

SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

REQUEST FOR PROPOSALS

LEASED OFFICE AND CLASSROOM SPACE

Date Released: June 5, 2020

Due Date: June 26, 2020

The terms and conditions of this Request for Proposals have
been approved by the Governing Board of the
Sacramento Employment and Training Agency

Sacramento Employment and Training Agency
925 Del Paso Blvd., Ste. 100
Sacramento CA 95815

Telephone (916) 263-3800

PLANNING CALENDAR
(dates and times are subject to change)

<u>DATE</u>		<u>EVENT</u>
Thursday, June 4, 2020	10:00 am.	The SETA Governing Board reviews/approves the RFP.
Friday, June 5, 2020	12:00 noon	Release RFP
Tuesday, June 9, 2020	10:00 am.	Offeror's Conference Call - 866-434-5269 Participant Code - 753362
Friday, June 26, 2020	12:00 noon	Deadline Proposals are due at SETA, 925 Del Paso Blvd. Suite 100 or Roy.Kim@seta.net
Thursday, July 2, 2020	10:00 a.m.	Governing Board reviews/approves staff recommendations

**SACRAMENTO EMPLOYMENT AND TRAINING AGENCY
REQUEST FOR PROPOSALS
LEASED OFFICE AND CLASSROOM SPACE**

I. GENERAL INFORMATION

INTRODUCTION

A. SETA is seeking a **fully serviced lease for** approximately 12,000-16,000 square feet in the Foothill Farms area of Sacramento for use as office and classroom space for clients entering the facility for job training and employment services. The average rental rate for the space should be consistent with rates for fully serviced leases in the locality of the site proposed and proposers should realize that the rental rate, while not controlling, is a significant factor in the process of selection. The boundaries for the areas are identified in Section I.C. "Site Location." A detailed description of the space needs is included in Section II, "Identified Space."

B. **Background:**

SETA is a joint powers agency comprised of the City and County of Sacramento. SETA administers the Workforce Innovation and Opportunity Act program, Sacramento County Head Start program, Community Services Block Grant program, Refugee Social Services Grant program, and other various federal and state programs. SETA is governed by a five-member Governing Board comprised of two members of the Sacramento City Council, two members of the Sacramento County Board of Supervisors, and one public member.

Working in conjunction with the SETA Governing Board are a variety of boards and councils that assist in the administration of the programs. These boards and councils include the Sacramento Works, Inc. Board, the Head Start Policy Council (PC), and the Community Action Board (CAB).

C. **Site Location**

SETA is seeking a site in the area bounded by Dudley Blvd./34th Street on the West, Elkhorn Boulevard/Greenback on the North, Auburn Blvd. on the East and Madison Avenue/Roseville Rd. on the South. **NOTE: Sites on both sides of boundary streets are acceptable.**

D. Preferred Date for Occupancy:

The preferred date for occupancy by SETA is no later than November 1, 2020. If the proposed premises will be available at an earlier date, please state that date.

E. Solicitation:

The purpose of this RFP is to solicit proposals to lease fully serviced office and classroom space to SETA in accordance with the requirements contained in this RFP.

It is understood that:

1. Any proposer may be required to furnish a financial statement and/or other information as determined by SETA identifying the financial ability of the proposer to furnish and maintain the required facilities.
2. This solicitation does not seek formal bids, but is a request for proposals. SETA shall not pay for any costs incurred by a responding person or entity. SETA reserves the right to accept or reject any or all proposals in whole or in part received in response to this request and to negotiate with all qualified sources. SETA may cancel this RFP, in whole or in part, at any time and in its sole discretion. SETA reserves the right to accept or reject any proposal or to waive any irregularity in any proposal. In determining and evaluating the best proposal, the rental rate will not necessarily be the controlling factor. Such factors as construction time, suitability of the building for the proposed use, economic impact on neighborhood, financial ability of the proposer, payment of agency relocation expenses, along with any other factors deemed relevant by SETA, will also be considered.

SETA SHALL BE THE SOLE JUDGE IN THE DETERMINATION OF THESE MATTERS.

3. The successful proposer will be required to enter into SETA's standard form lease for the premises (see attached copy) with only the business terms thereof being subject to negotiation. The standard form lease contains a liquidated damages provision for delays in occupancy beyond the agreed upon move in date as follows:

“FAILURE TO HAVE PREMISES READY FOR OCCUPANCY IN THE EVENT LESSOR FAILS, FOR ANY REASON WHATSOEVER, TO HAVE THE PREMISES READY FOR OCCUPANCY FOR LESSEE BY NOVEMBER 1, 2020, LESSEE SHALL NOT BE LIABLE FOR ANY RENT WHATSOEVER UNTIL SUCH TIME AS THE PREMISES ARE READY FOR OCCUPANCY. IN ADDITION, LESSOR SHALL PAY TO LESSEE, AS LIQUIDATED DAMAGES, COMMENCING NOVEMBER 1, 2020, THE SUM OF ONE THOUSAND AND FIVE HUNDRED DOLLARS (\$1,500.00) PER DAY OR ANY DAILY INCREASED SUM LESSEE IS REQUIRED TO PAY AT ITS CURRENT OR ALTERNATE LOCATIONS, WHICHEVER IS GREATER, UNTIL SUCH TIME AS THE PREMISES ARE READY FOR OCCUPANCY. “READY FOR OCCUPANCY” SHALL BE DEFINED AS CONFORMING TO THE PLANS AND SPECIFICATIONS AS IDENTIFIED IN THIS LEASE. SHOULD THE PREMISES

FAIL TO CONFORM TO SAID PLANS AND SPECIFICATIONS FOR FORTY-FIVE (45) DAYS OR MORE BEYOND NOVEMBER 1, 2020, LESSEE MAY, AT ITS OPTION, CANCEL AND TERMINATE THIS LEASE WITHOUT ANY OBLIGATION ON ITS PART WHATSOEVER, AND RECEIVE A COMPLETE REFUND OF ALL SUMS THERETOFORE PAID TO LESSOR UNDER THIS LEASE WITHIN TEN (10) BUSINESS DAYS OF CANCELLATION.”

4. All leases must receive the final approval of the SETA Governing Board before execution by SETA.
5. All proposals should contain a site plan indicating the location of the building. In addition, a floor plan of the building indicating the space being offered is requested.

F. Funding Sources

SETA’s funding is based exclusively on federal and state grants and awards. Proposers should be aware that SETA’s activities, including procurement of leased space and lease terms and conditions, are subject to federal, state, and local requirements such as compliance with the Americans with Disabilities Act (“ADA”), the Uniform Building Code and federal regulations applicable to SETA’s various programs, and any modifications required by its funding sources or the pertinent laws and regulations.

G. Responsiveness

In order to be deemed responsive to this RFP, any proposal submitted must: (1) identify the location, (2) include a site location map and front elevation of proposed buildings(s) or a photograph(s) of the existing structure(s), (3) identify the occupancy date, (4) identify the size of the proposed facility(ies), (5) quote proposed monthly rent, and (6) specifically address all other items identified in the RFP, including, but not limited to, the “specifications” set forth in Section III.

H. RFP Schedule

This RFP is being released on June 5, 2020. Proposals shall be received no later than 12:00 noon., Pacific Time, June 26, 2020 at the SETA office, 925 Del Paso Blvd., Suite 100, Sacramento, California 95815 or received via e-mail at Roy.Kim@seta.net. LATE PROPOSALS WILL NOT BE ACCEPTED. Any proposal submitted must be binding and irrevocable on the part of the proposers through October 31, 2020. The SETA Governing Board is currently scheduled to select a proposal(s) and to authorize lease negotiations at its public meeting on July 2, 2020.

II. IDENTIFIED SPACE

The following represents approximate space needs for the site:

- Large open space area to accommodate up to 34 cubicles (7x7.6), receptionists’ desk, table space, etc. – approx. 3,000 - 5,000 sq. ft.*
- 5 offices – Each office approx. 168 sq. ft.
- 2 supply rooms – Each approx. 200 sq. ft.

- 2 interview rooms – each approx. 80 sq. ft..
- 2 computer labs – one approx. 460 sq. ft., the other approx. 266 sq. ft.
- 1 copy mail room – approx. 140 sq. ft.
- 1 Lan Room – approx. 144 sq. ft.
- 1 Janitorial Closet – approx. 60 sq. ft.
- 1 Business Information Center (BIC) Room – approx. 228 sq. ft.
- 4 large classrooms – 3 each approx. 600 sq. ft. (one approx 1300 sq. ft.)
- 2 breakrooms (1 client, 1 staff) – staff approx. 360 sq. ft., client approx. 200 sq. ft.
- 4 restrooms (2 client, 2 staff)

Minimum exclusive parking spaces of 30 for employees and customers.

*Open space area can be located in separate rooms.

III. SPECIFICATIONS

The specifications set forth below identify the standards and requirements for the premises to be leased by SETA. Each proposal must address each specification. These specifications are not intended to constitute limitations on additional amenities that a proposer may wish to include in a proposal. Proposers are encouraged to address other such amenities, such as assisting in relocation expenses.

MANDATORY

- A. The term of the lease will be for five (5) years. SETA’s preferred date for occupancy and commencement of the term is November 1, 2020. If you propose an earlier or a later date, please state that date. Please describe the options to renew the lease which the landlord is willing to grant SETA.
- B. The lease must include a provision permitting SETA to terminate the lease in the event any of SETA’s funding sources reduce funding to SETA to ninety percent (90%) or less of the funding level of fiscal year 2020.
- C. Proposed rental rates must be based upon usable square feet. A flat rate for rent for each year of the lease is preferred. Such flat rate would exclude any pass through of operating expenses, taxes, insurance, building maintenance, etc.
- D. **All rental rates must be for a fully serviced lease.**
- E. The site must have full-handicapped access in conformance with all federal, state and local laws and regulations. Sites must also conform to all safety regulations and orders of applicable governmental agencies, including, but not limited to, the California Department of Industrial Relations, the U.S. Department of Labor – Occupational Safety and Health Department and the California State Fire Marshall.

The site must include male/female restrooms for client and male/female restrooms for staff with handicapped access.

- F. The lease will preclude advance deposits, including security deposits.
- G. The lease will provide for lease payment to be paid in arrears at the end of each month.
- H. There shall be thirty (30) exclusive individual identified off-street parking spaces for staff and customers. The exclusive parking space cost shall be included in the basic rent.
- I. The site must have the ability to fully secure the leased premises during non-business hours.
- J. Proposals must identify how additional parking needs of staff, the public and trainees can be met within reasonable proximity of each site.
- K. The lease will require the lessor to insure the building and improvements for replacement value and maintain commercial general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate per location, with SETA named as an additional insured on the liability insurance.
- L. It is preferred that the lease includes a provision granting SETA the option to lease additional contiguous space in future years.
- M. The site must be fully carpeted (exceptions are restrooms, supply room, mail room, breakrooms, LAN Room). The carpet must be of a type which will resist static electricity and have a unitary backing to prevent running of carpet fibers.
- N. The site must be equipped with adequate window covers.
- O. The site must have central heating and air conditioning with adequate zone controls.
- P. All sites must include 220 volts wiring with dedicated lines for reproduction and computer equipment.
- Q. Prior to the walk through inspection of the leased premises, the landlord shall thoroughly clean the leased premises using professional cleaners. Items to be cleaned include, but are not limited to, doors, door frames, windows and frames, grills, trim, light fixtures and switch plates, plumbing fixtures and trim, and all finished surfaces. All spots, smears, dust, debris and defacements of every sort, including those of vandals, shall be removed. The landlord shall keep the leased premises clean until occupancy by SETA and commencement of the lease.
- R. The building which contains the leased premises shall be fully fire sprinklered.

IV. OFFEROR'S CONFERENCE

SETA will conduct an Offeror's Conference Call on June 9, 2020 from 10:00

a.m. to 11:00 a.m. at Conference Line: 866-434-5269 and Participant Code: 753362. The Conference will be provided so that proposers may have the opportunity to raise any questions they may have pertaining to the development of their proposals. It is not the intent of SETA to offer personalized technical assistance, but rather to provide examples, clarify information or answer questions relative to the RFP. **Please be advised that questions regarding the preparation of individual responses to this RFP will only be answered at the Offeror's Conference. Proposers are strongly urged to participate.**

APPLICANT BUSINESS NAME			
STREET ADDRESS		CONTACT PERSON:	
CITY:	ZIP	PHONE:	E-MAIL
1. Site Address (including zip):			
Map/pictures of proposed bldg./floor plan attached Yes No			
(Reference 1-E-4 & 1-G)			
2. Term of Lease -		Number of years of option to renew	
(Reference III-A)			
3. Occupancy Date:			
4. Lease includes a provision permitting SETA to terminate if SETA's funding is reduced to 90% of funding level of fiscal year 2020. Acceptable			
Not Acceptable			
5. Square Feet of proposed site:		Rental rate:	
MUST BE FULLY SERVICED LEASE			
6. Building and bathrooms handicapped accessible Yes No			
7. Conforms to all applicable safety regulations Yes No			
8. Are there male and female bathrooms? Yes No			
9. Agency does not do advance deposits or security deposits. Acceptable			
Not Acceptable			
10. Lease payments to be paid in arrears at end of each month. Acceptable			
Not Acceptable			
11. Exclusive parking space included in basic rent. Yes No			
12. Leased space can be fully secured during non-business hours. Yes No			
13. Additional parking for staff, public, trainees. Yes (If yes, proximity to site)			
No			
14. Lessor can provide \$1,000,000 with SETA as additional insured			
(Reference III-K)			
15. Is there additional contiguous space available for SETA to have an option to lease? Yes No If yes, state available square feet.			
16. Is the site fully carpeted? (Reference III-M) Yes No			
Carpet to meet SETA's requirements and SETA to state color, etc.			
Yes No			
17. Window coverings will be provided by landlord. Yes No			
18. Does site have central heat and air conditioning with adequate zone controls? Yes No			
(Occupancy will be 15 – 100 people)			
19. Breakroom/lounge has kitchen facilities (sink, garbage disposal, hot water? Y N			
20. Site has 220 V wiring. Yes No			

21. Does site have any of features listed in II-A.

5 offices, 2 supply rooms, 2 interview rooms, 2 computer labs, 1 copy/mail room
1 Lan Room, 1 Janitorial closet, 1 BIC Room, 4 large classrooms, 2 breakrooms
(1 client, 1 staff), 1 resource room for 20-100 people, 4 large classrooms,
Career Center Resource Room for 20-100 people, 4 restrooms (2 client, 2 staff)

Minimum exclusive parking spaces for 30.

OFFICE LEASE

THIS LEASE is dated _____, for reference purposes only, and is made by and between _____, hereinafter called the “**Lessor**” and the **Sacramento Employment and Training Agency**, a Joint Powers Agency, hereinafter called “**Lessee**” or “**SETA.**” Lessor and Lessee are sometimes collectively referred to hereinafter as the “**Parties**” and individually as a “**Party.**”

RECITALS

WHEREAS, Lessee is desirous of leasing the herein described Premises and Lessor is desirous of leasing to Lessee said Premises; and

WHEREAS, Lessor and Lessee have agreed upon the terms of a gross lease for said Premises;

NOW THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

AGREEMENTS

1. THE PREMISES.

That in consideration of the rents and performance of the covenants herein agreed to be paid and performed by the respective parties hereto, Lessor does hereby lease to Lessee the following described Premises and Lessee does hereby hire of and from Lessor the hereinafter described Premises situated in the City of _____, California, particularly described as follows: approximately _____ square feet in the Building located at _____, California, together with the exclusive right to use _____ identified parking spaces in the parking lot of the Building in which the Premises are located. The Premises are further described on the plan attached hereto as Exhibit “A” and incorporated herein by reference.

2. TERM AND RENT.

A. Term. The term of this Lease shall be _____ (___) years (the “**Term**”), commencing and ending on the dates set forth in the Memorandum of Commencement Date submitted by Lessee as provided below. Notwithstanding anything to the contrary in this Lease, Lessee shall not be required, and shall have no obligation, to accept possession of the Premises for purposes of commencement of the Term any earlier than _____.

B. Memorandum of Commencement Date. Within ten (10) days after Lessor’s delivery of possession of the Premises to Lessee with all tenant improvements “**Substantially Complete**” (as defined in Section 8 below), the Lessor and Lessee shall execute the Memorandum of Commencement Date attached hereto as Exhibit “B” to confirm the commencement date of the Term of this Lease (the “**Commencement Date**”), as well as the exact square footage being leased to Lessee. In the event the Commencement Date of the Term falls on a day other than the first day of a calendar month, the first rent payment and last rent payment shall be prorated accordingly.

The exact rentable square footage of the office space being leased to Lessee shall be calculated and determined by Lessor and reviewed and approved by Lessee's architect using the Building Owners and Managers International "Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996" as approved June 7, 1996, by the American National Standards Institute, Inc.

C. Monthly Rent. During the Term of the Lease, Lessee shall pay monthly rent as follows:

Months 01 - __ \$ _____ per square foot / \$ _____ per month
Months __ - __ \$ _____ per square foot / \$ _____ per month
Months __ - __ \$ _____ per square foot / \$ _____ per month
Months __ - __ \$ _____ per square foot / \$ _____ per month
Months __ - __ \$ _____ per square foot / \$ _____ per month

D. Payment of Rent. Rent shall be payable at the end of each calendar month during the Term of this Lease and any renewals thereof. Lessor shall provide Lessee with monthly invoices for the rent. Lessor authorizes Lessee to make all rental payments to Lessor's address for notices under this Lease.

3. OPTION TO RENEW.

Lessee shall hold an option to renew this Lease for up to _____ (____) successive additional periods of _____ years each upon the same terms and conditions as contained herein, except that the monthly rental payments shall be subject to negotiation and agreement between the parties. Lessee shall exercise each option to renew by giving written notice to Lessor not later than one hundred twenty (120) days prior to the expiration of the then current term, which notice shall specify the length of the term for which Lessee desires to renew the Lease. Monthly rent shall be negotiated and agreed upon no later than sixty (60) days before the expiration of the then current term of this Lease. Should the monthly rent not be agreed upon by the parties within sixty (60) days before the expiration of the then current term of this Lease, then the option to renew shall expire. Should the option to renew expire, Lessee shall be entitled to hold over for a minimum period of ninety (90) days upon the same terms and conditions as in this Lease, except the option to renew.

4. OPTION TO LEASE ADDITIONAL SPACE.

During the Term of this Lease and any renewals thereof, Lessee shall have the option to lease that area shown as the "Additional Space" on Exhibit "A" attached hereto and incorporated by reference, by adding the Additional Space to this Lease at the same rental per square foot as Lessee is then currently paying for the Premises. Lessee shall give Lessor thirty (30) days' written notice of Lessee's election to exercise this option to add the Additional Space to this Lease. Within ninety (90) days after Lessor's receipt of such notice, Lessor shall deliver possession of the Additional Space to Lessee ready for occupancy and complete with tenant improvements of the same kind and quality as have been previously provided in the original Premises (as generally described in Exhibits "C-1" through "C-3" attached hereto and incorporated herein by reference) and as described according to the plans and specifications for the Additional Space to be approved in writing by Lessee. The process for determining the completion of construction of the improvements to the Additional Space for purposes of establishing the rent commencement date for the Additional Space shall be performed using the same standards and procedures as set forth in Sections 6 through 11 of this Lease. Within ten (10) days after delivery of the Additional Space to Lessee ready for occupancy with all of the Lessor's Work completed, the Lessor and Lessee shall execute a revised

Memorandum of Commencement Date to confirm the new total square footage being occupied by Lessee under this Lease and the then applicable rent. Lessor shall furnish onsite parking for the Additional Space at the ratio of _____(____) parking spaces per thousand square feet of space in the parking lot which serves the Building that contains the Premises.

5. USE OF PREMISES.

The Premises shall be used for administration, office purposes, and for related purposes, and for no other purposes without Lessor's prior written consent. Lessee shall comply with all applicable federal, state and local laws and regulations in connection with its use and occupancy of the Premises.

6. PLANS AND SPECIFICATIONS.

A. Lessor's Construction of Tenant Improvements. Lessor shall fully construct the tenant improvements prior to the commencement of the Term of this Lease and prepare the Premises substantially in accordance with the Construction Drawings as defined in this Section 6 (the "**Tenant Improvements**"). All construction shall be performed by licensed contractors and shall conform with all applicable building codes and regulations, including without limitation Title 24 of the California Code of Regulations and the Americans with Disabilities Act.

B. Space Plan. Lessor, at its expense, has caused to be prepared, and Lessor and Lessee have agreed upon and approved the space plan for the Tenant Improvements which is attached hereto as Exhibit "C-1" and incorporated herein by reference, as well as the Plans and Specifications for Tenant Improvements which is attached hereto as Exhibit "C-2" and incorporated herein by reference (collectively the "**Space Plan**"). Lessee's approval of the Space Plan shall not be deemed approval by Lessee of the Construction Drawings (as defined below).

C. Construction Drawings. Within _____(____) days after the date that both Parties have executed this Lease, Lessor shall cause construction working drawings (the "**Construction Drawings**") to be prepared at Lessor's sole expense and delivered to Lessee. Lessee shall have thirty (30) days after receipt of the Construction Drawings to approve or disapprove them. The Construction drawings shall be based upon the Space Plan approved by the Parties and shall be deemed to be a part of this Lease upon their approval by Lessee, and shall be attached to this Lease as Exhibit "C-3" and incorporated herein by reference. Included as part of the construction requirements under the Construction Drawings, Lessor shall perform all necessary site work, and shall construct all necessary Tenant Improvements related to the Premises including, but not limited to: curbs, gutters and sidewalks; traffic signals and street improvements; driveways; walks, steps, and ramps; planters; exterior lighting; landscaping and irrigation systems; drainage facilities; connections with utilities; underground laterals for electricity, natural gas, telephone, electronic data transmission, sewer and water; and any and all other facilities called for by the Construction Drawings or required by the appropriate governmental and public utility entities.

D. Arbitration. In the event the Parties are unable to agree on whether the Construction Drawings substantially comply with the Space Plan, the dispute shall be resolved by binding arbitration before a California registered architect or licensed engineer (the "**Arbitrator**") in accordance with the following provisions:

(i) The arbitration shall be initiated by written notice (the "**Arbitration Notice**") of a demand to arbitrate sent by registered or certified mail, with return receipt requested, given by one Party to the other Party.

(ii) Within ten (10) days after the Arbitration Notice is given by a Party, the architect or engineer designated by each Party shall meet and confer in an attempt to resolve the issue in dispute. In the event the two (2) architects or engineers cannot agree, they shall appoint a third architect or engineer as the Arbitrator to resolve the issue in dispute. If the two architects or engineers are unable to agree on the appointment of the third architect or engineer, either Party to this Lease may petition the Presiding Judge of the Sacramento County Superior Court for the appointment of a third architect or engineer to act as the Arbitrator. The determination of the third architect or engineer acting as the Arbitrator shall be binding on each of the Parties. Each Party shall pay the fees and charges of its own architect or engineer, and the fees and charges of the third architect or engineer acting as the Arbitrator shall be paid by both Parties in equal shares. The Arbitrator shall render his or her decision within ten (10) days after meeting and conferring with the architect or engineer appointed by each Party, but in no event later than thirty (30) days after the Arbitrator's appointment. The Arbitrator's decision shall be confined to the issue of whether the Construction Drawings substantially comply with the Space Plan previously approved by the Parties, and shall specify what modifications or changes, if any, should be made to achieve substantial compliance.

(iii) Any person selected as the Arbitrator shall be a California registered architect or licensed civil or structural engineer, and shall have had at least ten (10) years' experience in construction of office buildings in the Sacramento Metropolitan area.

E. Governmental Approvals. Lessor shall be responsible for obtaining approval of the Construction Drawings from all necessary government agencies and shall pay all development and building permit fees, utility relocation charges, utility hook-up fees and charges, and the like required for the site work and for construction of the Tenant Improvements at the Premises according to the Construction Drawings. The Parties agree that they shall be bound by any change in the Construction Drawings ordered as a condition of government approval except in the following instances:

(i) If a condition of a governmental approval causes a change that will result in the Premises with completed Tenant Improvements not being ready for Lessee's occupancy one hundred eighty (180) days or more after the Completion Date required under Section 7 of this Lease, then Lessee shall have the right to terminate this Lease; or

(ii) If a condition of a governmental approval causes a change that will result in a reduction in the total square footage of the office space in the Premises, or a change in the number of parking spaces to be provided, which change is equal to or greater than ten percent (10%) of the office space square footage or in the number of parking spaces set forth in the Construction Drawings, then Lessee shall have the right to terminate this Lease.

F. Final Approval Date. Termination of this Lease by Lessee for a required governmental change set forth above shall be by written notice to Lessor and be given not later than thirty (30) days after notice of the required governmental change is given to Lessee either by the governmental authority or the Lessor, whichever is earlier. If this Lease is not terminated in accordance with this Section 6, the Parties agree to confirm and memorialize in writing the date on which the last required governmental approval is obtained for the construction of the Tenant Improvements (the "**Final Approval Date**"). If Lessor is unable to obtain all required governmental

approvals needed to commence construction of the Tenant Improvements within one hundred eighty (180) days of the date the Construction Drawings are approved by both Lessor and Lessee (the “**Approval Period**”), then Lessee shall have the right to terminate this Lease by written notice to Lessor given within thirty (30) days of expiration of the Approval Period.

7. COMMENCEMENT AND COMPLETION OF CONSTRUCTION.

Lessor shall cause construction of the Tenant Improvements at the Premises to be commenced by a general contractor licensed to do business in California (the “**Contractor**”) within thirty (30) days of the Final Approval Date set forth in Section 6 above. The Contractor shall be required by its contract with Lessor to construct the Tenant Improvements in accordance with the Construction Drawings and to complete construction not later than _____ weeks later (the “**Completion Date**”), subject only to delays permitted by Section 9. Prior to the Completion Date, Lessee shall have the right to keep, at its own expense, a representative on the Premises at such times as it may deem necessary to verify that all work is being done in accordance with the Construction Drawings. Said representative shall not interfere with the progress of the work, and Lessor shall designate an authorized person on the job site with whom Lessee’s representative shall exclusively deal.

8. SUBSTANTIAL COMPLETION OF CONSTRUCTION DEFINED.

The Tenant Improvements shall be deemed “**Substantially Complete**” and ready for occupancy by Lessee when the later of the following has occurred: (i) Lessee’s architect certifies that the Tenant Improvements are substantially complete in conformance with the Construction Drawings (as amended by any Change Orders, minor punch list items excluded); and (ii) A Certificate of Occupancy for the Premises (including only shell and Tenant Improvements to be constructed by Lessor, and not including any modular furniture or other improvements installed by Lessee) has been issued by the Building Inspection Department of the City of _____, California, and Lessor has given Lessee written notice of same together with a copy of the Certificate of Occupancy.

9. PERMITTED DELAYS.

The construction period provided for in Section 7 above shall be extended by a number of days equal to the number of days during which construction is delayed by any of the following (a “**Permitted Delay**”):

A. Force Majeure. Material shortages, strikes, lockouts, boycotts, governmental actions, war, riot, insurrection, rebellion, acts of God, fire, flood, or earthquake.

B. Changes in Construction Drawings Requested by Lessee. Any change in the Construction Drawings requested by Lessee after the Final Approval Date which will substantially increase the time needed to construct the Tenant Improvements.

C. Delay by Lessee. Any delay caused by the Lessee.

D. Delay in Governmental Approvals. Any delay with respect to obtaining governmental approvals not within Lessor’s control. Notwithstanding anything to the contrary contained in this Section 9 of the Lease, Lessee shall at all times retain its right to terminate this Lease as allowed by Section 6.E.(i) for a change required by a governmental approval which delays the Completion Date for one hundred eighty (180) days or more.

Within five (5) days of the occurrence of a condition that would give rise to a Permitted Delay, Lessor shall give Lessee written notice of the commencement of any Permitted Delay and the Lessor’s reasonable

estimate of the time necessary to resolve the condition giving rise to such Permitted Delay. In the event a Permitted Delay arising under subparagraph A. above is estimated to last longer than one hundred eighty (180) days, Lessee shall have the right to terminate this Lease.

10. CHANGE ORDERS.

Lessor shall not be required to provide or pay for any construction in addition to that set forth in the approved Construction Drawings after the Final Approval Date, without Lessor's prior consent. Lessee shall not substantially delay or impede the construction by making changes or alterations in the Construction Drawings after the Final Approval Date. Any changes requested by Lessee in the Construction Drawings must be approved by Lessor, such approval not to be unreasonably withheld or delayed. If Lessee directs or requests that work not shown on the approved Construction Drawings be done by Lessor, or that any work shown be deleted from the Construction Drawings, the cost of such additional work or the savings that will result from deleting the work and the time for completion of the Tenant Improvements shall be set forth in a change order executed by both parties (a "Change Order"). Change Orders requested by Lessee shall only be valid and binding if executed by Lessee's Executive Director. The parties shall thereafter amend this Lease to reflect any increases or decreases in the Monthly Rent due to a Change Order resulting in increased or decreased costs of construction.

11. INSPECTION AND PUNCH LIST.

When construction of the Tenant Improvements is Substantially Complete, Lessor shall notify Lessee in writing. Within fifteen (15) days after the date of Lessor's written notice, Lessee and its architect shall inspect the Tenant Improvements and Lessee's architect shall prepare a "punch list" of any items Lessee and its architect consider either defective or not completed. Within thirty (30) days after Lessee delivers the punch list to Lessor, Lessor shall cause all corrective work identified in the punch list to be completed. Lessor shall notify Lessee when Lessor has completed the punch list work. Lessee and its architect shall inspect the completed work within ten (10) business days after such notice and Lessee's architect shall determine if the punch list items are complete. If, Lessee's architect gives Lessee and Lessor a notice that additional punch list work is required within such ten (10) business day period, Lessor shall promptly complete such additional punch list work.

12. LESSOR'S WARRANTIES.

Lessor makes the following warranties with respect to construction of the Tenant Improvements at the Premises:

A. Compliance with Construction Drawings. The construction shall substantially comply with the approved Construction Drawings subject to: (i) insubstantial deviations that do not interfere with and are not material to Lessee's use of the Premises; (ii) changes requested by Lessee; and (iii) changes required by government authorities and accepted by Lessee.

B. Liens. As between Lessor and Lessee, Lessor shall be responsible for compliance with the Mechanic's Lien Law of California with regard to the construction of the Tenant Improvements. If any claims are filed against the real property where the Premises are situated in connection with the construction of the Tenant Improvements, Lessor shall promptly pay such claims, except for any claims that the Lessor is contesting in good faith, and as to the later claims, Lessor shall promptly pay any resulting judgments on such claims. In any event,

Lessor shall indemnify, defend and hold harmless Lessee for any expenses and damages suffered by Lessee as a result of a mechanic's lien arising in connection with the construction of the Tenant Improvements. Lessee shall promptly pay any mechanic's lien claims arising from any alterations and improvements to the Premises made at Lessee's sole direction and cost.

C. Hazardous Materials Encountered During Construction. During performance of the site work and construction of the Tenant Improvements, Lessor shall comply with all applicable laws concerning the handling, release or discharge of Hazardous Materials (as hereinafter defined in Section 33 of this Lease). Lessor shall indemnify, defend and hold Lessee harmless from any and all claims, costs and liabilities, including reasonable attorneys' fees incurred in the defense thereof, which may arise from Hazardous Materials on the Premises that are Released (as hereinafter defined in Section 33 of this Lease) during Lessor's performance of the site work and construction of the Tenant Improvements.

D. Americans with Disabilities Act. Lessor represents and warrants to Lessee that on the Completion Date, the Premises and all Tenant Improvements installed and constructed thereon by or at the direction of Lessor shall comply with the equal access requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq., as amended, (the "ADA") and all applicable building codes in effect on said date. Lessor agrees to make any additional modifications or alterations to the Tenant Improvements or the Premises necessary to cause the Premises and Tenant Improvements to comply with all applicable building codes, ordinances, rules and regulations, including without limitation the ADA, at Lessor's sole cost and expense.

E. Indemnification for Breach. Lessor further warrants and represents that it will indemnify, protect, defend, and hold harmless Lessee and Lessee's officers, board members, agents and employees from and against any and all claims, suits, demands, liabilities, damages and expenses, including attorneys' fees and costs, arising from or in connection with any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of the foregoing Section 12.

13. FAILURE TO HAVE PREMISES READY FOR OCCUPANCY.

IN THE EVENT LESSOR FAILS, FOR ANY REASON OTHER THAN A "PERMITTED DELAY" AS DEFINED IN SECTION 9 OF THIS LEASE, TO HAVE THE PREMISES SUBSTANTIALLY COMPLETE BY THE COMPLETION DATE, THEN LESSEE SHALL NOT BE LIABLE FOR ANY RENT WHATSOEVER UNTIL SUCH TIME AS THE PREMISES ARE SUBSTANTIALLY COMPLETE. IN ADDITION, LESSOR SHALL PAY TO LESSEE, AS LIQUIDATED DAMAGES, COMMENCING ON THE DAY FOLLOWING THE COMPLETION DATE, THE SUM OF FIFTEEN HUNDRED DOLLARS (\$1500.00) PER DAY OR ANY DAILY INCREASED SUM LESSEE IS REQUIRED TO PAY AT ITS CURRENT OR ALTERNATE LOCATIONS, WHICHEVER IS GREATER, UNTIL SUCH TIME AS THE PREMISES ARE SUBSTANTIALLY COMPLETE. "SUBSTANTIALLY COMPLETE" SHALL BE DEFINED AS CONFORMING TO THE CONSTRUCTION DRAWINGS AS IDENTIFIED IN SECTION 6 ABOVE. SHOULD THE PREMISES FAIL TO CONFORM TO SAID CONSTRUCTION DRAWINGS FOR FORTY-FIVE (45) DAYS OR MORE BEYOND THE COMPLETION DATE, LESSEE MAY, AT ITS OPTION, CANCEL AND TERMINATE THIS LEASE WITHOUT ANY OBLIGATION ON ITS PART

WHATSOEVER, AND RECEIVE A COMPLETE REFUND OF ANY AND ALL SUMS THERETOFORE PAID TO LESSOR UNDER THIS LEASE WITHIN TEN (10) BUSINESS DAYS OF CANCELLATION.

BY SIGNING BELOW, THE PARTIES SPECIFICALLY APPROVE THIS LIQUIDATED DAMAGES PROVISION.

LESSOR: _____

LESSEE: _____

14. NONCONFORMING TENANT IMPROVEMENTS FOLLOWING OCCUPANCY.

Lessee shall, no later than ninety (90) days after occupancy of the Premises or commencement of the Term, whichever is later, notify Lessor in writing of any construction or Tenant Improvements which do not conform with the Construction Drawings, as amended by any Change Orders, which nonconformity or need for repair is discovered by Lessee after Lessee's architect has delivered the initial punch list. Lessor shall repair or replace such non-conforming construction or improvements within thirty (30) days of such notice.

15. MAINTENANCE BY LESSOR.

A. Lessor's Duties. Lessor shall, at its own expense during the Term of this Lease and all renewals thereof, provide and maintain in good repair and tenable condition, the complete interior and exterior of the Premises and the Building that contains them, together with all appurtenances, rights, privileges and easements belonging, or appertaining thereto, including but not limited to the following:

1) Roof, exterior walls, interior walls, ceilings, glazing, sky lights, doors, locks, flooring, common areas, landscaping, parking lot, and other facilities of the Premises and Building which contains them. Said facilities shall include without limitation all plumbing, sinks, faucets, toilets, pipes, hot water heaters, electrical systems, air conditioning, ventilating and heating systems.

2) Maintenance of equipment shall include, but is not limited to, furnishing and replacing electrical light fixtures, electrical outlets and switches, light bulbs, florescent tubes, ballasts, and air conditioning, ventilating and heating equipment filters.

B. Failure to Repair. In case Lessor shall, after notice in writing from Lessee requiring the Lessor to comply with the above requirements in regard to a specified condition, fail, refuse, or neglect to comply within ten (10) days of such notice, or in the event of an emergency constituting a hazard, Lessee may, in addition to any other remedy Lessee may have, make such repair at its own cost and deduct the amount thereof from the monthly rents that may then be or thereafter become due under this Lease.

C. Emergencies. Lessor shall designate maintenance repairmen for electrical emergencies, for plumbing emergencies, for heating, ventilating and air conditioning system emergencies and for other emergencies who can be called by Lessee in the event of an emergency situation when Lessor or its agent cannot be contacted within a reasonable time.

D. Service Contracts. Lessor shall employ a licensed heating and air conditioning contractor pursuant to a service contract to service the heating and air conditioning system serving the Premises and to maintain the system in reasonable condition and repair (including reasonably scheduled filter changes) during the Term of this Lease and all renewals thereof. A copy of the service contract shall be submitted to Lessee prior to occupancy of the Premises.

E. Pest Control. Lessor shall provide initial and regular pest and vermin control service to the Premises including, but not limited to, cockroaches, ants and rodents. During the Term of the Lease and all renewals thereof, Lessor shall be responsible for all pest control service related to wood destroying pests and organisms including, but not limited to, termites, dry rot and powder post beetles.

16. GARBAGE REMOVAL.

Lessor shall, at its own cost and expense, furnish garbage and trash removal services for the Premises.

17. JANITORIAL SERVICES.

Lessor shall furnish to Lessee, during the Term and any renewals thereof, at Lessor's sole cost and expense, the janitorial services of the type and frequency described in Exhibit "D" attached hereto and incorporated herein by reference.

18. GRAFFITI REMOVAL.

Lessor shall promptly remove all graffiti from the exterior walls and windows of the Premises and the Building that contains them. If Lessor fails to remove any such graffiti from any exterior wall or window of the Premises or the Building that contains them within forty-eight (48) hours of written notice being given thereof to Lessor by Lessee, then Lessee may undertake such graffiti removal itself and deduct the actual costs thereof from the Rent. For the purposes of the self-help remedy herein granted, the Lessor hereby grants Lessee all rights necessary to exercise such remedy.

19. MAINTENANCE BY LESSEE.

Except as otherwise specifically identified in this Lease as an obligation of the Lessor, Lessee agrees to keep the Premises in good condition and repair, damage thereto from causes beyond the reasonable control of Lessee and ordinary wear and tear excepted.

20. UTILITIES.

Lessor shall pay, when due, all gas and electricity charges incurred for power, lighting, heating, ventilating and cooling the Premises during the Term of this Lease and any renewals thereof. Lessor shall pay all garbage, sewer and water charges or rates when due. Lessee shall pay when due all charges for telephone and electronic data/internet services provided to the Premises. If any interruption in the provision of utility services to the Premises is caused by Lessor in excess of twenty-four (24) hours, the Rent shall be abated for each day of interruption.

[If Lessee pays for electricity and gas] Lessee shall pay, when due, all electricity and gas charges incurred for power, lighting, heating, ventilating and cooling the Premises during the Term of this Lease and any renewals thereof. Lessor shall pay all water and sewer charges or rates when due. Lessee shall pay when due all charges for telephone and electronic data/internet services provided to the Premises. If any interruption in the provision of any

utility services to the Premises is caused by Lessor in excess of twenty-four (24) hours, the Rent shall be abated for each day of interruption.

21. PARKING.

Lessor shall provide Lessee with fifteen (15) exclusive individual parking spaces in the parking lot of the Building which contains the Premises. In addition, Lessee and its employees and invitees shall have the non-exclusive right to use parking spaces in the remainder of the parking lot of the Building which contains the Premises. Lessor also shall provide all disabled/handicapped parking spaces as required by law for the Premises. Lessor shall provide regular periodic sweeping and cleaning services to the parking areas at Lessor's sole cost and expense.

22. ALTERATIONS BY LESSEE.

Lessee shall not make or suffer to be made any alterations, additions or improvements to the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Any alterations, additions, or improvements to or of said Premises, including but not limited to, wall coverings, paneling, and built-in cabinet work, but excluding moveable furniture, cubical partitions, and trade fixtures, shall on expiration of the Term, or any renewal thereof, become part of the realty and belong to Lessor and shall be surrendered with the Premises. Should any such alterations identified above be made, Lessee shall provide Lessor with sufficient prior notice so as to allow Lessor to file a Notice of Non-responsibility. Lessor hereby acknowledges that SETA is a government agency which is subject to federal, and in some instances State of California, procurement regulations and that SETA must at all times retain complete discretion in selecting contractors and other entities which will perform any tenant alterations undertaken by SETA. Consequently, Lessor shall not condition its consent to any proposed tenant alterations, additions or improvements upon SETA's use of any particular contractor or entity for the performance of tenant alterations, additions or improvements.

23. TRADE FIXTURES.

All trade fixtures, cubical partitions and equipment made or installed by Lessee in the Premises shall remain the property of Lessee, and may be removed by Lessee upon the expiration of the Lease at the option of Lessee. Lessee shall repair any damage resulting from removal of any trade fixtures, cubical partitions and equipment installed by Lessee.

24. INSURANCE.

A. Lessor's Property Insurance. Lessor shall procure and maintain at all times, at its cost, a policy or policies of property insurance which is at least as broad as the ISO Special Form Causes of Loss (CP 1030) policy, formerly known as "all-risks", as well as insurance covering boiler and machinery and compliance with ordinances or laws if appropriate, for the 100% insurable replacement cost of the Building and improvements which contain the Premises. Lessor shall also maintain business income insurance in an amount sufficient to insure at least 12 months loss of rents for the same perils insured on the Building and improvements. Such insurance policy shall include a waiver of subrogation in favor of Lessee, its employees, board members, officers, agents and business invitees. Lessor may not insure with a deductible or self-insured retention exceeding Ten Thousand Dollars (\$10,000) without the prior written consent of Lessee.

B. Lessee's Property Insurance. Lessee shall procure and maintain at all times property insurance which is at least as broad as the ISO Special Form Causes of Loss (CP 1030) policy, formerly known as "all-risks," which insurance covers Lessee's personal property including furniture, fixtures and inventory located at the Premises. Such insurance policy shall include a waiver of subrogation in favor of Lessor.

C. Lessor's Liability Insurance. Lessor shall procure and maintain at all times, at its cost, a policy or policies of commercial general liability insurance written on an "occurrence" policy form which is at least as broad as the most current ISO Commercial General Liability (CG 0001) policy, insuring liability arising from premises, operations, independent contractors, personal injury and advertising injury, products-completed operations and liability assumed under an insured contract. Coverage shall include a severability of interest provision and shall provide limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate per location. Lessor may not insure with deductibles or self-insurance retention exceeding Ten Thousand Dollars (\$10,000) without the prior written consent of Lessee. Lessee, and in their capacity as such, Lessee's officers, board members, agents and employees shall be named additional insureds by way of endorsement in the policy or policies of insurance by which Lessor complies with the above insurance requirements, and Lessor shall obligate its insurer to notify Lessee in writing at least thirty (30) days in advance of any cancellation or failure to renew the above insurance during the Term of this Lease and any renewals thereof. Such liability insurance shall be written as a primary policy, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds. Lessor further agrees to furnish Lessee with copies of the policies evidencing the above insurance coverage upon Lessee's request.

D. Lessee's Liability Insurance. Lessee shall procure and maintain at all times, at its cost, commercial general liability insurance written on an "occurrence" policy form which is at least as broad as the most current ISO Commercial General Liability (CG 0001) policy, insuring liability arising from premises, operations, independent contractors, personal injury and advertising injury, products-completed operations and liability assumed under an insured contract. Coverage shall include a severability of interests provision and shall provide limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate. Lessee's general liability policies shall be endorsed to name Lessor, Lessor's agents and any lender of Lessor as an additional insured. Such liability insurance shall be written as a primary policy, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds. Lessee's liability insurance may be provided by a combination of primary, excess and umbrella policies, but all excess and umbrella policies must be at least as broad as the scope of the primary commercial general liability policy.

E. Failure to Insure. If a Party fails to maintain any insurance which that Party is required to maintain pursuant to this Lease, such Party shall be liable to the other Party for any loss or costs resulting from such failure to maintain the required insurance.

25. INDEMNIFICATION.

A. By Lessee. Lessee shall indemnify, defend, protect and hold harmless Lessor, and its officers, directors, employees and agents, from and against any and all third party claims of liability, loss, damage, expense, penalties and costs (including attorneys' fees and litigation costs) arising out of or in connection

with the occupancy, use or control of the Premises by Lessee and its officers, board members, employees, agents, volunteers, guests and invitees.

B. By Lessor. To the fullest extent permitted by law, Lessor shall indemnify, defend, protect and hold completely harmless Lessee and its officers, board members, employees, agents and volunteers (for purposes of this paragraph, the “**Indemnitees**”), from and against any and all liability, loss, damage, expense, penalties and costs (including attorneys’ fees and litigation costs) in any way arising out of or in connection with Lessor’s ownership, occupancy, use, maintenance or control of the real property and Building that contains the Premises. Lessor shall defend the Indemnitees through legal counsel reasonably approved by such Indemnitees in any action, proceeding or arbitration brought against the Indemnitees, or any one of them, by reason of any such claim described above.

26. ASSIGNMENT.

Lessee shall have the right and option to assign this Lease or any part thereof, or sublet the whole or any part of said Premises, with the consent of Lessor which shall not be unreasonably denied, conditioned or delayed. Notwithstanding the foregoing, in the event the joint powers agreement forming SETA is terminated or SETA’s functions taken over by the City of Sacramento, County of Sacramento, or a successor agency, this Lease may be assigned to such successor without the necessity of obtaining Lessor’s consent.

27. HOLDING OVER.

Lessee shall have the option to hold possession of the Premises after the expiration of the term of this Lease and/or any renewals thereof for a period of ninety (90) days or less, in Lessee’s sole discretion, and thereafter on a month-to-month tenancy. Any hold over period shall be upon the same terms and conditions and at the same monthly rental as described in this Lease. Such month-to-month tenancy may be terminated by either Party by giving a written notice of the intention to terminate said tenancy at least one month prior to the date of the termination of said monthly tenancy.

28. QUIET ENJOYMENT.

Lessor hereby covenants and agrees that upon Lessee paying the monthly rent in the manner aforesaid, and performing the other covenants, terms and conditions of this Lease on the part of Lessee to be kept and performed, Lessee shall have the right at all times, under the terms of this Lease, to quietly and peaceably hold possession, use, occupy and enjoy said Premises for the entire Term and any renewals thereof.

29. SUCCESSORS.

The terms and conditions of this Lease shall extend to, be binding upon, and inure to the benefit of the successors and assigns of the Parties hereto.

30. NOTICES.

All notices required hereunder shall be written and shall be deemed properly served when given by personal service; mailed by certified United States mail, return receipt requested, with postage fully prepaid; delivered by nationally recognized overnight business courier service such as Federal Express; or sent by facsimile transmission to the facsimile telephone number set forth below for each Party. Notices shall be deemed to have been received on the date of personal service; on the date set forth on the return receipt; on the date of delivery by

the nationally recognized overnight business courier service; or on the date of facsimile transmission as evidenced by an acknowledgement of transmission sent by the receiving party to the sending party. Any notice sent by facsimile transmission shall also be mailed on the same day by first class United States mail, postage fully prepaid, to the party to whom notice has been directed by facsimile. No party shall refuse delivery or evade service of any notice. Notices shall be addressed as follows:

To Lessor at: _____
Attention: _____

To Lessee at: Sacramento Employment and Training Agency
Attention: Executive Director
925 Del Paso Boulevard, Suite 100
Sacramento, California 95815

With a copy to: Law Offices of Gregory D. Thatch
1730 I Street, Suite 220
Sacramento, California 95811

31. LESSOR'S TITLE.

Lessor covenants that Lessor is well seized of and has good right and title to lease the Premises, will warrant and defend its title thereto, and will indemnify Lessee against any damage and expense, including attorneys' fees, which Lessee may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description of the Premises. If Lessor's title to or the description of the Premises is in any manner disputed, or there is a change of ownership of Lessor's estate by act of third parties or by operation of law, Lessee may withhold the monthly rent thereafter accruing until Lessee is furnished proof satisfactory to it as to the party entitled thereto.

32. LESSOR'S WARRANTIES.

A. Lessor's Warranties Regarding Hazardous Materials. Lessor warrants to the best of Lessor's knowledge and records that the Premises are not in violation of any federal, state or local law, ordinance or regulation relating to environmental conditions or hazardous materials on, under or about the Premises. Lessor shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations (collectively the "**Hazardous Materials Laws**") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal, release or transportation of any Hazardous Materials as defined below. Lessor further warrants to the best of Lessor's knowledge and records that no Hazardous Materials have been installed, used, generated, manufactured, stored, released or disposed of on, under or about the Premises and Building that contains them, or transported to and from the Premises or Building that contains them by Lessor, or any third person during the time period Lessor owned and/or managed the Premises or during any earlier period,

except as have been disclosed previously in writing by Lessor to Lessee prior to Lessee's execution of this Lease in accordance with Health and Safety Code Section 25915.5. If at any time during the Term of this Lease or any renewal thereof, Lessor learns of any Hazardous Materials problem on or near the Premises, Lessor shall notify Lessee in writing within five (5) days thereof. Lessor further covenants and agrees to remediate any Hazardous Materials, to the extent required by the applicable regulatory authority, which are subsequently discovered at, on, under, or in the Premises and Building that contains them, following the commencement of this Lease. In the event subsequently discovered Hazardous Materials render the Premises untenable by Lessee, monthly rent shall be abated until the Hazardous Materials have been remediated in compliance with applicable Hazardous Materials Laws.

B. Hazardous Materials Handling. Lessor shall cause any and all Hazardous Materials removed from the Premises by or at the direction of Lessor to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such Hazardous Materials. Lessor further agrees to take immediate corrective action with respect to any Hazardous Materials problem including, but not limited to, asbestos and lead-based paint, that may affect Lessee and Lessee's use of the Premises. Following execution of this Lease, Lessor shall not take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises, without first notifying Lessee of Lessor's intention to do so and affording Lessee ample opportunity to appear, intervene or otherwise appropriately assert and protect Lessee's interest with respect thereto.

C. Notice. Lessor further agrees to notify Lessee in writing prior to Lessee's execution of this Lease of the existence and location of asbestos-containing materials within the Premises in accordance with Health and Safety Code Section 25915.5 and to perform all required abatement thereof. Lessor shall immediately notify Lessee in writing of: (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Lessor or the Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises and Building that contains them, including any complaints, notices, warnings or asserted violations in connection therewith. Lessor shall also supply to Lessee as promptly as possible, and in any event within five (5) business days after Lessor first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises and Building that contains them.

D. Indemnification. Lessor shall indemnify, defend and hold Lessee and Lessee's officers, board members, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, fines, forfeitures, losses or expenses (including attorneys' fees) for death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (1) the presence in, on, under or about the Premises or the discharge from the Premises of any Hazardous Materials as a result of the acts or omissions of Lessor or Lessor's use, analysis, storage, transportation,

disposal, Release, threatened Release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises, or (2) Lessor's failure to comply with any Hazardous Materials Law. Lessor's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. For the purposes of the release and indemnity provisions hereof, any acts or omissions of Lessor, or by employees, agents, assignees, contractors or subcontractors of Lessor or others acting for or on behalf of Lessor (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Lessor.

E. "Hazardous Materials" and "Release" Defined. The term "**Hazardous Materials**" as used in this Lease shall include, but is not limited to, substances which are flammable; explosive; corrosive; radioactive; toxic; petroleum and petroleum products; asbestos and asbestos containing materials; lead-based paint; PCBs; as well as any substances defined as hazardous substances, hazardous materials, toxic substances, or hazardous wastes in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 *et. seq.*); the Hazardous Material Transportation Act (49 U.S.C. Section 1801 *et. seq.*); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 *et. seq.*); the Toxic Substances Control Act, (15 U.S.C. Sections 2601 *et seq.*); the Clean Water Act (33 U.S.C. Sections 1251 *et seq.*); the Hazardous Waste Control Act (California Health and Safety Code Section 25100 *et. seq.*); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Sections 25249.5 to 25249.13); the Hazardous Substance Account Act (California Health and Safety Code Section 25300 *et. seq.*); and the California Water Code (Sections 1300 *et seq.*); as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws, and any other federal, state or local law, statute, rule, regulation or ordinance now in effect which regulates or proscribes the use, storage, disposal, presence, cleanup, transportation or Release or threatened Release into the environment of a hazardous material or toxic substance. Hazardous Materials shall also include those asbestos containing materials defined and described in U.S. Environmental Protection Agency Report No. 56/5-85-024 (June 1985), or any related or successor report, or other applicable government regulations defining or describing such materials. The term "**Release**" as used herein means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, leaching, dumping or disposing into the environment of any Hazardous Material (including the abandonment or discarding of barrels, containers, and other receptacles containing any Hazardous Material).

F. Federal Assurances. Lessor agrees to comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857(h)), Section 508 of the Clean Water Act (33.U.S.C. 1368), Executive Order 11738, and U.S. Environmental Protection Agency ("EPA") regulations (40 CFR, Part 15). Under these laws and regulations, the Lessor assures Lessee that:

- (i) The Premises have not been listed on the EPA List of Violating Facilities;
- (ii) Lessor shall notify Lessee, within five (5) business days, of the receipt of any communication from the Director, Office of Federal Activities, U.S. EPA, indicating that the Premises, or any portion thereof, is under consideration to be listed on the EPA List of Violating Facilities; and

(iii) Lessor shall notify Lessee and the U.S. EPA about any known violation of the above laws and regulations.

33. CONDEMNATION.

In the event of Condemnation (as defined below) of the Premises, each of the Parties hereto shall have and retain their separate and independent right to seek compensation for loss, costs and damages against the Condemning Authority (as defined below). In the event of such Condemnation of all or substantially all of the Premises, or so much thereof as to render the balance thereof impractical for the use of Lessee, as Lessee in its sole discretion shall determine, this Lease may be terminated by Lessee thirty (30) days after Lessee so notifies Lessor. In the event less than all, or substantially all, of the Premises are condemned, and the balance remaining may be practically devoted to the use of the Lessee, as Lessee in its sole discretion shall determine, this Lease shall not terminate, but the monthly rent shall thereafter be reduced from the Date of Taking (as defined below) as follows:

(a) **Floor Space.** In the case of floor space, by the same ratio as the floor space Lessee is precluded from occupying bears to the total floor space of the Premises immediately before the date of taking; and,

(b) **Parking.** In the case of parking area, by the replacement cost of comparable parking spaces within the one square block area surrounding the Premises.

(c) **Definitions:**

“Condemnation” means (i) the exercise of the power of eminent domain, whether by legal proceedings or otherwise, by a condemning authority and (ii) a voluntary sale or transfer by Lessor to any Condemning Authority, either under threat of condemnation or while legal proceedings for condemnation are pending.

“Date of Taking” means the date the Condemning Authority has the right to the possession of the Premises or any part thereof.

“Condemning Authority” means any public or quasi-public authority, or private corporation or individual, having the power of condemnation or taking by eminent domain.

34. DESTRUCTION.

A. Destruction. If the Premises are destroyed by fire or rendered unusable by any other cause (hereinafter referred to as **“Destruction”**), this Lease shall terminate if there is a total Destruction of the Premises. If such Destruction shall render ten percent (10%) or less of the floor space of the Premises unusable for the purposes intended, Lessor shall effect restoration of the Premises to substantially the same condition as they were immediately prior to the Destruction as quickly as is reasonably possible, but in any event within thirty (30) days of the event of Destruction. If for any reason said repairs are not completed within the period of thirty (30) days for a Destruction aggregating ten percent (10%) of the floor space or less, then Lessee shall have the option to terminate this Lease or complete the repairs itself, deducting the cost thereof from the monthly rentals due or to become due under this or any other lease between Lessor and Lessee.

B. Greater than 10% Destruction. In the event such Destruction shall render more than ten percent (10%) of the floor space in the Premises unusable, Lessor shall within thirty (30) days of the event of Destruction give written notice to Lessee of the time required to repair the same. If Lessor under such

circumstances does not give written notice within thirty (30) days or if repairs will require more than one hundred eighty (180) days to complete from the date such notice is given, Lessee, in either such event, at its option, may terminate this Lease or, upon notice to Lessor, may elect to undertake the repairs itself, deducting the cost thereof from the monthly rentals due or to become due under this or any other lease between Lessor and Lessee.

C. Repair. In the event of Destruction, other than total, where Lessee 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.

D. Rent Abatement. In the event of any Destruction where Lessee remains in possession of the Premises, the monthly rental shall be reduced by the same ratio as the floor space Lessee is thus precluded from occupying bears to the total floor space of the Premises.

E. Destruction During Last Six (6) Months of Term. Notwithstanding anything to the contrary contained in this Section 35, in the event such Destruction shall render more than ten percent (10%) of such floor space unusable and the damage occurs during the last six (6) months of the Term of this Lease or a renewal thereof, Lessor shall not have any obligation to repair, restore or reconstruct the Premises. Should Lessor elect not to repair, restore or reconstruct the Premises pursuant to this Subsection 35.E, it shall give written notice of this intent to Lessee within seven (7) days of the date of Destruction. Should Lessor elect not to repair, Lessee may immediately terminate this Lease with no further obligation whatsoever.

35. FAILURE TO PERFORM.

If Lessor shall fail or refuse to perform any of the affirmative covenants to be performed by Lessor pursuant to the terms of this Lease, or if Lessor shall fail or refuse to make any payment which Lessor agrees to make or is obligated to make pursuant to the terms of the Lease, then, in the event of the failure of Lessor to perform such affirmative covenant or make such payment within a period of thirty (30) days after Lessee shall have given written notice to the Lessor of its failure to perform such affirmative covenant or make any such payment (except that if such affirmative covenant cannot be reasonably performed within said thirty (30) day period, then if the Lessor shall fail to commence performance of such affirmative covenant within said thirty (30) day period with reasonable speed and diligence until such affirmative covenant is performed), Lessee may, at Lessee's option, either cancel this Lease by giving Lessor a thirty (30) day written notice of cancellation, or cure Lessor's failure to perform or failure to make payment. If Lessee at any time, by reason of Lessor's failure to perform or to make payments after notice as provided herein, pays any sum or does any act that requires the payment of any sum in order to cure Lessor's failure to perform or to make payments, Lessee may deduct the amount thereof from the monthly rentals that may then be or thereafter become due hereunder.

36. WAIVER.

Any Party's failure to take advantage of any default by the other Party or any breach of covenant by the other Party shall not be construed as a waiver thereof.

37. COMPLIANCE WITH LAWS.

A. Permits and Zoning. Lessor will obtain, at its sole cost and expense, all necessary zoning changes or variances, construction and building permits, and licenses for the construction of the Tenant

Improvements, and shall comply with all local, state and federal laws and regulations concerning the demolition and removal of all or any portions of the existing building(s), structures and other improvements on the Premises, the excavation and the construction and maintenance of the Tenant Improvements.

B. Other Laws. Lessor shall make, at its sole cost, the Premises conform to regulations and orders of the California Department of Industrial Relations, the U.S. Department of Labor - Occupational Safety and Health Administration, the California Occupational Safety & Health Department, and the Premises shall meet the requirements of the State Fire Marshall's safety orders and shall conform to all disability/handicap laws and regulations applicable to either Lessor or Lessee. Lessor shall, in the performance of its obligations under this Lease, abide by all other applicable laws, ordinances, codes and administrative regulations of the United States, the State of California, and local governments including, but not limited to, the Americans with Disabilities Act (42 U.S.C. 1857(h)), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, U.S. Environmental Protection Agency regulations (40 CFR Part 15), and mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Public Law 94-163, 89 Stat. 871), as well as with the requirements of Title 24 of the California Code of Regulations.

C. Indemnification. Lessor shall indemnify, defend and hold Lessee harmless from any and all costs, liabilities, penalties, fines and judgments arising from Lessor's failure to comply with the foregoing provisions of this Section 37.

38. ENTRY BY LESSOR.

Lessor shall have the right to enter the Premises at all reasonable times for reasonable purposes, specifically including the right to inspect the Premises during normal business hours, to supply janitorial and other services, and to make repairs. Lessor shall not unreasonably interfere with the conduct of Lessee's business in the Premises during the exercise of the foregoing right to enter.

39. ESTOPPEL CERTIFICATES.

Lessee shall at any time and from time to time upon not less than ten (10) business days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified, is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of the Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or lender to whom the written statement is addressed.

40. SUBORDINATION.

As a condition precedent to Lessee's obligations under this Lease, Lessor shall obtain and furnish to Lessee a written Non-Disturbance Agreement reasonably acceptable to Lessee, signed by the holders of all mortgages or deeds of trust now encumbering the Premises within thirty (30) days following Lessor's execution of

this Lease. This Lease may be made subordinate to any encumbrance now of record or recorded after the date of this Lease affecting the Premises only after Lessor furnishes to Lessee an executed Non-Disturbance Agreement, in a form reasonably satisfactory to Lessee, from the holder of any encumbrance.

41. GOVERNING LAW.

This Lease shall be governed according to the laws of the State of California; however, to the extent federal laws, rules and regulations are applicable, they will apply as well.

42. MODIFICATIONS.

This Lease contains all of the agreements and conditions made between the Parties to this Lease and may not be modified orally or in any manner other than by an agreement in writing signed by all the Parties to the Lease or their successors in interest.

43. EFFECT OF INVALIDITY.

The invalidity or illegality of any provision shall not affect the remainder of this Lease.

44. TIME.

Time is of the essence in the performance of this Lease.

45. PREVAILING WAGE REQUIREMENT.

Lessor acknowledges that the construction of the Tenant Improvements and any other construction required under this Lease will be considered a public work as defined in applicable California and Federal laws for the purposes of requiring the payment of prevailing wages and the employment of apprentices. Lessor shall, within five (5) days of the award of any construction contract for any portion of the work, file the award or an extract thereof with the California Department of Industrial Relations as required by law.

46. RECARPETING AND REPAINTING.

At Lessee's request, Lessor shall recarpet and repaint the Premises in the ____ ____ (____th) year following the Commencement Date. If Lessee exercises its option to extend this Lease for _____(____) additional years, Lessor shall again recarpet and repaint the Premises during the first (1st) year of said option period, if requested to do so by Lessee. All such recarpeting and repainting shall be performed between the hours of 6:00 PM and 7:00 AM, Mondays through Fridays, or at any time on Saturdays and Sundays. Lessor shall be responsible for moving and replacing all furniture and equipment as necessary to accomplish the recarpeting and repainting. All carpeting and paint shall be of like kind and quality as were originally installed in the Premises at the commencement of this Lease. The paint used for the repainting shall be in a neutral color, and the carpet used for recarpeting shall be in a neutral color, with both being approved by Lessee.

IN WITNESS WHEREOF, the respective parties hereto have hereunto set their hands the day and year written below.

LESSOR:

LESSEE:

SACRAMENTO EMPLOYMENT AND TRAINING AGENCY, A Joint Powers Agency

By: _____
Kathy Kossick, Executive Director

APPROVED AS TO FORM:

Legal Counsel to SETA

EXHIBIT “A”
DIAGRAM SHOWING THE PREMISES

*[Insert diagram of Building showing
the locations of the Premises and the Additional Space]*

EXHIBIT "B"

MEMORANDUM OF COMMENCEMENT DATE

This Memorandum of Commencement Date is dated this _____ day of _____, for reference purposes only, and is made by and between _____, the Lessor, and the **Sacramento Employment and Training Agency**, the Lessee.

The parties have entered into a Lease dated as of _____ (the "Lease") for certain office space (the "Premises") located at _____, _____, California.

Lessee and Lessor hereby confirm the following:

- 1) All of the Lessor's Work to be performed by Lessor pursuant to the provisions of the Lease has been completed;
- 2) That Lessee has accepted possession of the Premises and now occupies same;
- 3) That the Rent for the Premises in the amount of \$ _____ will commence on _____.
- 4) The Term of the Lease will expire on _____.

IN WITNESS WHEREOF, Lessor and Lessee have signed this Memorandum of Commencement Date.

LESSOR:

By: _____

LESSEE:

SACRAMENTO EMPLOYMENT AND TRAINING AGENCY, A Joint Powers Agency

By: _____

EXHIBIT “C-1”
TENANT IMPROVEMENTS

[Insert description of improvements to be provided by Lessor]

EXHIBIT “C-2”

**PLANS AND SPECIFICATIONS
FOR THE
TENANT IMPROVEMENTS**

[Insert plans and specifications provided by Lessee's architect]

EXHIBIT “C-3”

CONSTRUCTION DRAWINGS

[To be added when approved by Lessor and Lessee]

EXHIBIT D

JANITORIAL AND MAINTENANCE SERVICES

TO BE PROVIDED BY LESSOR

Lessor shall provide janitorial services sufficient to maintain the Premises in a clean, well-maintained condition by eliminating all visible dust, dirt, litter, grime, smears, finger marks, etc., to the greatest degree practically possible, by having janitorial personnel, maintenance personnel, landscape maintenance personnel or other appropriate persons perform the following:

1. On a daily basis, Monday through Friday:

- A. Empty and clean all trash containers, replace trash can liners and dispose of all trash and rubbish.
- B. Clean and maintain in a sanitary manner and odor free condition all floors, wash basins, mirrors, toilet bowls and urinals.
- C. Furnish and replenish all restroom supplies (including, but not limited to, soap, towels, seat covers, toilet tissue).
- D. Sweep or dust mop all hard surface floors.
- E. Remove finger marks and smudges from all glass doors.
- F. Vacuum all carpeted areas, including hallways and any stairs.
- G. Specifically check, and if action is needed, then:
 - a) Dust the tops of all furniture, counters, cabinets and window sills;
 - b) Remove spots and/or spills from the carpets, floors and any stairways;
 - c) Replace any non-functioning fluorescent tubes, starters, ballasts and light bulbs.

2. On a weekly basis:

- A. Damp mop all hard surface floors.
- B. Dust all window blinds.
- C. Treat and clean all stainless steel drinking fountains and sinks to eliminate stains and water deposits.
- D. Spot clean the walls.
- E. Sweep parking lot and sidewalk areas, and keep free of water, oil spills, debris or other materials which may be hazardous to users of the Premises.
- F. Maintain landscaped areas of the Premises in a growing, litter-free, weed-free, and neatly mowed and trimmed condition, including functioning sprinklers and drainage system.

3. On a quarterly basis:

- A. Strip all hard surface floors and apply a new coat of floor finish, buff as necessary to produce a uniformly shining appearance.

4. On a semi-annual basis:

- A. Wash all windows inside and out.
- B. Clean light fixtures.
- C. Clean mini-blinds (where installed).
- D. Steam clean all carpeted areas to remove all stains and spots.

5. On an annual basis:

- A. Clean any other window coverings as necessary.

In the event of a failure by Lessor to furnish any of the above services or supplies in a satisfactory manner, SETA may, after giving ten (10) days prior written notice to Lessor, furnish the same at its own cost; and, in addition to any other remedy that SETA may have, deduct the cost thereof from the Monthly Rent that may then be, or thereafter become, due under this Lease.