspection**

19. The Lessor reserves the right to enter and inspect the leased premises at reasonable times, and to render services and make any necessary repairs to the premises.

**Destruction**

20. If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render ten percent (10%) or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30) days.

In the event such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option may terminate this lease or, upon notice to Lessor, may maintain occupancy and elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event of any such destruction other than total, where the State has not terminated the lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of said premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified in Lessor's notice in

connection with partial destruction aggregating more than ten percent (10%), the State shall have the option to terminate this lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event the State remains in possession of said premises though partially damaged, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the total net square feet in the leased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

It is understood and agreed that the State or its agent has the right to enter its destroyed or partially destroyed leased facilities no matter what the condition at the State's sole risk. At the State's request, the Lessor shall immediately identify an appropriate route through the building to access the State leased space. If the Lessor cannot identify an appropriate access route, it is agreed that the State may use any and all means of access at its discretion in order to enter its leased space.

**Subrogation  
Waived**

21. To the extent authorized by any fire and extended coverage insurance policy issued to Lessor on the herein leased premises, Lessor hereby waives the subrogation rights of the insurer, and releases the State from liability for any loss or damage covered by said insurance.

**Prevailing Wage  
Provision**

22. For those projects defined as "public works" pursuant to Labor Code §1720.2, the following shall apply:
- A. Lessor/contractor shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.
  - B. The Lessor/contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Lessor will post at the job site. All prevailing wage rates shall be obtained by the Lessor/contractor from:

Department of Industrial Relations  
Division of Labor Statistics and Research  
455 Golden Gate Avenue, 8<sup>th</sup> Floor  
San Francisco, California 94102  
Phone: (415) 703-4774  
Fax: (415) 703-4771

For further information on prevailing wage: [http://www.dir.ca.gov/dlsr/statistics\\_research.html](http://www.dir.ca.gov/dlsr/statistics_research.html)

- C. Lessor/contractor shall comply with the payroll record keeping and availability requirement of §1776 of the Labor Code.
- D. Lessor/contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with the Labor Code.
- E. Prior to commencement of work, Lessor/contractor shall contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6, and §1777.7 of the Labor Code and Applicable Regulations

**Fair Employment  
Practices**

23. During the performance of this lease, the Lessor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Lessor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Lessor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

- DVBE Participation** 24. The State of California supports the use of Disabled Veteran Business Enterprise (DVBE) and California Certified Small Business (SB) and we encourage the Lessor to utilize DVBE and Certified SB to fulfill its lease obligation under this lease.
- Service Companies** 25. Within fifteen (15) days after occupancy of the leased premises by the State, Lessor shall provide the State with the name, address, and telephone number of an agency or person convenient to the State as a local source of service regarding the Lessor's responsibilities under this lease as to repairs, maintenance, and servicing of the premises and any or all related equipment, fixtures, and appurtenances.
- Service Credit** ~~26. Lessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Lessor in accordance with Paragraph 13 hereof. In the event the State vacates the premises prior to the end of the term of this lease, or, if after notice in writing from the State, all or any part of such services, utilities, or supplies for any reason are not used by the State, then, in such event, the monthly rental as to each month or portion thereof as to which such services, utilities, or supplies are not used by the State shall be reduced by an amount equal to the average monthly costs of such unused services, utilities, or supplies during the six month period immediately preceding the first month in which such services, utilities, or supplies are not used.~~
- Holding Over** 27. In the event the State remains in possession of the premises after the expiration of the lease term, or any extension or renewal thereof, this lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable. If the last rental amount shown in Paragraph 4 included the amortization of a capital sum expended by Lessor for certain alterations and improvements, as described in a separate paragraph herein, and the capital sum has been fully amortized, the holdover rent shall be reduced by the amount of the monthly amortization. ~~If the State fails to vacate the premises within the notice period and remains for an extended period, a~~ Additional holdover rent shall be increased by 2.5% and shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.
- Surrender of Possession** 28. Upon termination or expiration of this lease, the State will peacefully surrender to the Lessor the leased premises in as good order and condition as when received, except for reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which State has no control or for which Lessor is responsible pursuant to this lease. The State shall have no duty to remove any improvements or fixtures placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event State elects to remove any such improvements or fixtures and such removal causes damages or injury to the leased premises, and then only to the extent of any such damage or injury.
- Time of Essence, Binding upon Successors** 29. Time is of the essence of this lease, and the terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns to the respective parties hereto. All of the parties hereto shall be jointly and severally liable hereunder.
- No Oral Agreements** 30. It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.
- Service Contracts Wages and Benefits** 31. All janitorial and housekeeping services, custodians, food services workers, laundry workers, window cleaners and security guards provided by Lessor pursuant to the provisions of this lease, shall be in full compliance with the requirements of Government Code (GC) 19134 if applicable, including but not limited to the following:
- a) Lessor agrees that service contract agreements for such services will provide employee wages and benefits that are valued at eighty-five (85%) of the State Employer cost of providing comparable wages and benefits to state employees performing similar duties. For these purposes, benefits includes health, dental, and vision benefits and it also includes retirement benefits, holiday pay, sick pay and vacation pay.
  - b) Lessor shall ensure that each contractor and subcontractor providing such services is provided a copy of the applicable regulations for GC 19134.
  - c) Lessor agrees to certify on a quarterly basis that all contracts executed by Lessor are in compliance with GC 19134.

- d) Lessor agrees to include in the service contract agreements the applicable reporting, audit and termination for breach provisions as described in the applicable regulations for GC 19134.

**Subordination**

32. This lease is subordinate to any ground lease, deed of trust, or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements, or extensions thereof, whenever made or recorded. However, State's right to quiet possession of the Property during the lease term shall not be disturbed if State pays the rent and performs all of State's obligations under this lease and is not otherwise in default. If any ground lessor, beneficiary, or mortgagee elects to have this lease prior to the lien of its ground lease, deed of trust, or mortgage and gives written notice thereof to State, this lease shall be deemed prior to such ground lease, deed of trust, or mortgage whether this lease is dated prior or subsequent to the date of said ground lease, deed of trust, mortgage, or the date of recording thereof.

**Indemnification**

33. State agrees to indemnify and defend Lessor in the event of any claim, demand, causes of action, judgments, obligations, or liabilities, and all reasonable litigation and attorney's expenses which Lessor may suffer as a direct and proximate result of the negligence or other wrongful act or violation of law by the State, its employees, or any person or persons acting under the direct control and authority of the State or its employees, in connection with the State's occupancy under and during the term of this lease, whether or not such claim is ultimately proved meritorious and/or successful, except to the extent that any such damages or expenses suffered by Lessor are the result of Lessor's negligent or wrongful acts or any persons acting under or on behalf of the Lessor and/or except where the State is found to have no liability by reason of any immunity arising by statute or common law in connection with the fulfillment of State's constitutional and statutory public responsibilities.

**Estoppel  
Certificates**

34. Upon Lessor's written request, State shall deliver to Lessor a written statement consisting of the following information:

- A. The status of the lease.
- B. An explanation of any default claims State may have against Lessor.
- C. The term of the lease.
- D. The monthly rental payable.

State shall deliver such statement to Lessor or to any prospective purchaser upon Lessor's request. Any such statement by State may be given by Lessor to any prospective purchaser or encumbrance of the property.

**Overtime Utility  
Charges**

35. State shall reimburse the Lessor an overtime utility charge of twenty-eight and 00/100 dollars (\$28.00) per hour per zone (define the zone) for any overtime utility use by the State for the space occupied by this lease. Hours other than 7:00 a.m. to 7:00 p.m., Monday through Friday and 8:00 a.m.-1:00 p.m. on Saturdays, shall be considered overtime. The computer room, located on the 17<sup>th</sup> Floor is specifically excluded from this provision and shall be provided 24 hour continuous HVAC and electrical service at no additional charge to the State.

It is understood and agreed that said overtime charges shall not include any and all janitorial, maintenance, repairs, or alterations required by other provisions of this lease and performed during overtime hours.

Lessor, at his sole cost and expense, shall install timers in each zone with printouts showing start and stop times which monitor overtime usage for the space occupied by this lease. The twenty-eight and 00/100 dollars (\$28.00) per hour, per zone rate is on a per meter basis. This rate is subject to review and audit by either party and may be increased or decreased from time-to-time in direct percentage relation to increases and decreases in electrical utility charges to commercial customers. Any changes must be made with a minimum thirty (30) days prior written notice to the address specified in Paragraph 5 hereinabove. Lessor shall invoice State monthly for overtime charges and all invoices shall be sent to:

State Board of Equalization  
450 "N" Street, UMIC:23  
Sacramento, CA 94279-0023  
Attn: Accounting Section

Further, this twenty-eight and 00/100 dollars (\$28.00) per hour per zone charge shall be subject to review six (6) months after occupancy to reflect actual overtime utility expenses. At that time, an adjustment shall be made, if necessary, to reflect actual overtime utility expenses. Any adjustments made thereafter shall be as provided in the third paragraph of this provision hereinabove.

**Broker Commission**                    36. The State hereby designates Cornish & Carey Commercial, as its exclusive real estate consultant in connection with this transaction. Lessor agrees to pay Cornish & Carey Commercial, a real estate brokerage commission in the amount of 1.1% of the total lease consideration, which is \$17,109.93. Said commission is to be paid one-half upon lease execution and one-half upon occupancy. Should Lessor fail to pay said commissions when due and owing, Lessor agrees that the State shall have the right to pay said fee and deduct said monies from any rental sums due Lessor.

**Signage Removal**                    38. Lessor, at his sole cost and expense, within two (2) weeks after State has vacated the premises Lessor shall remove any and all signage identifying the Board of Equalization.

**Building Questionnaire “Exhibit E”**                    39. The BOE HQ Relocation Property Questions and Inquiries marked as Exhibit “E”, consisting of eight (8) pages, dated February 25, 2009, is hereby incorporated into the Lease.

**Furniture Usage**                    40. It is understood and agreed by the parties hereto that the premises contain personal property including but not exclusive to: one (1) refrigerator, three (3) modular systems furniture, eight (8) built-in desks, ten (10) desk chair, fourteen (14) side chairs. The Lessor warrants and the State acknowledges that the equipment and furniture as referenced herein shall be operational and in good working order upon the State’s acceptance of said premises. The Lessor shall provide a written inventory of said personal property to the State prior to the State’s acceptance of said space. During the term of this lease the State shall maintain said personal property at the sole cost and responsibility of the State. At the end of the lease term the State shall peacefully surrender said property to the Lessor in the same condition as received less normal wear and tear, with the exception of ten (16) side chairs, which may be removed at the State’s sole option.

**Substitute Premises**                    41. Lessor shall have the right at any time, upon giving State one hundred twenty days' written notice, to relocate State’s Leased Premises to any floor above the 17th floor of the Building; provided that State’s Usable Square Footage shall be approximately the same. Lessor, at Lessor’s sole expense, shall furnish State with similar partitions or other improvements of equal quality that meet State’s program data requirements marked Exhibit “D” dated September 1, 2010, hereby being incorporated in this lease and Exhibits “A” and “B” and “C”. State’s actual costs associated with the physical relocation and telecommunications and data communications shall be the sole expense of the Lessor. New premises shall be located in the same location on the new floor with the same views and similar common area entrance. The relocation of the Leased Premises shall not affect any of the clauses or conditions of this Lease, including the Rent. Lessor agrees that the State shall experience no inconvenience or expense with Lessor’s right of relocation.

**Lump Sum Payments**                    42. Notwithstanding the provisions of Paragraph 4 of this lease, the State hereby agrees to pay Lessor the sum of FIFTY-TWO THOUSAND FOUR HUNDRED NINETY-FIVE AND 96/100 DOLLARS (\$52,495.96) for alterations and improvements to the 17<sup>th</sup> floor of the herein leased premises in accordance with the attached Exhibits "A" and "B" and "C" and "D" identified in Paragraph 6 of this lease. Payment will be made by the State after (a) completion by Lessor of the alterations and improvements in accordance with said Exhibits "A" and "B," (b) inspection and approval by a representative of the Department of General Services, and (c) submission by the Lessor of an invoice in triplicate for such alterations to the address specified in Paragraph 5 of this lease.

**Payment Of Unamortized Balance**                    43. It is agreed by the parties hereto that ONE THOUSAND THIRTY AND 59/100 DOLLARS (\$1,030.59) of the total monthly rent payable hereunder during the term of this lease represents the amortization of a capital sum of FIFTY-TWO THOUSAND FOUR HUNDRED NINETY-FIVE AND 96/100 DOLLARS (\$52,495.96) expended by Lessor for certain alterations and improvements and amortized in forty-four (44) equal monthly payments with interest on the unpaid balance of eight percent (8%) per annum. State shall have the right, at any time during the term of this lease, to pay Lessor in cash the unamortized balance or any portion of said unamortized balance of the initial capital sum of FIFTY-TWO THOUSAND FOUR HUNDRED NINETY-FIVE AND 96/100 DOLLARS (\$52,495.96). In the event State elects to pay off the entire unamortized balance or any portion thereof, the monthly rental payable thereafter during the balance of the amortization term shall be reduced accordingly.

Lessor, shall, in connection with property loss insurance carried on the property, carry sufficient insurance to cover the full replacement cost of tenant improvements and alterations, the cost of which has been amortized herein. State shall be named an additional insured in connection with such insurance and Lessor shall provide proof of such insurance to the State in the form of a certificate of insurance, showing the dollar amount of coverage.

In the event that such tenant improvements are destroyed and are not replaced, regardless of the reason, the insurance proceeds attributable to such tenant improvements shall be applied first to the remaining unamortized balance, if any, then if any insurance proceeds remain, such proceeds shall be paid over to the State.

**IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date first above written.**

STATE OF CALIFORNIA  
Approval Recommended

LESSOR

DEPARTMENT OF GENERAL SERVICES  
REAL ESTATE SERVICES DIVISION  
PROFESSIONAL SERVICES BRANCH

500 CAPTIOL MALL TOWER, LLC  
A CALIFORNIA LIMITED LIABILITY COMPANY

By \_\_\_\_\_  
**R. JAMES KOERNER, Sr. Real Estate Officer**  
Real Estate Leasing and Planning Section

By \_\_\_\_\_  
**ANGELO G. TSAKOPOULOS, Manager**

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved

DIRECTOR OF THE DEPARTMENT  
OF GENERAL SERVICES

By \_\_\_\_\_  
**PATTI JOSEPH, Leasing Manager**  
Real Estate Leasing and Planning Section

Date \_\_\_\_\_