

LEASE AGREEMENT

BY AND BETWEEN

THE COUNTY OF SANTA CLARA, a subdivision of the State of California

AND

**CHANG USA, LLC, RETIREMENT INN SERIES (R46), a Delaware
limited liability company**

FOR THE PREMISES LOCATED AT

**1185 PEDRO STREET,
SAN JOSE, CA 95126**

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**LEASE AGREEMENT
1185 PEDRO STREET, SAN JOSE, CALIFORNIA**

THIS LEASE AGREEMENT (the “Lease” or “Agreement”, as used interchangeably) is made between CHANG USA, LLC, RETIREMENT INN SERIES (R46), a Delaware limited liability company (“Landlord”) and the COUNTY OF SANTA CLARA, a political subdivision of the State of California (“Tenant”), and shall be effective upon the later of the dates set forth on the signature page hereof (the “Effective Date”).

**ARTICLE 1
LEASED PREMISES**

- 1.1 LEASED PREMISES.** In consideration of the Rent hereinafter reserved and the covenants hereinafter contained, Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord the following described property, collectively referred to hereinafter as the “Leased Premises”: the exclusive use, custody and control of the property, and all improvements thereon, located at 1185 Pedro Street, San Jose, California, a depiction of which is shown on Exhibit “A”, and a legal description of which is set forth on Exhibit “B”.
- 1.2 USE.** Tenant may use and occupy the Leased Premises during the Term to increase the supply of affordable housing for low income and/or special needs households in the area and for any other lawful uses. Tenant shall not use the Leased Premises or permit the Leased Premises to be used in whole or in part for any purpose or use that is in violation of any of the laws, ordinances, regulations, or rules of any public authority at any time.

**ARTICLE 2
TERM**

- 2.1 TERM COMMENCEMENT.** The term of this Lease (the “Original Term”) shall commence and Tenant’s obligation to pay Rent shall accrue, on the date (the “Commencement Date”) that is the latest to occur of: (i) the Effective Date, or (ii) the Delivery Date (as defined in Section 3.1 below). Notwithstanding the foregoing, in the event the later of the dates set forth in (i) or (ii) above is not the first day of a calendar month, the Commencement Date shall be deemed to be the first day of the calendar month immediately following such later date.
- 2.2 EXPIRATION.** The Original Term shall expire and end at 11:59 p.m., local time on the last day of the calendar month which completes twenty (20) years from the Commencement Date, or such date on which this Lease is sooner terminated or extended as provided herein (the “Expiration Date”).

- 2.3 EXTENDED TERM.** Tenant shall have the sole and exclusive option to extend the Original Term of this Lease for one (1) additional period of twenty (20) years, on the same terms and conditions as stated in this Lease (the “Option Term”; the Original Term alone, or with the Option Term if exercised, may be referred to as the “Term”). The Option Term may be exercised by Tenant by giving notice to Landlord at least six (6) months prior to the end of the Original Term.
- 2.4 EARLY TERMINATION.** In the event the Tenant has elected to extend the Lease for the Option Term, Tenant shall have the option to terminate this Lease effective any time after the last day of the calendar month which completes thirty five (35) years from the Commencement Date by giving written notice of that intention and identifying the early termination date to Landlord at least six (6) months prior thereto.
- 2.5 HOLDOVER.** Tenant shall have the option to hold possession of the Leased Premises after the Expiration Date upon the same terms and conditions. In the event Tenant remains in possession of the Leased Premises after the Expiration Date, either party may terminate the tenancy by giving a 90-day written notice to the other.
- 2.6 SURRENDER OF LEASED PREMISES.**
- A.** Tenant shall return the Leased Premises to Landlord in “broom clean” condition, free of all personal property, debris and garbage, with no additional liability or cost therefore to Tenant.
 - B.** All improvements, fixtures, partitions, or other alterations made or installed within the Leased Premises by either Tenant or Landlord, and paid for by Tenant, are and shall remain the property of Tenant. Tenant shall have the right to remove the improvements, fixtures, partitions, and other alterations at Tenant’s sole cost and expense. Tenant shall repair any damage to the Leased Premises resulting from the removal of any improvements, fixtures, partitions, or other alterations.
 - C.** Tenant shall, at its election, have the right to abandon its improvements, fixtures, partitions, and other alterations, in place without further liability therefore to Landlord.

ARTICLE 3 DELIVERY

- 3.1 DELIVERY.** Landlord shall deliver the Leased Premises to Tenant: (a) in broom clean condition and with all HVAC, electrical, and plumbing systems in good working order, and the roof in good condition (collectively, the “Required Delivery Condition”), and (b) without limitation on the foregoing, Landlord shall perform: (i) the repair and maintenance

work identified on Exhibit C-1 attached hereto (“Landlord’s Work”) and (ii) the improvements identified on Exhibit C-2 attached hereto (the “Additional Improvement Work”). Landlord’s Work and the Additional Improvement Work shall together be referred to as the “Delivery Work”, and shall both be performed by Landlord in accordance with the work letter (“Work Letter”) attached as Exhibit D hereto. The terms and conditions of the Work Letter are incorporated herein by reference and made a part hereof. The term “Delivery Date” means the date that the Delivery Work is Substantially Completed (as defined in Exhibit D hereto). If Tenant provides written notice (“Delivery Condition Notice”) to Landlord that the Leased Premises is not in the Required Delivery Condition on the Delivery Date, and such Delivery Condition Notice is received by Landlord no later than one hundred eighty (180) after the Delivery Date, then Landlord shall make the required repairs to cause the Leased Premises to be in the Required Delivery Condition, and the completion of such repairs shall satisfy Landlord’s obligation to deliver the Leased Premises in the Required Delivery Condition pursuant to this Section 3.1; provided, however, if any such condition requiring repair was caused by Tenant, including, without limitation, any improvements or installations made by Tenant, then Tenant shall reimburse Landlord upon demand for the cost of such repairs. If Tenant fails to deliver a Delivery Condition Notice to Landlord on or before the one hundred eightieth (180th) day after the Delivery Date, then the Leased Premises shall be deemed to have been delivered to Tenant in the Required Delivery Condition. Subject to the foregoing, Landlord shall have no liability to Tenant, and Tenant shall have no remedy for, a failure of the Leased Premises to be in the Required Delivery Condition on the Delivery Date, and no such failure shall operate to delay the Delivery Date or affect the validity of this Lease. The Delivery Work shall be completed with good workmanship, in compliance with applicable laws, and, with respect to any work that constitutes Landlord’s Work and are associated with the flooding which occurred at the Leased Premises in 2018, using materials of the same or better quality as existed in the Leased Premises immediately prior to the flooding. Notwithstanding the foregoing, in the event Tenant requests Landlord use a different or certain type of replacement material in the Landlord Work, so long as such request can be made without increasing the cost of performing the Landlord Work and without resulting in any estimated delay in the completion of the Landlord Work, then Landlord shall make reasonable accommodations to comply with such request; and Tenant acknowledges and agrees that a delay in the completion of the Delivery Work resulting from any such request by Tenant shall constitute “Tenant Delay” (as further defined in Exhibit D hereto). All work, if any, Landlord undertakes to deliver the Leased Premises as required in the foregoing sentence shall be done in compliance with applicable laws and shall not result in the degradation or diminishment of any other portion of the Leased Premises. Landlord shall give Tenant ten (10) business days’ prior notice of when Landlord is ready to deliver the Leased Premises, and Tenant shall have the opportunity to inspect the same prior to delivery.

ARTICLE 4 RENT

41 MONTHLY RENT. The monthly rental rate (the “Rent”) during the Original Term of this Lease shall be as shown below.

| Term (Years) | Term (Months) | Base Rental Rate* | Base Monthly Rent | Total Annual Rent |
|---------------------|----------------------|--------------------------|--------------------------|--------------------------|
| 1 | 0-12 | \$1.07 | \$51,029.37 | \$612,352.44 |
| 2 | 13-24 | \$1.10 | \$52,560.25 | \$630,723.01 |
| 3 | 25-36 | \$1.14 | \$54,137.06 | \$649,644.70 |
| 4 | 37-48 | \$1.17 | \$55,761.17 | \$669,134.04 |
| 5 | 49-60 | \$1.20 | \$57,434.01 | \$689,208.07 |
| 6 | 61-72 | \$1.24 | \$59,157.03 | \$709,884.31 |
| 7 | 73-84 | \$1.28 | \$60,931.74 | \$731,180.84 |
| 8 | 85-96 | \$1.32 | \$62,759.69 | \$753,116.26 |
| 9 | 97-108 | \$1.36 | \$64,642.48 | \$775,709.75 |
| 10 | 109-120 | \$1.40 | \$66,581.75 | \$798,981.04 |
| 11 | 121-132 | \$1.44 | \$68,579.21 | \$822,950.47 |
| 12 | 133-144 | \$1.48 | \$70,636.58 | \$847,638.99 |
| 13 | 145-156 | \$1.53 | \$72,755.68 | \$873,068.16 |
| 14 | 157-168 | \$1.57 | \$74,938.35 | \$899,260.20 |
| 15 | 169-180 | \$1.62 | \$77,186.50 | \$926,238.01 |
| 16 | 181-192 | \$1.67 | \$79,502.10 | \$954,025.15 |
| 17 | 193-204 | \$1.72 | \$81,887.16 | \$982,645.90 |
| 18 | 205-216 | \$1.77 | \$84,343.77 | \$1,012,125.28 |
| 19 | 217-228 | \$1.82 | \$86,874.09 | \$1,042,489.04 |
| 20 | 229-240 | \$1.88 | \$89,480.31 | \$1,073,763.71 |

* The Base Rental Rate reflects an annual escalation rate of 3% year over year

42 OPTION TERM RENT. The Rent during the Option Term shall be payable as follows:

| Term (Years) | Term (Months) | Base Rental Rate* | Base Monthly Rent | Total Annual Rent |
|---------------------|----------------------|--------------------------|--------------------------|--------------------------|
| 21 | 241-252 | \$1.93 | \$92,164.72 | \$1,105,976.62 |
| 22 | 253-264 | \$1.99 | \$94,929.66 | \$1,139,155.92 |
| 23 | 265-276 | \$2.05 | \$97,777.55 | \$1,173,330.60 |
| 24 | 277-288 | \$2.11 | \$100,710.88 | \$1,208,530.52 |
| 25 | 289-300 | \$2.18 | \$103,732.20 | \$1,244,786.43 |
| 26 | 301-312 | \$2.24 | \$106,844.17 | \$1,282,130.02 |
| 27 | 313-324 | \$2.31 | \$110,049.49 | \$1,320,593.92 |
| 28 | 325-336 | \$2.38 | \$113,350.98 | \$1,360,211.74 |
| 29 | 337-348 | \$2.45 | \$116,751.51 | \$1,401,018.09 |
| 30 | 349-360 | \$2.52 | \$120,254.05 | \$1,443,048.64 |
| 31 | 361-372 | \$2.60 | \$123,861.67 | \$1,486,340.10 |
| 32 | 373-384 | \$2.68 | \$127,577.52 | \$1,530,930.30 |

| | | | | |
|----|---------|--------|--------------|----------------|
| 33 | 385-396 | \$2.76 | \$131,404.85 | \$1,576,858.21 |
| 34 | 397-408 | \$2.84 | \$135,347.00 | \$1,624,163.95 |
| 35 | 409-420 | \$2.92 | \$139,407.41 | \$1,672,888.87 |
| 36 | 421-432 | \$3.01 | \$143,589.63 | \$1,723,075.54 |
| 37 | 433-444 | \$3.10 | \$147,897.32 | \$1,774,767.81 |
| 38 | 445-456 | \$3.19 | \$152,334.24 | \$1,828,010.84 |
| 39 | 457-468 | \$3.29 | \$156,904.26 | \$1,882,851.17 |
| 40 | 469-480 | \$3.39 | \$161,611.39 | \$1,939,336.70 |

* The Base Rental Rate reflects an annual escalation rate of 3% year over year

- 43 PAYMENT OF RENT.** Tenant agrees to pay Landlord at 1301 Shoreway Road, Suite 150, Belmont, California 94002, or such other place as may be designated from time to time in writing by Landlord, without any prior demand therefor, in advance on the first day of each calendar month from and after the Commencement Date, without reduction or offset, or right of recoupment, Rent in the amount set forth in this Lease. Rent for the first full calendar month in which Rent is due shall be paid within ten (10) business days of the full execution of this Lease. Rent for any partial month shall be prorated at the rate of one-thirtieth (1/30) of the applicable monthly rate of Rent per day. In lieu of mailing Rent and other amounts payable by Tenant pursuant to this Lease to the address provided above, upon written notice from Landlord to Tenant, Landlord shall have the right to require Tenant to pay Rent and other amounts payable by Tenant pursuant to this Lease by electronic funds transfer using Landlord’s online portal, or as otherwise required by Landlord. Landlord shall have the right to accept all rent and other payments and to negotiate checks in the payment thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant.
- 44 OPERATING EXPENSES.** This is a triple net lease. Tenant shall be responsible for all operating expenses of the Leased Premises, including repairs and replacements, utilities, cleaning, Real Estate Taxes, and insurance (“Operating Expenses”).
- 45 PAYMENT OF OPERATING EXPENSES.** It is the intention of Landlord and Tenant, that Tenant shall pay Operating Expenses directly to the utility, government entity, vendor or service provider, as the case maybe, for expenses incurred by Tenant.

ARTICLE 5 TAXES AND ASSESSMENTS

- 5.1 TAXES AND ASSESSMENTS.** Tenant shall pay before delinquency all Real Estate Taxes assessed against the Leased Premises, and any other assessments of whatever character which may become a lien against said Leased Premises. Tenant shall also pay, before delinquency, any and all taxes and assessments, licenses, fees and public charges levied, assessed, imposed or payable during the term of this Lease upon all fixtures,

furniture, equipment, appliances or personal property installed or located in, upon or about the Leased Premises or any part thereof.

- 52 REAL ESTATE TAXES DEFINED.** The term “Real Estate Taxes” means all taxes, rates, and assessments, general or special, levied or imposed with respect to the land, the Leased Premises, or the improvements constructed thereon (including all taxes, rates and assessments, general or special, levied or imposed for school, public betterment and/or general or local improvements). If the system of real estate taxation is altered or varied, and any new tax or levy is levied or imposed on said Leased Premises, or Landlord, in substitution for or modification of Real Estate Taxes presently levied or imposed in the jurisdiction where the Leased Premises is located, then such new tax or levy shall be included within the term “Real Estate Taxes”.

ARTICLE 6 UTILITY AND SERVICE PAYMENTS

- 61 GAS AND ELECTRICITY.** Tenant shall pay all gas and electricity utility charges for the Leased Premises. Landlord warrants that gas and electric meters are for the Leased Premises exclusively. Landlord shall provide meter numbers for the Leased Premises ten days prior to the Commencement Date. Tenant shall not be responsible for gas and electricity costs until Landlord provides meter numbers.
- 62 REMOVAL OF GARBAGE, WASTE AND RECYCLABLE MATERIALS.** Tenant shall pay all garbage, waste and recyclable material removed material removal services for the Leased Premises.
- 63 SEWER AND WATER.** Landlord warrants that, sewer and water service are available to the Leased Premises and are separately metered for the Leased Premises. Tenant shall pay all utility charges for water, sewer and other utilities for the Leased Premises.

ARTICLE 7 MAINTENANCE, REPAIR AND ALTERATIONS

- 71 TENANT’S MAINTENANCE AND REPAIR OBLIGATIONS.** After delivery of the Leased Premises by Landlord in accordance with Article 3 above and subject to Tenant’s rights to remove, construct and/or erect improvements on the Leased Premises as set forth in Section 7.2 below, Tenant shall, at Tenant’s sole cost and expense, and in accordance with the terms of this Lease, keep the Leased Premises in good order, repair and tenantable condition, and in compliance with all applicable laws, at all times during the Term; including, but not limited to: the roof, ceiling, interior and exterior walls and doors, glazing, flooring, elevators, plumbing, water pipes, hot water heater, kitchen appliances, alarm systems, fire extinguishers, lighting (including, but not limited to, bulbs, tubes, fixtures, lens covers, ballasts, emergency lights, security lights and exterior lights), and heating, ventilating and air conditioning units. Tenant agrees that it will not commit or permit waste

upon the Leased Premises other than to the extent necessary for the removal of any buildings or improvements upon the Leased Premises or for the purpose of removing, constructing and/or erecting thereon other buildings and improvements in accordance with the rights set forth in Section 7.2 below. Notwithstanding anything to the contrary in this Lease, Tenant shall not be responsible for the cleanup or removal of any Hazardous Materials (defined in Article 12 below) in the soil, water, or otherwise in the ground of the Leased Premises which were in existence on the Leased Premises prior to the Commencement Date.

72 ALTERATIONS.

- A.** At Tenant's sole cost and expense, Tenant shall have the right at any time and from time to time during the Term to make improvements to the Leased Premises and changes and alterations, structural or otherwise, to any buildings, improvements, fixtures and equipment now or hereafter located on the Leased Premises, including demolition of any or all buildings and improvements now or hereafter located on the Leased Premises and replacement thereof, as Tenant shall deem necessary or desirable.
- B.** Any demolition activity and all improvements, changes and alterations, shall be subject to the following additional conditions which Tenant covenants to observe and perform:
 - 1. No improvement, change or alteration, and no demolition and replacements shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction.
 - 2. All work done in connection with any improvement, change, alteration or demolition and replacement shall be done promptly and in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all Federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof.
 - 3. In the event a demolition, improvement or alteration project costs more than Two Hundred Fifty Thousand Dollars (\$250,000), the plans and specifications for such project shall be subject to Landlord's prior consent, which shall not be unreasonably withheld; provided, however, such consent shall be deemed granted if Landlord does not provide a reasonably detailed statement of disapproval within 15 days after receipt of Tenant's request for approval.

4. In addition to the insurance coverage otherwise required in this Lease, Tenant shall carry, or cause its contractors to carry, Workers' Compensation Insurance covering all persons employed in connection with the work and with respect to whom death or injury claims could be asserted against Landlord, Tenant or the Leased Premises, at all times when any work is in process in connection with any improvement, change, alteration or demolition and replacement.
- C. Landlord shall cooperate with and assist Tenant in every reasonable way in Tenant's efforts to obtain governmental consents, approvals, permits or variances which may be required for the performance of any construction permitted under the terms of this Lease, including Landlord's joinder in any application for any such consent, approval, permit or variance where joinder therein by the owner of the Leased Premises is required by law, except that Landlord shall have no obligation to incur any out of pocket cost or expense, to dedicate or encumber any property, or to pay any exactions imposed in connection with any such efforts of Tenant.
- D. Notwithstanding anything to the contrary herein, at any time, and from time to time, during the Term (but not in connection with the Delivery Work, which shall be completed in accordance with the Work Letter), Tenant may elect to have Landlord construct alterations ("Tenant Alterations") to the Leased Premises, and if Landlord agrees to construct such Tenant Alterations, then Landlord shall construct such Tenant Alterations at Tenant's sole cost and expense in accordance with the following provisions:
1. The Tenant Alterations shall be constructed in accordance with construction drawings, which show in detail the intended design, construction and finishing of all portions of the Tenant Alterations (collectively, the "Plans"), which have been approved by Tenant pursuant to this subparagraph 7.2(D)(1). Landlord shall cause its contractor to prepare and deliver to Tenant for approval draft Plans for the Tenant Alterations. Within ten (10) business days after Tenant's receipt of the draft Plans, Tenant shall either approve or disapprove the draft Plans, which approval shall not be unreasonably withheld. If Tenant disapproves the draft Plans, then Tenant shall state such disapproval in a written notice to Landlord, including reasonable detail with respect to the changes which Tenant requires to be made thereto. Landlord shall cause its contractor to submit to Tenant revised draft Plans within five (5) business days after Landlord's receipt of Tenant's disapproval notice. Tenant shall give Landlord written notice of its approval or disapproval of the revised draft Plans within five (5) business days after the date of

Tenant's receipt thereof. If Tenant disapproves the revised draft Plans, then Landlord and Tenant shall continue to follow the procedures set forth in this subparagraph 7.2(D)(1) until Landlord and Tenant reasonably approve the draft Plans.

2. Upon approval by Landlord and Tenant of the Plans, Landlord shall cause its contractor to obtain a minimum of three (3) competitive bids for the major trades with respect to the Tenant Alterations. Such subcontractors shall be requested to each submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the applicable portion of the Tenant Alterations designated on the Plans. Landlord shall require that all workers involved in constructing the Tenant Alterations be paid the general prevailing wages of per diem wages for work of a similar character in the City of San Jose, and if applicable, general prevailing wages for holiday and overtime work. Upon receipt of the bids, Landlord shall cause its contractor to prepare a cost estimate (the "Estimate") of the Tenant Alterations Costs (defined below), based upon the lowest price qualified bids received for each of the major trades (after normal adjustments for any inconsistent assumptions). The Estimate shall be submitted to Tenant for review and approval. If Tenant rejects the Estimate, Landlord shall cause its contractor to resolicit bids, in accordance with the procedures specified above. Following any re-solicitation of bids, Landlord shall again follow the procedures set forth in this subparagraph 7.2(D)(2) with respect to the submission and approval of the Estimate until Tenant has approved the Estimate. The approved Estimate shall constitute a guaranteed maximum contract price for the Tenant Alterations to be set out in a written agreement for the construction of the Tenant Alterations between Landlord and its contractor. Within thirty (30) days after approval of the Estimate, Tenant shall deliver to Landlord the amount of the Estimate, which amount shall be disbursed by Landlord from time to time in payment of the Tenant Alterations Costs. Landlord shall notify Tenant as soon as possible if and when Landlord learns that the Tenant Alterations Costs may exceed the Estimate and such excess is for items which are not covered by the guaranteed maximum contract price, and Tenant shall deliver to Landlord the amount of any such excess within thirty (30) days of Landlord's notice thereof. In the event of any such cost overruns, during the aforementioned 30-day period, Tenant shall be given the opportunity to revise the scope of work of the Tenant Alterations in order to reduce the Tenant Alterations Costs.
3. The term "Tenant Alterations Costs" means all hard and soft

costs of performing the Tenant Alterations, including, without limitation, the cost of preparing the Plans, the costs of obtaining any required permits, the cost of performing any work required by applicable laws triggered by the Tenant Alterations, all direct and indirect costs of procuring, constructing and installing the Tenant Alterations, a construction management fee payable to Landlord in the amount of five percent (5%) of all Tenant Alterations Costs (exclusive of this construction management fee), architect's fees, and utility connection or other tap fees. As and when any Tenant Alterations Costs become due and payable, Landlord shall pay invoices for the same by using the amounts delivered by Tenant to Landlord pursuant to subparagraph 7.2(D)(2) above then being held by Landlord. Upon each payment of Tenant Alterations Costs made by Landlord, Landlord shall deliver to Tenant an invoice for the amount being paid and copies of the underlying invoices for the specific costs and expenses incurred by Landlord and/or Contractor and copies of the Architect's certification that the applicable work has been completed. Any failure by Tenant to pay Landlord any Tenant Alterations Costs as and when required under this Lease shall constitute a default by Tenant under this Lease.

4. Within ten (10) business days after approval of the Plans, Landlord shall provide Tenant with a project schedule with milestones and estimated completion of construction of the Tenant Alterations ("Alterations Schedule"). Landlord shall use commercially reasonable efforts to cause each phase of construction to be completed within the time frame provided in the Alterations Schedule.
5. Landlord shall assign to Tenant all warranties received by Landlord in connection with the Tenant Alterations.

Landlord acknowledges that Tenant has budgeted \$50,000 per year for alterations to the Leased Premises; provided, however, approval and construction of any such alterations are subject to the terms and conditions of this Lease.

ARTICLE 8 INDEMNITY

8.1 INDEMNITY.

- A. Tenant shall defend, indemnify and hold harmless Landlord, its officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the Leased Premises to the

extent caused by a wrongful or negligent act or omission of Tenant or anyone directly employed by Tenant, its officers, agents, invitees, guests, or volunteers.

- B.** Landlord shall defend, indemnify and hold harmless Tenant, its officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the Leased Premises to the extent caused by a wrongful or negligent act or omission of Landlord or anyone directly employed by Landlord, its officers, agents, invitees, guests, or volunteers.
- C.** It is the intention of Landlord and Tenant that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any injury or damage attributable to the fault of that party, its officers, employees, agents, invitees, guests, or volunteers.
- D.** Each party shall reimburse the other for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the first party contests its obligation to indemnify, defend and hold harmless the other under this Lease and does not prevail in that contest.
- E.** The indemnity in this Article shall survive termination or expiration of the Lease.

ARTICLE 9 INSURANCE

9.1 INSURANCE.

- A.** Tenant agrees that it shall, during the Term of this Lease, or any extensions thereof, and at its own expense, keep the Leased Premises and any structural improvements on the leased premises insured in sufficient amounts against loss or damage by fire and other casualty commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. Tenant does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against Landlord on account of any fire or other casualty insured against whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of Landlord.
- B.** Tenant agrees that it shall, during the Term of this Lease, or any extensions thereof, and at its own expense, keep, or cause to be kept, its contents, non-structural improvements and personal property located on the Leased Premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. Tenant does hereby release and waive on behalf of itself

and its insurer by subrogation or otherwise, all claims against Landlord on account of any fire or other casualty insured against whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of Landlord.

- C.** Tenant shall maintain property damage and public liability insurance covering the Leased Premises. Liability insurance coverage shall be not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for injury or property damage.
- D.** Tenant shall furnish a certificate substantiating the fact that Tenant has taken out the insurance herein set forth for the period covered by the Lease. Tenant is self-insured for liability and shall furnish Landlord a letter confirming this upon request.
- E.** Tenant is required by this Lease to immediately notify Landlord if it receives a communication from its insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. Tenant shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits.
- F.** Tenant and Landlord shall be solely responsible for payment of any deductible in their respective insurance or self-insurance programs, in the event of a claim.
- G.** The insurance and self-insurance coverage limits to be maintained by Tenant and Landlord hereunder shall not limit Tenant's or Landlord's liability under this Lease.
- H.** Notification of Claim. If any claim for damages is filed with Landlord or if any lawsuit is instituted against Landlord, that arise out of or are in any way connected with this Lease and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect Tenant, Landlord shall give prompt and timely notice thereof to Tenant. Notice shall not be considered prompt and timely if not given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

ARTICLE 10 ASSIGNMENT AND SUBLET

- 10.1** Tenant shall have the right to assign this Lease with the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. An assignment of this Lease by Tenant will release Tenant from all the obligations contained herein. Landlord's refusal to consent to a proposed assignee shall be deemed reasonable if it is reasonably determined that such assignee does not have sufficient financial worth and management ability to undertake the obligations of the Lease.

10.2 Tenant shall have the right to sublet the Leased Premises, or any part hereof, with the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Subleasing by Tenant will not release Tenant from all the obligations contained herein. Notwithstanding the foregoing, Landlord's consent shall not be required in connection with any lease, sublease, license or occupancy agreement with the occupants of individual residential units or in connection with arrangements with other governmental agencies, contractors or nonprofit organizations as contractors or subcontractors to perform services on the Leased Premises supporting the County's use of the Property.

ARTICLE 11 GENERAL

11.1 TIME IS OF THE ESSENCE. Landlord and Tenant acknowledge and affirm that time is of the essence in the performance of the terms of this Lease.

11.2 ACCESS. Tenant shall have the exclusive right to use Leased Premises at all times during the Term. Tenant may determine in its sole and absolute discretion the hours and days of operation of the Leased Premises.

11.3 LANDLORD'S RIGHT TO LEASE. Landlord warrants Landlord is well seized of and has good title and right to lease the Leased Premises, will defend the title thereto, and will indemnify Tenant against any damage and expense which Tenant may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description herein of the Leased Premises. Landlord shall immediately provide to Tenant sufficient documentation (e.g.: partnership agreement, grant deed, trust deed, trust, corporate resolution, or articles of incorporation) to support this warranty within ten (10) days of Tenant's request. If at any time Landlord's title or right to receive Rent hereunder is disputed, Tenant may withhold Rent thereafter until Tenant is furnished with proof satisfactory to Tenant as to the proper person entitled to receive the Rent.

11.4 LANDLORD'S SUCCESSORS IN INTEREST. If Landlord conveys its interest in the Leased Premises to another party, Tenant shall be furnished with a fully executed assignment of Landlord's interest, together with a notification of the transfer executed by both Landlord and the successor Landlord, and the address for payment of Rent. This Lease shall be binding upon and inure to the successors-in-interest and assigns of Landlord.

11.5 MECHANIC'S LIENS. Tenant shall promptly discharge or remove by bond or otherwise prior to foreclosure thereof, any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about the Leased Premises for or in connection with any operations of Tenant, any alterations, improvements, repairs or additions which Tenant may make or permit or cause to be made, or any work or construction by, for or permitted by Tenant on or about the Leased Premises.

11.6 SUCCESSORS AND ASSIGNS. Subject to the provisions hereof, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, and wherever a reference in this Lease is made to either of the parties hereto such reference shall be deemed to include, wherever applicable, also a reference to the successors and assigns of such party, as if in every case so expressed.

11.7 WRITTEN COMMUNICATIONS AND NOTICE. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally, sent by fax, as evidenced by a fax transmittal, or sent by prepaid, first class, certified mail, or nationally recognized over-night delivery company. Such matters shall be addressed to the other party at the following addresses:

To Landlord at:

Chang USA, LLC,
Retirement Inn Series (R46)

1301 Shoreway Road, Suite 175
Belmont, CA 94002

Phone No. (650) 579-1010
FAX No. (650) 594-4233

Email Address:

Tax ID. 30-0148240

To Tenant at:

County of Santa Clara
Facilities and Fleet Department
Real Property Management
2310 N. First Street, Ste. 200
San Jose, California 95131

Phone No. (408)993-4600
FAX No. (408)993-4777

Or such other address as a party may designate to the other by notice. Such notice shall be deemed effective on the date notice is sent by personal service or facsimile, one business day after sent by over-night delivery, and three days after sent by certified mail, as herein provided.

11.8 AMENDMENT AND WAIVERS. This Lease constitutes the entire understanding of the parties hereto and shall not be altered or amended except by a supplementary agreement in writing and executed under proper authority by both parties. The failure of either Landlord or Tenant to exercise the rights granted hereunder shall not constitute a waiver of the same either at the time or upon a later recurrence.

11.9 RIGHT AND REMEDY. No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Lease.

11.10 AGREEMENT CONSTRUCTION AND INTERPRETATION. Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties

and are not a part of the Lease. Whenever required by the context of this Lease, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Lease have been arrived at through negotiations, and that each of the parties has had a full and fair opportunity to consult with counsel and to revise the provisions of this Lease. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construction or interpreting this Lease. All exhibits referred to in this Lease are attached and incorporated by this reference. As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or day on which the County of Santa Clara is authorized to be closed for business. If any of the dates specified in this Lease shall fall on a non-business day, then the date of such action shall be deemed to be extended to the next business day.

11.11 NO JOINT VENTURE. The relationship of the parties hereto is that of landlord and tenant, and it is expressly understood and agreed that neither party as a result of this Lease in any way nor for any purpose become a partner of the other or a joint venturer with the other in the conduct of such party's business or otherwise. This Lease is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture, or association as between Landlord and Tenant.

11.12 RECORDATION OF LEASE. This Lease shall not be recorded, but, at the request of either party, the parties agree to execute a memorandum of lease in recordable form which may be recorded by either party, and Tenant shall be liable for all recording fees and documentary transfer taxes payable in connection therewith. At the expiration or earlier termination of this Lease, if a memorandum of lease has been recorded, then at Landlord's request, Tenant shall execute a quitclaim deed or other instrument in a form reasonably requested by Landlord to remove the encumbrance of any memorandum of lease recorded with respect to this Lease.

11.13 SUBORDINATION. This Lease is and shall be prior to any encumbrance recorded after the date of this Lease.

If, however, a lender to Landlord requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance, only if Landlord first obtains from the lender a written agreement that provides the following (or language substantially similar):

"As long as Tenant performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Tenant's rights under this Lease. Tenant's rights under this Lease shall not be disturbed and shall remain in full force and effect for the Term, and Tenant shall not be joined by the holder of any mortgage or deed of trust in any action or proceeding to foreclosure thereunder. All terms and conditions in the Lease remain unchanged and in full force and effect".

Tenant shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure provided all terms and conditions in the Lease remain unchanged and in full force and effect.

Tenant shall execute a subordination and non-disturbance agreement, in a form acceptable to Tenant, and any other documents reasonably required by the lender to accomplish the purpose of this subparagraph provided all terms and conditions in the Lease remain unchanged and in full force and effect.

Prior to the Commencement Date, Landlord shall provide Tenant a commercially reasonable non-disturbance, subordination and attornment agreement in favor of Tenant from any mortgage holders or lien holders (each, a "Superior Mortgage") then in existence. Such non-disturbance agreement shall be in recordable form and may be recorded at Tenant's election and expense.

11.14 ESTOPPEL. Upon Landlord's written request, Tenant shall deliver to Landlord a written statement containing the following information, current as of the date of the statement: (A) the status of the Lease; (B) an explanation of any default claims Tenant may have against Landlord; (C) the term of the Lease; and (D) the monthly rental payable. Tenant shall deliver such statement to Landlord or to any prospective purchaser upon Landlord's request. Any such statement by Tenant may be given to any prospective purchaser or encumbrancer of the property.

11.15 CONDEMNATION. In the event of a condemnation of the Leased Premises or of any other rights of Tenant hereunder, each of the parties hereto shall have and retain their separate and independent rights for loss, costs, and damages against the condemning authority. Should more than ten percent (10%) of the building on the Leased Premises, or of any other rights be taken so as to render the remaining Leased Premises or rights impractical for use of Tenant, Tenant may terminate the Lease by giving Landlord thirty (30) days' notice. In the event less than all of the Leased Premises or other rights are condemned, and the balance remaining after any reconfiguration, may reasonably be devoted to the use of Tenant, and Tenant does not elect to terminate, then the rental rate shall thereafter be reduced to the extent that the market rental value of the facilities is reduced by such taking and any reconfiguration.

11.16 FORCE MAJEURE. Neither Landlord nor Tenant shall be deemed to be in breach of this Lease if either is prevented from performing any of its obligations herein by reason of act of God, act of a public enemy, severe weather conditions, rebellion, riot, sabotage, or any other similar circumstance of like kind for which it is not responsible, or which is not within its reasonable control to mitigate or eliminate; provided, however, nothing in this Section 11.16 shall excuse or delay an the obligation to pay Rent or any other monetary obligation pursuant to this Lease.

11.17 QUIET ENJOYMENT. Landlord covenants that upon payment by Tenant of the rent herein reserved and upon performance and observance by Tenant of all of the agreements,

covenants and conditions herein contained on the part of Tenant to be performed and observed, Tenant shall peaceably hold and quietly enjoy the Leased Premises during the entire Term without hindrance, molestation or interruption by Landlord or by anyone lawfully or equitably claiming by, through or under Landlord.

- 11.18 COUNTERPARTS; ELECTRONIC SIGNATURES.** This Agreement may be executed in several counterparts, and all of such counterparts so executed together shall be deemed to constitute one and the same agreement, and each such counterpart shall be deemed to be an original. Unless otherwise prohibited by law, an electronic copy of a signed contract (i.e. a copy of a signature) and/or a contract signed with an electronic signature (meaning an electronic process which conveys consent of the party) shall have the same force and effect as a contract executed with an original ink signature.
- 11.19 SURVIVAL.** Those provisions which by their nature should survive termination or cancellation of this Lease, shall so survive.
- 11.20 THIRD PARTY BENEFICIARIES.** This Lease does not confer any rights or remedies upon any person or entity other than the parties hereto. Except as otherwise expressly stated herein, there are no third-party beneficiaries to this Lease.
- 11.21 GOVERNING LAW, EXCLUSIVE JURISDICTION.** This Lease, and all the rights and duties of the parties arising from or relating in any way to the subject matter of this Lease or the transaction(s) contemplated by it, shall be governed by, construed and enforced in accordance with the law of the State of California (excluding any conflict of laws provisions that would refer to and apply the substantive laws of another jurisdiction). Any suit or proceeding relating to this Lease, including arbitration, administrative, settlement and mediation proceedings, shall be brought only in Santa Clara County, California. EACH OF THE PARTIES CONSENT TO THE EXCLUSIVE PERSONAL JURISDICTION AND VENUE OF THE COURTS, STATE AND FEDERAL, LOCATED IN SANTA CLARA COUNTY, CALIFORNIA.
- 11.22 INSPECTION BY CERTIFIED ACCESS SPECIALIST.** As required by Section 1938(a) of the California Civil Code, Landlord discloses to Tenant that the Leased Premises have not undergone inspection by a certified access specialist (“CASp”). As required by Section 1938(e) of the California Civil Code, Landlord also states that: “A CASp can inspect the Premises and determine whether the Premises complies with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related

accessibility standards within the Premises.”

In accordance with the foregoing, Tenant, upon at least 30 days’ prior written notice to Landlord, shall have the right to require a CASp inspection of the Leased Premises. If Tenant requires a CASp inspection of the Leased Premises, then: (i) Landlord and Tenant shall mutually agree on the arrangements for the time and manner of the CASp inspection during such 30 day period; provided, however, that Landlord shall have the right to be present during such CASp inspection; (ii) Tenant shall be solely responsible to pay the cost of the CASp inspection as and when required by the CASp and to deliver to Landlord a copy of the findings of such CASp inspection, including, any reports issued as a result of the CASp inspection; and (iii) Tenant shall perform at Tenant’s sole cost and expense all repairs to correct violations of the construction related accessibility standards within or relating to the Leased Premises, or at Landlord’s option, Tenant shall pay to Landlord, as and when required by Landlord, the cost of making any repairs to correct violations of the construction related accessibility standards within or relating to the Leased Premises. Any CASp inspection report obtained by or provided to Tenant shall be confidential, and Tenant shall not disclose such report, or findings in the report, to any other party without the prior written consent of Landlord, which may be withheld in Landlord’s sole discretion, except to the extent such disclosure is required by law or to such other parties on a need to know basis only for Tenant to complete repairs and corrections of violations of construction-related accessibility standards that Tenant is required to make.

11.23 APPROPRIATION OF COUNTY FUNDS. Landlord and Tenant acknowledge and agree that the obligation of Tenant to pay Rent under this Lease is contingent upon the availability of County funds which are appropriated and allocated by County of Santa Clara’s (the “County’s”) governing body for the payment of Rent. In this regard, should Tenant vacate the Leased Premises due to the unavailability of County funds, the parties agree that this Lease shall terminate. Said termination date shall be the last day of the month from date Tenant vacates and surrenders possession. For any resulting uncured default by Tenant hereunder, Landlord may declare all Rent payments to the end of the County’s current fiscal year to be due, including any delinquent Rent from prior budget years. However, in no event shall Landlord be entitled to a remedy of acceleration of the total Rent payments due over the Term of this Lease.

The parties acknowledge and agree that the limitations set forth above are required by Article 16, Section 18 of the California Constitution. Further, Landlord and Tenant acknowledge and agrees that Article 16, Section 18, of the California Constitution supersedes any law, rule, regulation or statute, which conflicts with the provisions of this Lease. This Section 11.23 is personal to Tenant and shall not run to the benefit of any assignee of Tenant’s interest in this Lease.

11.24 CALIFORNIA PUBLIC RECORDS ACT. The County is a public agency subject to the disclosure requirements of the California Public Records Act (“CPRA”). If Landlord’s proprietary information is contained in documents submitted to County, and Landlord claims that such information falls within one or more CPRA exemptions, then Landlord must clearly

mark such information “CONFIDENTIAL AND PROPRIETARY,” and identify the specific lines containing the information before providing such documents to County. In the event of a CPRA request for such information or documents, County will notify Landlord in writing of any such request (“CPRA Notice”) so that Landlord can seek a protective order against County to preclude disclosure, from a court in Santa Clara County. Landlord acknowledges that if Landlord contends that any documents or information are exempt from CPRA and wishes to prevent disclosure, Landlord is required, at its sole cost, liability and expense, to obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara County and thereafter to properly serve notice on County of such court-provided remedy at least two (2) business days before the County’s deadline for responding to the CPRA request. If, after County’s delivery of a CPRA Notice, Landlord fails to obtain such court-provided remedy before County’s deadline for responding to the CPRA request, County may disclose the requested information even if marked “CONFIDENTIAL AND PROPRIETARY” without any liability of County and without any obligation to Landlord or any third parties. Landlord represents, warrants and agrees that it shall defend, indemnify and hold County harmless from and against any and all claims, allegations, costs, expenses, damages, losses, injuries, litigation costs and attorneys’ fees that may or do result from denial by County of a CPRA request for any information provided by Landlord or any of the Landlord’s employees, agents, officers, directors, representatives, contractors or subcontractors (“Landlord’s Representatives”) which are claimed to be or are marked confidential or proprietary, or the failure to release any information as a result of or arising out of or from any representation, or any action or inaction, by Landlord or any of the Landlord Representatives. This Section 11.24 is personal to Tenant and shall not run to the benefit of any assignee of Tenant’s interest in this Lease.

11.25 COUNTY NO-SMOKING POLICY. Smoking shall be prohibited on the Leased Premises. Tenant shall comply with the foregoing prohibition during the Term.

11.26 OFFICE OF FOREIGN ASSETS CONTROL COMPLIANCE. Landlord represents to County that: (a) Landlord is not acting, and shall not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person,” or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule or regulation enforced or administered by the federal Office of Foreign Assets Control; and (b) Landlord is not engaged in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity, or nation.

11.27 WAGE THEFT PREVENTION.

A. Compliance with Wage and Hour Laws. Landlord, and any Landlord Representatives it employs or contracts with to complete work under this Agreement, must comply with all applicable federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act, the California Labor Code, and any local minimum wage, prevailing wage, or living wage laws.

- B.** Definitions. For purposes of this Section, a “Final Judgment” shall mean a judgment, decision, determination, or order (which is issued by a court of law, an investigatory government agency authorized by law to enforce an applicable law, or arbiter, or arbitration pane and (b) for which all appeals have been exhausted or the time period to appeal has expired. For pay equity laws, relevant investigatory government agencies include the federal Equal Employment Opportunity Commission, the California Division of Labor Standards Enforcement, and the California Department of Fair Employment and Housing. Violation of a pay equity law shall mean unlawful discrimination in compensation on the basis of an individual’s sex, gender, gender identity, gender expression, sexual orientation, race, color, ethnicity, or national origin under Title VII of the Civil Rights Act of 1964, as amended, the Equal Pay Act of 1963, California Fair Employment and Housing Act, or California Labor Code section 1197.5, as applicable. For wage and hour laws, relevant investigatory government agencies include the federal Department of Labor, the California Division of Labor Standards Enforcement, and the City of San Jose’s Office of Equality Assurance.
- C.** Prior Judgments, Decisions or Orders against Tenant. By signing this Lease, Landlord affirms that it has disclosed any Final Judgments that (A) were issued in the five years prior to executing this Agreement by a court, an investigatory government agency, arbiter or arbitration panel and (B) found that Landlord violated an applicable wage and hour law or pay equity law. Landlord further affirms that is has satisfied and complied with – or has reached agreement with the County regarding the manner in which it will satisfy – any such Final Judgments.
- D.** Violations of Wage and Hour Laws or Pay Equity Laws During Term of Contract. If at any time during the term of this Lease, Landlord receives a Final Judgment rendered against it for violation of an applicable wage and hour law or pay equity law, then Landlord shall promptly satisfy and comply with any such Final Judgment. Landlord shall inform the County of any relevant Final Judgment against it within 30 days of the Final Judgment becoming final or of learning of the Final Judgment, whichever is later. Landlord shall also provide any documentary evidence of compliance with the Final Judgment within 5 days of satisfying the Final Judgment. Any notice required by this paragraph shall be addressed to the Office of the County Executive-OCCM at 70 W. Hedding Street, East Wing, 11th Floor, San José, CA 95110. Notice provisions in this paragraph are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the Office of the County Executive-OCC satisfies the notice requirements in this paragraph.
- E.** Access to Records Concerning Compliance with Pay Equity Laws. County’s Right to Withhold Payment. In addition to and notwithstanding any other provision of this Lease concerning access to Landlord’s records, Landlord shall permit the County and/or its authorized representatives to audit and review records related to compliance with applicable pay equity laws. Upon the County’s request, Landlord shall provide the County with access to any and all facilities and records, including but not limited to financial and employee records, that are related to the purpose of this Subsection, except where prohibited by federal or state laws, regulations or

rules. County's access to such records and facilities shall be permitted at any time during Landlord's normal business hours upon no less than 10 business days' advance notice.

- F. Material Breach. Failure to comply with any part of this Section constitutes a material breach of this Lease. Such breach may serve as a basis for termination of this Lease and/or any other remedies available under this Lease and/or law.
- G. Contractors. Landlord shall impose all the requirements set forth in this Section on any contractors permitted to perform work under this Lease. This includes ensuring that any subcontractor receiving a Final Judgment for violation of any applicable law promptly satisfies and complies with such Final Judgment.

11.28 RELOCATION. Landlord shall deliver the Leased Premises to Tenant free from all occupancies and tenancies. Landlord must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 et seq.) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar applicable laws. Landlord shall be solely and exclusively liable and responsible for notice and payment of any and all relocation costs and expenses of any occupants or tenants of the Leased Premises prior to the Term, in accordance with all applicable laws.

11.29 NONDISCRIMINATION. Landlord and each of the Landlord Representatives shall comply with all laws and County policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964, as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code Sections 12900 et sea.); California Labor Code sections 1101 and 1102. Landlord and each of the Landlord Representatives shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organization affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation, nor shall Landlord or any of the Landlord Representatives discriminate in the provision of services provided under this License because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

ARTICLE 12 HAZARDOUS MATERIALS

12.1 HAZARDOUS MATERIALS. Tenant shall not permit or cause any party to bring any Hazardous Materials upon the Leased Premises or transport, store, use, generate, manufacture or release any Hazardous Material in or about the Leased Premises without Landlord's prior written consent. With respect to Hazardous Materials, Tenant shall at all times operate in strict compliance with all applicable federal, state, and local laws, rules, regulations, and orders. For purposes of this provision, the term "Hazardous Materials"

shall mean and refer to any waste, pollutant, material, or contaminant, or other substance of any kind or character that are or become regulated as hazardous or toxic waste or substance, or which require special handling or treatment, under any applicable local, state, or federal law, rule, regulation, or order. Landlord shall have access to the Leased Premises, after two (2) business days' prior notice (except in emergencies), to perform inspections and tests with respect to Hazardous Materials. Tenant, at its sole cost and expense, shall remediate, accordance with applicable law, any release of Hazardous Materials at the Leased Premises by Tenant, its agents, employees, contractors, subtenants, or invitees.

12.2 Tenant shall indemnify, defend, and hold harmless Landlord from and against (a) any loss, cost, expense, claim, or liability arising out of any investigation, monitoring, clean-up, containment, removal, storage, or restoration work (herein referred to as "Remedial Work") required by, or incurred by Landlord or any other person or party in a reasonable belief that such Remedial Work is required by any applicable federal, state or local law, rule, regulation or order, or by any governmental agency, authority, or political subdivision having jurisdiction over the Leased Premises, and (b) any claims of third parties for loss, injury, expense, or damage arising out of the presence, release, or discharge of any Hazardous Materials on, under, in, above, to, or from the Leased Premises. In the event any Remedial Work is so required under any applicable federal, state, or local law, rule, regulation or order, Tenant shall promptly perform or cause to be performed such Remedial Work in compliance with such law, rule, regulation, or order. In the event Tenant shall fail to commence the Remedial Work in a timely fashion, or shall fail to prosecute diligently the Remedial Work to completion, such failure shall constitute a default on the part of Tenant under the terms of this Lease, and Landlord, in addition to any other rights or remedies afforded it hereunder, may, but shall not be obligated to, cause the Remedial Work to be performed, and Tenant shall promptly reimburse Landlord for the cost and expense thereof upon demand. Notwithstanding the foregoing provisions of this Section 12.2, Landlord shall not assert a claim against Tenant pursuant to this Section 12.2 for Hazardous Materials which are not caused by Tenant, or Tenant's agents, employees, contractors, subtenants, assignees or invitees.

12.3 Landlord shall indemnify, defend, and hold harmless Tenant from and against any loss, cost expense, claim, or liability arising out of Hazardous Materials on, under, in above, to or from the Leased Premises which were in existence on the Leased Premises prior to the Commencement Date.

ARTICLE 13 DEFAULT

13.1 DEFAULT. Each of the following shall be an event of default by Tenant under this Lease:

- A.** Tenant shall fail to pay Rent, or any other payment required by this Lease when due, and such failure continues for five (5) days after notice to Tenant of such failure.

- B.** Any insurance required to be maintained by Tenant pursuant to this Lease shall be terminated or cancelled or shall expire or shall be reduced below the limits specified in this Lease and proof of the insurance required by this Lease is not provided to Landlord with five (5) business days of discovery by Tenant of such termination, cancellation, expiration or reduction.
- C.** Tenant shall attempt or there shall occur any assignment, sublease or other transfer of Tenant's interest in this Lease except as is otherwise permitted in this Lease.
- D.** The appointment of a trustee or a receiver to take possession of all or substantially all of Tenant's property, or the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets located at the Leased Premises, unless such appointment, attachment, execution or seizure is discharged within thirty (30) calendar days after the appointment, attachment, execution or seizure.
- E.** The institution of bankruptcy, reorganization, insolvency or liquidation proceedings, or any other proceedings for relief under any bankruptcy or insolvency law or any other similar law for the relief of debtors, by or against Tenant, and if instituted against Tenant, the same are not dismissed within thirty (30) calendar days after the institution of such proceedings.
- F.** Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in Section 13.1 (A) through (E) above, and except as otherwise expressly provided herein, such default shall continue for more than thirty (30) days after Landlord shall have given Tenant written notice of such default (unless such performance due to the nature of the obligation, requires a period of time in excess of thirty (30) days, then after such period of time as is reasonably necessary but in no event shall such default continue more than ninety (90) days after Landlord shall have given Tenant written notice of such default).

13.2 REMEDIES. On the occurrence of any event of default on the part of Tenant described in Section 13.1 above, Landlord shall, in addition to any other rights or remedies available to Landlord under this Lease, have the following rights and remedies:

- A.** Landlord may terminate this Lease and Tenant's right of possession by giving Tenant written notice indicating the date upon which this Lease is terminated, and Tenant shall immediately surrender possession of the Leased Premises to Landlord. Upon such termination, Landlord shall be entitled to recover from Tenant the following amounts: (i) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be

reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, without limitation, the cost of recovering possession of the Leased Premises, expenses of reletting, including necessary renovation and alteration of the Leased Premises, and reasonable attorneys' fees. The worth at the time of award of the amount referred to in subparagraphs (i) and (ii) of the immediately preceding sentence shall be computed by allowing interest at five percent (5%) per annum, but in no case greater than the maximum amount of such interest permitted by law. The worth at the time of award of the amount referred to in subparagraph (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco or the Federal Reserve Bank District in which the Leased Premises are located at the time of award plus one percent (1%). Efforts by Landlord to mitigate damages caused by an event of default on the part of Tenant shall not waive Landlord's right to recover damages under this Article 13. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable therein, or Landlord may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Article 13.1(A) or Article 13.1(F) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Tenant under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Article 13.1(A) or Article 13.1(F). In such case, the applicable grace period under the unlawful detainer statute shall run concurrently with any grace period required by this Lease, and the failure of Tenant to cure the breach of the Lease within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and an event of default entitling Landlord to the remedies provided for in this Lease and/or by said statute.

- B.** Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any event of default on the part of Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.
- C.** Landlord may pursue any other remedy now or hereafter available to Landlord under the laws in which the Leased Premises are located. The failure of Landlord at any time to enforce its rights under this Lease shall not be construed as having created a custom that modifies the terms, conditions or covenants of the Lease. The rights, privileges, elections and remedies of Landlord under this Lease shall be cumulative, and Landlord shall have the right to exercise such remedies at any time

and from time to time singularly or in combination. If Landlord exercises the remedies provided for in Article 13.2(A) hereinabove, Tenant shall surrender possession and vacate the Leased Premises immediately and deliver possession thereof to Landlord, and Landlord may then or at any time thereafter re-enter and take complete and peaceful possession of the Leased Premises.

// SIGNATURES FOLLOW ON NEXT PAGE //

IN WITNESS WHEREOF, this Agreement has been executed as of the last date signed below by all parties.

"Landlord"

CHANG USA, LLC, RETIREMENT INN SERIES (R46), a Delaware limited liability company

By: Chang Management LLC, a Delaware limited liability company, its Manager

By: 
JESSICA SMITH
Chief Operating Officer

Date: 3/16/2020

"Tenant"

THE COUNTY OF SANTA CLARA, a political subdivision of the State of California

By: 
JEFF DRAPER
Director, Facilities and Fleet Department

Date: 3/16/2020

APPROVED AS TO FORM AND LEGALITY:

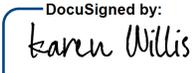
By: 
Karen Willis, Deputy County Counsel

EXHIBIT "A"
LEASED PREMISES

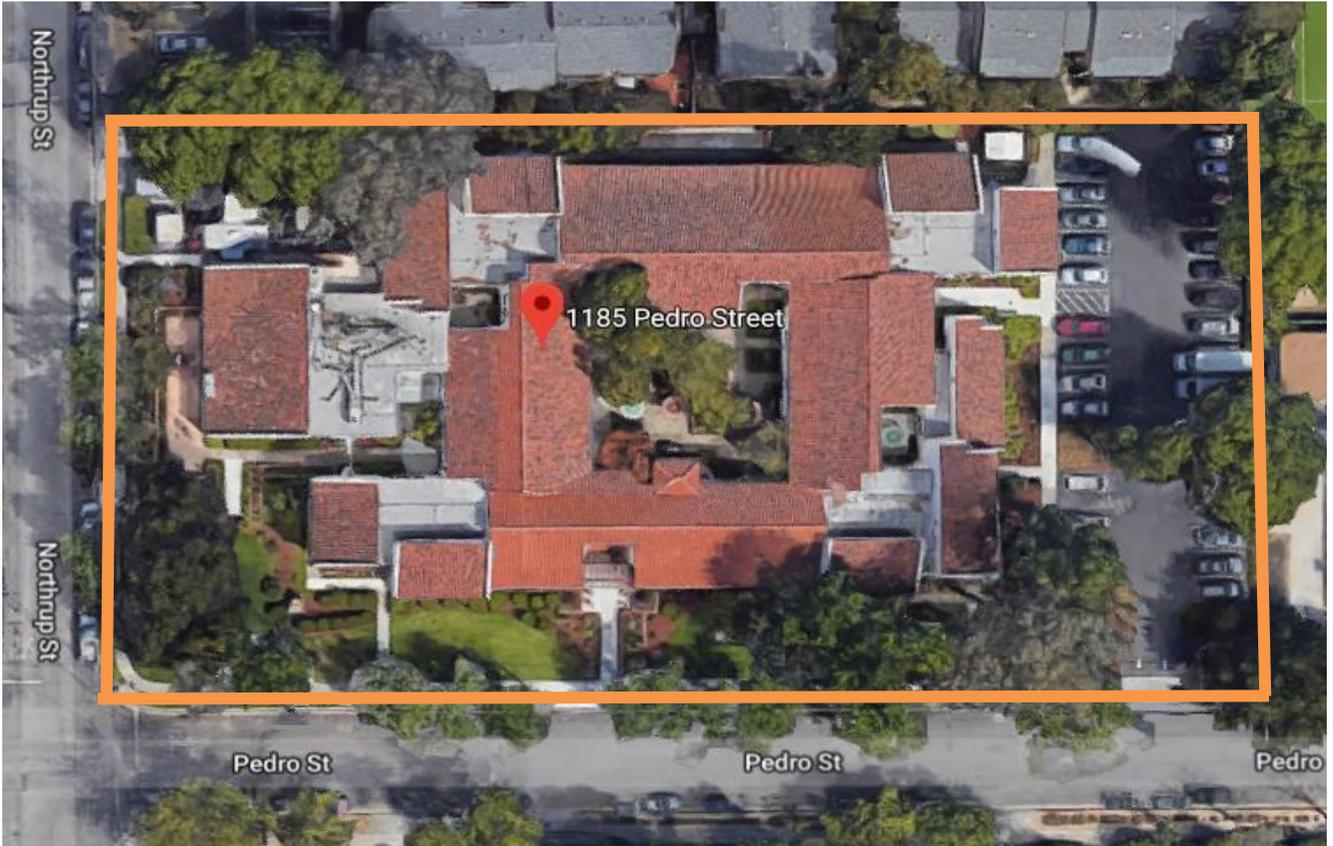


EXHIBIT "B"

LEGAL DESCRIPTION

All that certain real property situated in the City of San Jose, County of Santa Clara, State of California, being all of Lot 5 and a portion of Lot 7 of Block 6, as said Lots are shown on that certain Map entitled, "Map of the Sainsevain Villa", filed on June 19, 1876 in Map Book "A", Page 11, Santa Clara County Records, described as follows:

Beginning at a point in the Easterly line of said Lot 7, said point bears 42.00 feet (measured at right angles) Northerly from the center line of Pedro Street, as said center line is shown on that certain Map of Tract 1779, filed in Book 76 of Maps at Pages 8 and 9, Santa Clara County Records; thence from said Point of Beginning along the Easterly line of said Lots N. 0°00' 37" E. 188.10 feet (188.00 Record) to the Northeasterly corner of said Lot 5; thence along the Northerly Line of said Lot 5, N. 89°59' 23" W. 370.30 feet (370.00 Record) to the Easterly line of Northrup Street (60.00 feet wide); thence along said Easterly line of Northrup Street, S. 0°00' 37" W., 168.10 feet; thence along a curve to the left, having a radius of 20.00 feet, through a central angle of 90°00' 00" for an arc length of 31.42 feet to a point 42.00 feet (measured at right angles) Northerly from said center line of Pedro Street; thence parallel with center line, S. 89°59' 23" E., 350.30 feet to the point of beginning.

Assessor's Parcel Number: 264-05-066

EXHIBIT “C-1”

LANDLORD’S WORK

Landlord shall provide, at its sole cost and expense, the following improvements as part of the delivery conditions:

Plumbing

- Replace missing or damaged plumbing fixtures in residential unit numbers 225, 201, 204, 202, 210, 211, 212, 213, 215, 105, 110, 111, 115, 116, 117, 118, 120, 124, 125, 129, 131, 127, 220, 122 for total quantities of (14) toilets, (5) lavatory faucets, (15) bath faucets.
- Insulate all hot water pipes at hot-water-return pump and hot-water-storage tank.
- Replace (2) service sinks in janitor rooms.
- Replace laundry area hose bibs.
- Test and report facility boiler operation.
- Repair small leak at the cold-water pipe at hallway entering the kitchen.
- Replace any non-functioning exterior hose bib with new.
- Replacement of damaged and/or missing plumbing fixtures, including faucets, toilets and bath kits
- Replace hose bibs, test and report boiler operation
- Replace (2) janitor floor sinks
- Insulate pipes at return pump and rooftop storage
- Angle stop replacements at (64) care units
- Allowance for (6) each plumbing fixtures in flood zone care units
- Cap plumbing for toilets/faucets until installation of fixtures at end of scope. Provide install and replace all toilet angle stops.
- Install all required toilets, lavatory faucets, bath accessories including grab bars, towel bars, toilet paper holders.
- Seal all penetrations and gaps around plumbing pipes and fixtures. Allow contingency to replace (6) each toilets, faucets and bath kits with like kind.

Electrical

- Provide a Electrical wiring schematic of all wiring replaced.
- Replace emergency receptacle box at emergency generator.
- Replace (3) damaged exterior flood-lights with new LED fixtures.
- Replace damaged wall-mounted exterior lighting fixtures.
- Replace (1) damaged exterior bollard.
- Replace (180) existing light fixtures in corridors, and all lights in elevators with equivalent- luminosity LED fixtures.

- Provide battery-operated, emergency egress lighting in corridors.
- Provide GFCI receptacles at all-gender restrooms per NEC.
- Relocate rooftop HVAC disconnects per NEC.
- Reinstall smoke detectors and provide new smoke detectors where malfunctioning or missing.
- Provide (4) security lights for exterior, with battery back-up.
- Provide new engraved “lamacoid” nameplates at the switchboard and branch breakers. Perform electrical test at branch breakers and feeders.
- Enclose feeders and wiring where water damage has exposed.
- Remove the subpanel, clean and test.
- Budget assumes 30-foot home runs to replace electrical outlets and switches in water damaged area
- Budget assumes 150-foot home runs to replace corridor smoke detector wiring
- Replacement of electrical sub-panels as needed
- Wiring of new HVAC equipment, relocation of shutoff switches
- Replacement of corridor light fixtures(220) , dining hall fixtures, damaged flood lights and elevator fixtures.
- Replacement of generator box
- Clean and test panels, enclose feeders, add GFCI’s to common baths and add “lamacoid” labels at kitchen panel.
- Minkaair 52” LED fan with light kit and steeped ceiling adapter, Gathering room Connect all to existing panels and label as required by code.
- Perform electrical test branch at the feeders, test at branch breakers and feeders, enclose where exposed, remove sub panel clean and test.
- Provide and install potentially damaged Bathroom light fixtures, Exhaust fan systems, if found to be needed during construction. Build in contingency for (6) of each in like kind to existing.
- Patient rooms have 4 to 6 outlets per room 2 GFCI’s, 1 at restroom and 1 at HVAC units and hardwiring requirements for smoke heads. Provide and install LV wiring 120V at outlets, smokes and GFCI runs.
- Allowance of 30 Feet per home run. Use existing boxes. Provide and install new 15 amp grounded duplex tamper resistant receptacles and GFCI’s and 20V for HVAC. Replace 20V fuses at panels as necessary. Run surface mount conduit and LV for malfunctioning electrical at the HVAC units. Provide and install all material necessary for scope and code compliance including wiring, cabling, nuts and conduits per code.
- Run new LV at common area hallways as required for new fixtures, smoke heads and existing PA system and outlet locations. Approximately 150 feet per hallway. Run LV surface mount and conduit runs for new smokes at non water damaged locations.
- Disconnect and cap common hall “nurse station” mapping electrical wiring.
- Provide and replace light fixtures in common hallways with water damage

- locations with Surface Mounted LED fixture. (refer to TI scope for total number of fixtures).
- “Progress Lighting 5.5” Black LED, Hallways and common areas
 - Replace rusted emergency receptacle box at emergency generator. Paint new in red.
 - Replace LV wiring connection in the box at the flagpole and replace (3) Flood lights. Close the box and provide the labels.
 - Replace damaged exterior security lighting with new LED fixtures in like kind.
 - 4.) Replace (1) Damaged bollard with like kind.
 - Stub LV wiring for smokes
 - Provide and install Type ”Minka Aire” or similar drop down LED commercial fan and LED light kit with 1340 lumens per to replace existing chandeliers (8) locations with vaulted ceiling adapters. Test operation, add contingency for any wiring replacement.
 - Provide and install (4) sconce lights in the vaulted area of the dining hall.
 - Replace (220) Corridor Lighting in non-water damaged locations with Surface Mounted. Replace elevator lighting with LED Fixtures, provide spec, electrician to provide specification.
 - Add surface mounted emergency egress lighting with battery packs where required per regulatory. Add 3D fire extinguisher notification signages to accompany all fire extinguisher boxes.
 - Provide allowance for LV wiring for new ADA front door and accessibility post, New nameplates at the switch board and branch breakers
 - Relocate AC unit and kitchen AS disconnect switches to readily accessible location. Run all new LV wiring to relocated 10 Ton HVAC unit from roof deck to ground floor, approximately 1,000 feet.
 - Test LV wiring for PA system/speakers, allowance for new LV if in operable. Price separately. Recommendation for surveillance system stub out LV wiring.
 - Disconnect nurse station hallway maps and cap wiring for FLS.
 - Add contingency for Panel replacement
 - Add allowance for new surface mounted runs for 20V at new HVAC units at 7 rooms
 - Add allowances to replace Jbox at 2 runs.
 - Install new carbon monoxide detectors (wired)

Note: Bring to code electrical locations will be where drywall to be removed to the ceiling and can be accessed (damaged area)

Abatement

- LBP, ACM, moisture and pest related remediation.
- Clean framing members suspected of mold damage

- Iceblast framing members to include all studs, joist beams, underside of 2nd floor subfloor and sheathing with visible organic growth. Approximately 100 locations at various locations throughout Floor #1 to underside of subfloor on floor #2. All locations that have potential or visible mold growth will be further sprayed with a mixture of Hydrogen Peroxide and Sodium carbonate (non toxic, to assure further protection from spores)
- LBP and ACM abatement protocol required at locations for Gypsum removal and/or glue down tiles in building.

Note: All abatement protocols will be used for LBP and ACM Friable. All Hazardous materials will be accounted for and disposed of with a chain of custody and a manifest attached. All local governments associated with the inspection or monitoring of LBP or ACM Friable will be contacted and informed.

Roofing

- Replace roofing system throughout complex.
- Install clamping rings per new roofing system.
- Removal and re-installation of existing tile, replacement of broken tiles, and underlayment
- Replacement of 10,000 sqft of sheathing, flashing at the eaves, rakes, downspouts and new clamping rings
- Remove and reset using existing tiles. Remove tile for reinstallation. Demo felt and battens. Allowance to replace (100) sheets of damaged plywood. Supply and install 1 layer underlayment over existing sheathing. Replace broken tiles to match existing. Re-install tiles to fasten per manufacturer specifications. Supply and install sheet metal at eaves and rakes. Supply and install pipe flashing and roof clamps per manufacturer requirements.

HVAC

- Replace in-wall heat pumps at salon and residential unit numbers 102, 104, 220, 228, 241, 209.
- Replace kitchen evaporative cooler, dishwasher exhaust fan, hood exhaust, and HVAC service for activities and dining area. Complete volumetric air flow testing and balancing at completion.
- Allowance for replacement of Rooftop HVAC new TRANE unit
- Replacement of (9) non-functioning heat pump units in the care units and allowance for (6) replacements in the water damaged care units.
- Replacement of kitchen (1) evaporative cooler, (1) dishwasher and (1) hood fan and new venting
- HVAC commissioning and balancing

- Complete start up functions on all HVAC systems, add contingency for replacement of (3) assumed damaged from water intrusion, provide allowance for fuse
- replacements and/or repair work. Replacement of the rooftop HVAC unit servicing the activities and dining hall. Demo roof Trane HVAC unit. Install 2 new 5 ton units in the 2nd floor activity hall. Twin together for 10 ton. Install new 10 Ton unit on the Ground floor. Run refrigeration lines. Relocate ducting and electrical to ground floor pad.
- Replace in-wall heat pump/HVAC units in Salon, 102,104,220,228,241,209.
- Replace the kitchen evaporative cooler, dishwasher, and hood exhaust fan.

Drywall/Stucco

- Repair cracked stucco in soffit.
- Contractor estimated structural framing, sheathing and substrate replacements
- Repair of exterior wall penetrations, stucco repairs
- Replacement of damaged post base
- Repair concrete cracking at stairway entrances
- Installation of 35,000 sqft. of 5/8", type-X drywall
- 4x8 sheets per below, texture at level 4 finish in all locations Type X
- Existing Gypsum on walls has been cut at 36" above grade requiring full sheet replacements at water damaged locations. Full sheets in place are appropriately stamped and are to remain in place.
- Demo Cut Gypsum, provide and install at all open construction areas, include all necessary materials per material installation specifications including screws and nailing, taping, mud, wall texture, cornerbeads, caulking.
- Patient rooms and Director office approximately 11 to 14 sheets per room 360 to 500 square feet. (36) Corridor 1 requires 53 sheets 1500 square feet. (2)
- Corridor 2 Requires 39 sheets, 1039 square feet (2)
- Library Requires 57 sheets at 1655 square feet (2)
- Dining hall requires 58 sheets at entry hall 1670 Square feet in area located at ceiling up to soffit, drop ceilings to trusses and wrap column beams. Demo existing chair rails and wall coverings in the dining hall, float and texture dining hall to match existing. (1)
- Clean all exterior building surfaces. Seal all cracks at penetrations throughout the exterior of the community including corners of air conditioning units, exhaust fans in window eaves, surface mounted wiring covers, and downspouts. Remove section of damaged exterior wall overhang and repair and refinish to match existing adjacent areas, replace sheathing under saw fit, complete finish with three part stucco to match existing. Prime and paint to match existing finish.

Note: drywall to be replaced where damaged from water only.

Structural

- Replace water damaged portions of the wall framing with like kind match original construction. Various 1x4's and 2x4's use Hem Fir 2 or similar, 40 pieces. Add allowance for 40 additional contingency related if needed to replace after environmental abatement. Replace damaged wall sheathing in (6) locations of with like kind to the original constructions sheathing. Replace all non-compliant sistering with correct size lumber and nails.
- Add contingency allowance for second floor substrate sheathing to replace if needed, (20 sheets of 5/8" ply)
- 2nd Floor substrate flooring build up to match existing building surface (approx. 1 ¼ inch) using particle board for non-wet rooms and ply for wet rooms.
- Replacement of (50) framing members
- Repair of shear wall at (15) locations

Note: Structural to be replaced where damaged from water only.

FLS

- Replacement of Smoke/Fire panel (1) and smoke heads, fire extinguishers, FLS related signage, add on egress lighting with battery back-ups
- Replacement of damaged sprinkler heads and retrofits related to new gypsum installation.
- Replace (1) fire extinguisher cabinet at roof. Provide throughout property, additional fire extinguishers and housings per NFPA requirements. Inspect all existing fire extinguishers for
- Provide and install fire alarm cabling, Signal devices and complete all upgrades to smokes to include low frequency devices. Complete transfers on booster panel connections to the existing fire alarm system. Complete all programming. Complete all requirements for fire alarm permits and drawings. Complete all necessary fire life safety signage in common areas to include directional, unit numbers, mapping exit signage and emergency backups. Install new fire extinguishers with boxes as required using specification with tempered glass with brake hardware. Add contingency allowance for any city required firestopping including 3M tape and caulk at penetrations, potential sheer adds of load bearing walls. Complete necessary retrofits on existing Sprinkler system for new Gypsum Board. Add splash guard adapters to sprinklers located in electrical hub locations including all panel rooms and boiler return pump room. Intrepid is current service provider and can be used as Sub for FLS port
- Connect new smoke LV wiring to fire alarm panel.
- Replace damaged fire extinguisher boxes with new boxes including tempered glass in break equipment replace missing or damaged fire extinguishers. Connect new smoke detectors at low voltage locations. Add illuminated exit signage every 75 feet through the corridors. Add reflective exit signage at 3 feet above ground

as required per FD regulatory. Add surface mounted emergency egress lighting with battery packs. Add 3D fire extinguisher notification signages to accompany all fire extinguisher boxes.

- Add costing for signage requirements related to FD code for mapping locations and directions at all egress points.
- Add optional cost to replace All extinguisher boxes with tempered force break glass.

Note: Fire related wiring to be replaced where damaged from water only.

EXHIBIT C-2

ADDITIONAL IMPROVEMENT WORK

Landlord and Tenant acknowledge that the calculations made in connection with determining Tenant's Contribution include costs and expenses associated with a portion of the painting and flooring work identified in the Landlord's Work listed on Exhibit C-1.

Paving/Concrete

- Patch and seal all parking lot paving including striping, markings, signage. Prune tree roots encroaching on parking lot.
- Allowance for the 2 parking lots including tree root pruning, patchwork, new slurry coat, seal and new striping 5,000 square feet
- Demo lifted paving areas including tree root locations. Provide trench cuts at severely graded areas, complete necessary compaction and gravel fill and backfill with new asphalt. Complete tree root pruning at lifted location. Demo concrete curbs surrounding tree cuts. Complete all patchwork and backfill with new asphalt. Provide and install new slurry coat. Re-stripe of parking area including ADA spaces, add detectable warning surfaces and stripe off loading areas. Install Post hardware for new signage and directions at (2) space stalls.
- Demo Lifted paving areas, Provide trench cuts at severely graded areas, complete necessary compaction and gravel fill and backfill with new asphalt.
- Provide and install new slurry coat, restripe parking area.
- Replace (1) concrete post base at balcony column.
- Repair crack in bottom stair tread, typical at exterior stair landings.
- Replace concrete post at base of (1) balcony column. Provide sistering support beams for load bearing during footing replacement. Remove damaged wood rot at base, install new baseplate and attach to post.
- Repair cracked typical bottom stair, patch applicable cracks with epoxy. Re-pour if needed.
- Pour new curbs for planters around trees after tree root pruning and asphalt repairs are completed approximately 100 feet.

Glazing/doors

- Replace all broken glazing. Remove locking pins from windows and patio door systems.
- Replace building's main entry door system to be accessible.
- Provide/replace doors and hardware in (12) residential units.
- Replacement of entry door system with new ADA system

- Replacement of doors and hardware in (12) care units
- Remove locking pins from doors/windows and replace broken glazing
- Replace Broken glazing, remove locking pins form windows and door systems. 26.) Provide and replace doors and door hardware in (12) patient rooms.
- Replace the main building door entry system for compliance with ADA ingress and egress to include hook up to manual push plate on exterior and interior, sweeping requirements, appropriate closures with timing for sweep and egress push bars.

Painting

- Seal exterior wall penetrations and cracks. Clean exterior walls and touch-up paint as needed.
- Paint all exterior wood including stairs, balustrade, balconies, and fascia.
- Prep and paint all exterior wood railings, deck members and facias
- Paint new interior areas, touchup paint throughout interior and exterior of property.
- Paint all restoration locations to match existing, include all prep work patch and primer. Use all necessary measures to protect new or existing doors, windows, fixtures and flooring.
- Clean all exterior building surfaces. Prep and paint all exterior wood surfaces including balustrades, railings and deck members.
- Touch up paint throughout interior (non water damaged) and exterior surfaces to match existing.

Flooring

- Replace carpet and pad in all residential units per owner specifications.
- Replacement of all flooring in (64) care units and moisture damaged locations
- Low pile commercial squares at carpeted areas and low-grade sheet vinyl in wet rooms
- Build-up of 2nd floor substrate with allowance for 20,000 square feet of particle and plywood
- Provide and install Commercial rated 24” Carpet tiles in all bedrooms and common hallways. Refer to Framing scope for repairs to subfloor, refer to flooring scope for all flooring replacements.
- Replace linoleum, Armstrong Pickwick Landing II, Tortilla Stone, in bathrooms with sheet vinyl with shoe base in silver trim.
- Replace linoleum, Armstrong Pickwick Landing II, in non-tenant spaces (electrical rooms storage spaces.) sheet vinyl with 3 inch vinyl base cove.
- Provide and install hard surface plank Procore Heirloom Oak at common space entry way, and common area gathering space.

- Demo terra cotta tile base in kitchen at water damaged sheetrock locations, and replace with like kind. Replace baseboard only as needed with like kind 5" or 5 1/4" MDF.
- Replace carpet and pad per owner specifications in patient rooms and corridors. Low pile commercial carpet square tiles.

Security Camera System

- (2) 64-Channel Network HD Video Servers,
- (60) UNV4MP Dome Camera,
- (40) PTZ Dome Camera 30 X Optical Zoom,
- (2) Rack Mount Power Supply,
- (4) Electronic Power Line Units,
- (3) 16/24-Port Network Gigabit Switch,
- (4) 32" LED QHD Flat Panel Widescreen Monitors,
- Joystick Controller,
- (12) 4TB Grade HDD Upgrade,
- 32TB External USB Hard Drive,
- 128GB Micro SD Memory Card,
- Keyboards, 2 Mouse,
- PTZ Controllers,
- (20) CCTV Camera Notice Signs,
- Power Supply Adapter,
- Video Management Software,
- CAT5 Cables, Low Voltage
- Wiring/Electrical, Power Strip/Surge.

Emergency Exit Door Alarms

- 1 Alarm Control & Keypad Annunciator at Front Desk, 1 Repeater,
- (30) Battery Operated Sounder Key Shunt Switch, (30). These are for exterior doors. Not for the client rooms.

Security/Concierge Desk:

- Concierge - Tera L Shaped Security Desk w/ Light Panel TRA25 W64 7/8" x D64 7/8" x H45 5/8"

EXHIBIT "D"

WORK LETTER

This Work Letter sets forth the agreement of Landlord and Tenant with respect to the Delivery Work to be constructed in the Leased Premises prior to the Delivery Date. All defined terms used herein shall have the meanings set forth in the Lease, unless otherwise defined in this Work Letter.

1. Delivery Work. Landlord will perform (i) the maintenance, repair and improvement work required to satisfy Landlord's Work and (ii) the Additional Improvement Work (collectively, the "Delivery Work"), and shall deliver the Leased Premises to Tenant with the Delivery Work Substantially Completed. The term "Substantially Completed" or "Substantial Completion" as used in the Lease or this Work Letter shall mean the date that is the later to occur of: (a) the issuance of the Certificate of Substantial Completion pursuant to that certain Standard Abbreviated Form of Agreement Between Owner and Contractor entered into by and between Landlord and Contractor with respect to the Landlord's Work; (b) the issuance of the Certificate of Substantial Completion pursuant to that certain Standard Abbreviated Form of Agreement Between Owner and Contractor entered into by and between Landlord and Contractor with respect to the Additional Improvement Work; and (c) receipt of all final permit sign-off for all Delivery Work. Tenant shall be entitled to complete a final walk through of the Delivery Work upon Substantial Completion and within two days of the final walk through, shall be entitled to generate a punch list of repairs or corrective action that shall be addressed by the Landlord within ten (10) days of receipt. Tenant hereby authorizes Landlord to perform and commence the Delivery Work through in the manner described in this Work Letter.

2. Contractor. Landlord shall initially retain PM Construction ("Contractor") to perform the Delivery Work.

3. Architect. Landlord shall initially retain Central Coast Engineers, Inc. ("Architect") for the design and preparation of plans for the Delivery Work. Architect shall be responsible for obtaining all necessary building permits and approvals and other authorizations from governmental agencies required in connection with the Delivery Work (collectively, the "Permits").

4. Plans.

(a) Landlord shall cause Architect to deliver to Tenant construction drawings, which show in detail the intended design, construction and finishing of all portions of the Additional Improvement Work (collectively, the "Construction Drawings"). Within ten (10) business days after Tenant's receipt of the Construction Drawings, Tenant shall either approve or disapprove the Construction Drawings, which

approval shall not be unreasonably withheld. Tenant's failure to approve or disapprove the Construction Drawings within such 10-business day period shall be deemed to constitute Tenant's approval of the Construction Drawings. If Tenant disapproves the Construction Drawings, then Tenant shall state such disapproval in a written notice to Landlord, including reasonable detail with respect to the changes which Tenant requires to be made thereto. Landlord shall submit to Tenant revised Construction Drawings within five (5) business days after Landlord's receipt of Tenant's disapproval notice. Tenant shall give Landlord written notice of its approval or disapproval of the revised Construction Drawings within five (5) business days after the date of Tenant's receipt thereof. Tenant's failure to approve or disapprove the revised Construction Drawings within such 5-business day period shall be deemed to constitute Tenant's approval of the revised Construction Drawings. If Tenant disapproves the revised Construction Drawings, then Landlord and Tenant shall continue to follow the procedures set forth in this Paragraph 4(a) until Landlord and Tenant reasonably approve such Construction Drawings in accordance with this Paragraph 4(a); provided, however, that notwithstanding anything to the contrary set forth above in this Paragraph 4(a), if Landlord and Tenant have not mutually approved the Construction Drawings within three (3) business days after Landlord's delivery of the third (3rd) iteration of the same to Tenant, the additional days needed to finalize and agree on the Construction Drawings shall be considered a Tenant Delay to the extent of such additional days are not attributable to Landlord's or Contractor's failure to address prior comments of Tenant.

(b) After Landlord and Tenant have mutually approved the Construction Drawings pursuant to Paragraph 4(a) above, Landlord shall cause Architect to apply for the Permits. Notwithstanding anything to the contrary set forth above in this Paragraph 4(b), if Architect is unable to obtain the Permits within thirty (30) days after Landlord and Tenant have mutually approved the Construction Drawings, then the additional days needed to obtain the Permits shall be considered a Tenant Delay to the extent such additional days are not attributable to Landlord's or Contractor's failure to use commercially reasonable efforts to obtain the Permits.

5. Cost Estimate. Upon approval by Landlord and Tenant of the Construction Drawings, Landlord shall instruct Contractor to obtain a minimum of three (3) competitive bids for the major trades with respect to the Additional Improvement Work. Such subcontractors shall be requested to each submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the applicable portion of the Additional Improvement Work designated on the Construction Drawings. In addition, Landlord shall also cause the Contractor to pay all workers involved in constructing the Additional Improvement Work the general prevailing wages of per diem wages for work of a similar character in the City of San Jose, and if applicable, general prevailing wages for holiday and overtime work. Landlord and Tenant acknowledge and agree that Landlord has provided Tenant with an estimate for the Additional Improvement Work Costs in the amount of One Million Seven Hundred-Two Thousand Eight Hundred Twenty-Eight and No/100 Dollars (\$1,702,828) (the "Cost Estimate"),

and such Cost Estimate shall constitute a guaranteed maximum contract price to Landlord for the Additional Improvement Work Costs (as defined in Section 7 below) to be set out in a written agreement for the construction of the Additional Improvement Work between Landlord and Contractor. Such agreement between Landlord and Contractor may include both the Additional Improvement Work and Landlord's Work, but shall make a reasonable distinction regarding the costs for the respective work.

6. Payment for Delivery Work.

(a) Landlord shall be solely responsible for the costs and expenses associated with Landlord's Work and the Additional Improvement Work; provided, however, Tenant shall reimburse Landlord for the Additional Improvement Work Costs in an amount ("Tenant Contribution") not to exceed the sum of all of the following amounts: (i) One Million One Hundred Eighty-Four Thousand Two Hundred Forty-Six and No/100 Dollars (\$1,184,246); and (ii) the amount that the actual Additional Improvement Work Costs exceeds the Cost Estimate as a result of one or more of the following: (A) a Change (as defined below) to the Additional Improvement Work that is either requested by Tenant or required to be performed pursuant to any applicable law, and (B) any Tenant Delay. Tenant shall not be responsible for the payment of Additional Improvement Work Costs which exceeds the Tenant Contribution. Tenant shall pay Landlord the Tenant Contribution in not more than two (2) tranches, the first of which shall be paid after approximately 50% of the Delivery Work has been completed and within fifteen (15) days after receipt by Tenant of an invoice summarizing the Additional Improvement Work Costs incurred by Landlord to date, together with copies of the underlying invoices for the specific costs and expenses incurred by Landlord and/or Contractor (the foregoing, the "Invoice Package"), and the second payment shall be paid after Substantial Completion and within fifteen (15) days after receipt by Tenant of an Invoice Package for the remaining approximately 50% of the Delivery Work; provided, however, in no event shall Tenant have the obligation to reimburse Landlord for Additional Improvement Work Costs to the extent the aggregate sum of all reimbursements made by Tenant exceeds the Tenant Contribution.

7. Additional Improvement Work Costs. The "Additional Improvement Work Costs" shall mean all reasonable costs incurred in connection with performance of the Additional Improvement Work, as determined by Landlord in its reasonable discretion, including without limitation the following:

(a) The cost attributable to preparing the Construction Drawings, and other architectural and any other engineering plans and specifications for the Additional Improvement Work;

(b) All costs of obtaining the Permits and other necessary authorizations from the City of San Jose and any other applicable governmental authorities that are attributable to the Additional Improvement Work;

(c) All costs of interior design and finish schedule plans and specifications, including as-built drawings by Architect that are attributable to the Additional Improvement Work;

(d) All direct and indirect costs of procuring, constructing and installing the Additional Improvement Work in the Leased Premises, including, but not limited to, a construction management fee payable to Landlord in the amount of five percent (5%) of the Additional Improvement Work Costs (other than this construction management fee); and

(e) All fees payable to Architect and Landlord's engineering firm that are attributable to the Additional Improvement Work.

In no event shall the Additional Improvement Work Costs include any costs of procuring, constructing or installing in the Leased Premises any of Tenant's personal property, trade fixtures, equipment, inventory, computers, telephones, promotional materials, signage or any other expenses which are not otherwise specifically listed as Additional Improvement Work.

8. Tenant Delay. In the event of any Tenant Delays (as that term is hereinafter defined), the date that the Delivery Work is Substantially Completed shall be determined based on the date Landlord in good faith determines it would have Substantially Completed the Delivery Work without the delays attributable to Tenant Delays. As used herein, the term "Tenant Delays" shall mean any delay that Landlord actually encounters in the performance of Landlord's obligations under this Work Letter or the Lease to construct the Delivery Work because of any act or omission of any nature by Tenant or its agents, including, without limitation, delays resulting from Changes (defined below); delays due to the failure to promptly give authorizations or approvals of the Construction Drawings or any other matter required to enable Landlord to proceed with any work; additional days referred to in paragraphs 4(a) and 4(b) above; delays due to the postponement of any Landlord work at the request of Tenant; provided, however, the foregoing shall not include delays due to force majeure.

9. Right to Cease Work. Landlord shall have the right to cease all work in the event the number of days attributable to Tenant Delays exceeds the aggregate of thirty (30) days, unless Tenant gives unconditional approval to all Delivery Work in a manner requested by Landlord to allow Landlord to proceed with the immediate construction of the Delivery Work. The failure of Tenant to provide such unconditional approval within three (3) business days after written demand therefor from Landlord shall constitute a default on the part of Tenant pursuant to the Lease.

10. Change Requests. Any request by either party for a change in the Delivery Work, or any change in the Delivery Work that is triggered by any applicable

law (a “Change”) shall be in writing and shall be accompanied by all information necessary to clearly identify and explain the proposed Change. Neither party shall have the right to withhold consent to a Change mandated by applicable law, and neither party shall unreasonably withhold its consent to any other Change and shall issue its decision within five (5) business days after receipt of same. Tenant acknowledges and agrees that it shall be reasonable for Landlord to withhold consent to any Change to the Landlord Work requested by Tenant if such Change will result in an increase in the cost of performing the Landlord Work or any Tenant Delay. Upon such mutual approval, Landlord shall be authorized to proceed with the implementation of the requested Change. The Additional Improvement Work Costs shall be adjusted accordingly to reflect any increase or decrease in the cost of performing the Additional Improvement Work as a result of a Change to the Additional Improvement Work, including, without limitation, the amount of the actual costs incurred by Landlord to review a requested Change, revise the Construction Drawings and seek any additional applicable Permits or other approvals, and Tenant shall be responsible for any such increase regardless if such increase causes the Additional Improvement Work Costs to exceed the Tenant Contribution. The term “Additional Improvement Work” shall include any Change thereto.

11. Construction Schedule. Within ten (10) business days after approval of the Construction Plans, Landlord shall provide Tenant with a project schedule with milestones and estimated completion of construction of the Delivery Work (“Construction Schedule”). Landlord shall use commercially reasonable efforts to cause each phase of construction to be completed within the time frame provided in the Construction Schedule. Landlord shall have the right to revise the Construction Schedule to reflect delays in the project schedule caused by Changes or Tenant Delay.

12. Warranties. Landlord shall assign to Tenant all of Landlord’s warranties received from Contractor, Architect or any materialman or supplier in connection with the Delivery Work. Landlord shall require Contractor to warrant the Delivery Work for at least one (1) year.

13. Representatives. Tenant shall work with Christopher Lee, as Landlord’s representative, and Landlord shall work with Qais “KC” Sediqi, as Tenant’s representative, to coordinate the communication and approvals required in connection with the planning, payment and construction of the Delivery Work. The foregoing representative shall meet no less than once every two (2) weeks to discuss the details and progress of the Delivery Work.