

DOUBLE-O DEVELOPMENTS, INC.

LEASE AGREEMENT

This lease, dated as of this 14th day of May, 2017, is made by and between Double-O Developments, Inc. ("LANDLORD") and SCOTTS VALLEY UNIFIED SCHOOL DISTRICT ("TENANT") who agree as follows:

1. PREMISES: The LANDLORD leases to TENANT and the TENANT leases from the LANDLORD the premises described as a portion of the complex known as Canada Court, located at 4444 Scotts Valley Drive, Scotts Valley, CA, 95066.

2. TERMS: The term of this lease shall be for ONE (1) YEAR beginning Sep. 1, 2017 and shall end at 5:30 p.m. Aug 31, 2018 unless terminated earlier in accordance with the terms of this agreement. If TENANT holds possession hereunder after the expiration of the term of this lease, without exercising the provision of the "Option to Extend" (Paragraph #22) TENANT shall become a TENANT from month-to-month at the monthly rate of Four thousand, two hundred dollars (\$4,200.00) per month.

3. RENT: The TENANT shall pay as rent for the premises the sum of Four thousand twenty dollars and zero cents (\$4,020.00) per month payable in advance of the first day of each calendar month during the term of this lease. The landlord may request the tenant to file a BCE-268A form to receive a property tax adjustment from the County of Santa Cruz based upon this space being leased to a governmental agency. The tenant's personnel shall help to provide all necessary assistance to procure this tax adjustment on behalf of the LANDLORD.

4. COST OF LIVING ADJUSTMENT: Rents may be adjusted each year of this lease by approximately three percent (3%). This applies to the option to extend periods in this lease. Should the tenant exercise the option to extend this lease, beginning

~~Sep. 1, 2018 monthly rents shall be \$4,140.60.~~ ANY COST OF LIVING ADJUSTMENTS WILL BE NEGOTIATED BY BOTH PARTIES

5. USE: TENANT shall use the premises for normal practices associated with the operation of a school district and the business activities to facilitate this work.

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TENANT shall not use or permit the premises to be used for any other purpose without the prior written consent of the LANDLORD.

6. COMPLIANCE WITH LAW: TENANT shall not use the premises or permit anything to be done in or about the premises which will in any way conflict with any law, statute, ordinance, or governmental rule or regulation now in force or which may hereafter be enacted or promulgated.

7. ASSIGNMENT / SUBLETTING: Said TENANT hereby agrees not to assign this lease or any interest therein, not let or underlet the whole or any part of said leased premises without the written consent of said LANDLORD first had and obtained, and that neither this lease, nor any interest therein shall be assigned or assignable, either by operation of law otherwise. Said LANDLORD agrees not to unreasonably withhold such consent. TENANT agrees that LANDLORD may assign any interest in this lease only with the prior written consent of TENANT, which shall not be unreasonably withheld.

8. SERVICES: LANDLORD shall furnish TENANT, without additional charge, water, sewer, and garbage collection. The TENANT shall pay all charges for its own electricity, heat, gas, janitorial service and air conditioning. THE GAS AND ELECTRIC CHARGES WILL BE PASSED ON TO THE TENANT AS A 40% SPLIT OF THE PG&E BILL FOR SPACE #5 WHICH BILL IS SHARED WITH THE AREA CURRENTLY OCCUPIED BY GLOBUS NEW MEDIA, LLC AND THE TENANT WILL ALSO BE RESPONSIBLE FOR THEIR DIRECT BILLING FROM PG&E FOR SPACE NOT SHARED WITH ANOTHER TENANT. The TENANT shall also pay all charges for its own telephone use and for other special equipment used in its business.

9. REPAIRS: A. LANDLORD'S MAINTENANCE: LANDLORD, at its cost shall maintain in good condition the following:

(1) The structural parts of the building and other improvements in which the premises are located;

- (2) The unexposed electrical, plumbing and sewage system, including without limitation, those portions of the systems lying outside the premises;
- (3) The heating, ventilating and air conditioning system serving the premises;
- (4) All common areas including pedestrian walkways and patios, landscaped area, sidewalks, service corridors, restrooms, stairways, throughways, and parking areas.

B. TENANT'S MAINTENANCE: TENANT, at its cost, shall make necessary repairs to the interior walls, windows, plate glass, office front, signs, and TENANT'S personal property.

10. ALTERATIONS AND ADDITIONS: TENANT shall not make or allow to be made any alterations, additions or improvements to or of the premises or any part thereof without first obtaining the written consent of the LANDLORD, which shall not be unreasonably withheld. Upon TENANT'S request for LANDLORD'S consent, if LANDLORD does not respond in writing within fifteen (15) days, LANDLORD'S consent shall be deemed to have been given.

11. DESTRUCTION: If, during the term herein, the premises or the building and other improvements in which the premises are located are totally or partially inaccessible or unusable, LANDLORD shall restore the premises, the building and other improvements to substantially the same condition as they were immediately before destruction, if the restoration can be made under existing laws and can be completed within ninety (90) days after the date of destruction. If the restoration cannot be made within the aforementioned ninety (90) day period, then within fifteen (15) days after the parties determine that the restoration cannot be made in the stated time, TENANT may terminate this lease and if restoration is permitted under the existing laws, LANDLORD, at its election, may either terminate this lease or restore the premises or the building and improvements within a reasonable time and this lease shall continue in full force and effect. If the existing laws do not permit restoration, either party can terminate this lease immediately by giving notice to the other party. Notwithstanding the foregoing, if the destruction to the premises shall be so extensive that TENANT'S business is adversely

affected; then TENANT shall have the right to terminate this lease on thirty (30) days written notice to LANDLORD.

During all periods of restoration, TENANT'S rents shall be reduced in proportion to the damaged portion of the premises from the date of such damage until all repairs have been completed.

12. LIENS: TENANT shall pay all costs for construction done by it or caused to be done by it on the premises as permitted by this lease. TENANT shall keep the premises free and clear of all mechanics' liens resulting from construction done by the TENANT.

13. LANDLORD'S ACCESS: The LANDLORD shall have the right at all reasonable times and upon reasonable notice during the term of this lease to enter the premises for the purpose of examining or inspecting same or providing services, maintenance or making such repairs or alterations thereon as the LANDLORD shall deem necessary, provided that the LANDLORD does not interfere with TENANT'S normal business operations.

14. INSURANCE: A. LANDLORD, at its cost, shall maintain on the building and other improvements in which the premises are located a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of full replacement cost basis.

B. TENANT shall maintain in full force and effect during the term thereof comprehensive general liability insurance to protect against any liability to the public, or to any employee, agent, or invitee of TENANT incident to the use of or resulting from any accident occurring in or about the premises, with single limits of liability of not less than \$1,000,000 per occurrence for damage to property, except for such liability as may be imposed upon LANDLORD for LANDLORD'S sole negligence.

15. DEFAULT: The occurrence of any one or more of the following events shall constitute a default and breach of this lease by TENANT.

A. TENANT'S involuntary assignment of this lease, which shall be deemed to occur: (1) If TENANT is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act; (2) If a writ of attachment or execution is levied on this lease; (3) If, in any proceeding or action to which TENANT is a party, a receiver is appointed with authority to take possession of the premises.

B. TENANT'S failure to pay rent when due, if the failure continues for ten (10) days after notice has been given to TENANT.

C. TENANT'S abandonment and vacation of the premises; (failure to occupy and operate the premise for twenty (20) consecutive business days without reasonable cause shall be deemed an abandonment and vacation.

D. TENANT'S failure to perform any other provision of this lease if the failure to perform is not cured within thirty (30) days after written notice has been given to TENANT. If the default cannot be reasonably be cured within thirty (30) days, TENANT shall not be in default of this lease if TENANT commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

16. REMEDIES: LANDLORD shall have the following remedies if TENANT commits a default. These remedies are not exclusive but are cumulative in addition to any remedies now or later allowed by law.

A. LANDLORD can continue this lease in full force and effect, and the lease will continue in effect as long as LANDLORD does not terminate TENANT'S right to possession, and LANDLORD shall have the right to collect rent due. During the period TENANT is in default, LANDLORD can enter the premises and relet them or any part of them, to third parties for TENANT'S account. Reletting can be for a period

shorter or longer than the remaining term of this lease. TENANT shall pay the LANDLORD the rent due under this lease on the dates the rent is due, less the rent LANDLORD receives from any reletting. No act by LANDLORD allowed by this paragraph shall terminate this lease unless LANDLORD notifies TENANT that LANDLORD elects to terminate this lease. If TENANT obtains LANDLORD'S consent after TENANT'S default, TENANT shall have the right to assign or sublet its interest in this lease for so long as LANDLORD does not terminate TENANT'S right to possession of the premises.

B. LANDLORD can terminate TENANT'S right to possession of the premises at any time. No act by the LANDLORD other than giving written notice to TENANT shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on LANDLORD'S initiative to protect LANDLORD'S interest under this lease shall not constitute a termination of TENANT'S right of possession. On termination, LANDLORD has the right to recover from TENANT:

(1) The worth, at the time of the award of the unpaid rent that has been earned at the time of termination of this lease;

(2) The worth, at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that TENANT proves could have been reasonably avoided;

(3) The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that TENANT proves could have been reasonably avoided.

C. Should either LANDLORD or TENANT institute any legal action to enforce any provisions hereof, the prevailing party in such action shall be entitled to receive from the other party such amount as the court may adjudge to be reasonable attorney's fees.

17. WAIVER: The failure or omission of LANDLORD to terminate this lease for any breach of any covenant or condition, for any default or violation of any of its terms shall not be deemed to be a consent by LANDLORD to such violation and shall not bar, estop, or prevent LANDLORD from terminating this lease thereafter, either for such, or for any subsequent violation of any such term, condition or covenant. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any breach of any term, covenant or condition of this lease.

18. SIGNS: TENANT shall have the right to place, construct, and maintain at the premises a sign displaying its name. All signs must be in conformity to others on the premises and shall be approved in writing by the LANDLORD of his agent. The LANDLORD agrees to permit the TENANT to use the "can" sign on the front of this space at no additional charge. The content of the sign will be at TENANT'S expense.

19. CONDEMNATION: If any of the premises of the building and improvements shall be taken for any public or quasi-public use under any statute of by right of eminent domain or private purchase in lieu thereof, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall rest in the condemner or purchaser, and the rent payable hereunder shall be adjusted so that the TENANT shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after such taking bears to the value of the entire premises prior to such taking.

Nevertheless, if condemnation of the premises or building or improvements shall be so extensive that TENANT'S business is adversely affected, then TENANT shall have the right to terminate this lease on thirty (30) days written notice to LANDLORD. If all of the premises or such part thereof be taken so that there does not remain a portion susceptible of occupation hereunder, this lease shall thereupon terminate.

If part or all of the premises be taken, all compensation awards upon such taking of the LANDLORD'S fee title interest shall go to the owner-LANDLORD. TENANT

shall have the right to prosecute its own claim for damages to its leasehold interest as permitted by law.

A voluntary conveyance by LANDLORD to a public utility, agency, or authority under threat of a taking under the power of eminent domain in lieu of formal proceedings shall be deemed a taking within the meaning of this provision.

20. NOTICES: Any notice, demand, request, consent, approval, or communication that either party desires or is required to give the other party or any other person shall be in writing and either served personally or sent by prepaid first-class mail, addressed as follows:

TO LANDLORD: DOUBLE-O DEVELOPMENTS, INC.
470 Estrella Drive
Scotts Valley, CA 95066

TO TENANT: SCOTTS VALLEY UNIFIED SCHOOL DISTRICT
4444 Scotts Valley Drive
Scotts Valley, CA 95066

Either party may change its address by notifying the other party of the change of address in writing.

21. DELIVERY OF POSSESSION: In the event of the inability of the LANDLORD to deliver possession of said leased premises at the time herein fixed of the commencement of the term of this lease, neither the LANDLORD nor the agent of said LANDLORD shall be liable for any damage thereby, nor shall this lease become void or voidable, but in such event that TENANT shall not be liable for any rent. In the event that the LANDLORD is unable to provide turn-key space after a period of 60 days, then the lease is canceled or extended at the discretion of the TENANT.

22 OPTION TO EXTEND: It is agreed that upon faithful performance of the terms of this lease, provided TENANT is not in default hereunder, TENANT shall have the right to continue to occupy this space for a one-year option period (Sep. 1, 2017 to Aug 31, 2018) with the same terms and conditions except the rents shall be established at \$4,020.00 per month during the option period. Written notice of the acceptance of this

provision shall be given 90 days prior to the expiration of this lease or any extension thereof. These rates are based upon the LANDLORD'S receipt of property tax credit from the County of Santa Cruz.

23. MISCELLANEOUS: A. LANDLORD covenants that TENANT shall enjoy quiet possession of the premises for the term of this lease.

B. If either party commences an action against the other party arising out of or in connection with this lease, the prevailing party shall be entitled to have and recover from the other party reasonable attorney's fees and cost of suit.

C. LANDLORD hereby covenants that adequate parking at the premises shall be available at all times herein to TENANT, its authorized representatives, and invitees. Parking is not reserved, but is on a first come basis. Employees are asked to park in areas away from the front of the building to allow space for the visitors to the various businesses.

D. Upon termination of this lease, TENANT shall have the right to remove all trade fixtures.

E. All exhibits referred to herein are attached to this lease and are incorporated by reference.

F. This lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement.

G. This lease shall be binding on and inure to the benefit of the parties and their successors in interest.

H. This lease shall not be recorded, except that if either party requests the other party to do so, the parties shall execute a memorandum of lease in a form suitable for recording.

I. This lease shall be construed and interpreted in accordance with the laws of the State of California.

J. Time is of the essence of each provision of this lease.

K. No deposits are being required of the TENANT.

IN WITNESS WHEREOF, the parties have executed this lease the day and year first written.

LANDLORD: DOUBLE – O DEVELOPMENTS, INC.

By _____ Date _____

~~Kenneth T. Olson~~, President

Janie Olson

TENANT: SCOTTS VALLEY UNIFIED SCHOOL DISTRICT

By _____ Date _____