

OFFICE LEASE

This Lease (Lease) is made and entered into by and between the Landlord and Tenant named below, who agree as follows:

Part I

SUMMARY OF BASIC LEASE INFORMATION

The basic terms of this Lease are:

1. *Date of Lease:* January 1, 2019 to December 31, 2021.
2. *Landlord:* NCI Affiliates, Inc., a California Company.
3. *Tenant:* Paso Robles Joint Unified School District.
4. *Premises and Rented Space subject to Lease:*
 - (a) Rented Space subject to Lease: 4,000 square feet office located on the northwest corner of the 15,000 square foot building located at 496 Linne Road in Paso Robles, CA 93446.
 - (b) Base Building: Only the following items in the portion of the Building in which the Premises are located: 4,000 square feet on the northwest corner of completed building and six designated parking spaces.
 - (c) Improvement Allowance: There are no Landlord funds to contribute for construction of leasehold improvements. Tenant is responsible for the cost of any improvements.
 - (d) Number of Rentable Square Feet in Building: 4,000 square feet.
 - (e) Premises: Approximately 4,000 Rentable Square Feet of space located on the northwest corner of the Building, first floor.
5. *Lease Term:*
 - (a) Duration of three years (36 months).
 - (b) Lease Commencement Date: January 1, 2019.
 - (c) Lease Expiration Date: December 31, 2021.
6. *Rent:*
 - (a) Monthly Rent shall be \$3,000.00 (three thousand dollars) per month. Rent shall be the total of Base Rent (\$2,450.00) and Additional Rent (\$550.00).

Base Rent shall be \$2,450.00 (two thousand four hundred and fifty dollars) per month.

Additional Rent. Tenant's Share of Operating Expenses shall include a monthly assessment (Additional Rent) of \$550.00 (five hundred and fifty-five dollars) per month for utilities over and above the Base Rent.

7. *Permitted Use*: "Specialized education facilities for transitional students and related uses" as defined solely by, and in, the Landlord's judgement. Any other proposed use, must be approved by Landlord in writing prior to the Premises being used for "other use". If the Premises are used for other purposes, not encompassed by "Specialized education facilities for transitional students and related uses" without prior written permission, the Lease will be breached and Landlord may terminate the Lease.

8. *Liability insurance* (*minimum*CPW11):

(a) General aggregate limit (other than products-completed operations): \$2,000,000.00 (two million dollars).

(b) Personal injury limit: \$2,000,000.00 (two million dollars).

9. *Parking*: Tenant, as part of this Lease, will receive the use of six parking spaces.

10. *Addresses for notices and payments*:

(a) Landlord's address for payment and notices:

NCI Affiliates, Inc.
1434 Chestnut Street
Paso Robles, CA 93446

(b) Tenant's address:

Attn: Brad Pawlowski, Chief Business Officer
Paso Robles Joint Unified School District
800 Niblick Road
Paso Robles, CA 93446

Part II

LEASE PROVISIONS

Article 1

REAL PROPERTY, BUILDING, AND PREMISES

1.1. *Lease of Premises.* Landlord leases to Tenant and Tenant leases from Landlord the premises described in Summary of Basic Lease Information section 4(a) (Premises), which are located in the building described in Summary section 4(a) and 4(b) (Building). The Building, the areas servicing the Building, including parking area, and the land on which the Building and those areas are located are sometimes collectively referred to as the Real Property (Real Property). Tenant acknowledges that Landlord has made no representation or warranty regarding the condition of the Real Property except as specifically stated in this Lease.

1.2. *Landlord's Reservation of Rights.* The following rights are reserved to Landlord:

(a) The right to all of the Building, except for the space within the Premises and except as otherwise provided in this Lease;

(b) The right to change all elements of the Real Property, except for the space within the Premises and except as otherwise provided in this Lease; and

(c) The rights reserved to Landlord by provisions of this Lease or by operation of law.

Any changes that Landlord makes to the Real Property as permitted by this section must be carried out in a manner that will not interfere with Tenant's use of the Premises.

1.3. *Preparation of Premises; Acceptance.* The Premises is accepted "as is" by the Tenant. No improvements by the Landlord are inferred or contracted for in this Lease.

1.4. *Rentable Area and Usable Area.*

1.4.1. *Standard of Calculation.* For purposes of this Lease: (1) "Rentable Area," and "Usable Area" has been agreed upon by the parties based on past use of the Premises by the Tenant. "Rentable Square Feet" and "Rentable Footage" shall have the same meaning as the term "Rentable Area"; and (3) "Usable Square Feet" and "Usable Square Footage" shall have the same meaning as the term "Usable Area."

Article 2

LEASE TERM

2.1. *Lease Term.* The provisions of this Lease shall be effective as of the date of the Lease commencement. The term of this Lease (Lease Term) shall be 36 months. The Lease Term shall

commence on the Lease Commencement Date (January 1, 2019) and shall expire on the Lease Expiration Date (December 31, 2021).

2.2. Delay in Delivery of Premises. If Landlord fails to deliver possession of the Premises to Tenant on or before the Lease Commencement Date, Landlord shall not be subject to any liability for its failure to do so. This failure shall not affect the validity of this Lease or the obligations of Tenant under it, but the Lease Term shall commence on the date on which Landlord delivers possession of the Premises to Tenant. Landlord shall use its commercially reasonable efforts, including litigation, to enforce its rights to possession of the Premises against any holdover tenant.

2.3. Option to Extend Term. This Lease does not grant Tenant any options to extend the Lease Term.

Article 3

BASE RENT

3.1. Definition of "Base Rent"—Limited Setoff. Tenant shall pay to Landlord base rent of \$2,450.00 (two thousand four hundred and fifty dollars) (Base Rent) in equal monthly installments as set forth in Summary of Basic Lease Information section 6(a) in advance on or before the first day of every calendar month during the Lease Term, without any prior demand, setoff, or deduction. Payment shall be made at the management office of the Building or at any other place that Landlord may from time to time designate in writing. Payment must be in United States dollars, either in the form of a check (drawn on a bank located in the State of California) or via electronically transmitted funds.

3.2. Initial Payment; Proration. The Base Rent for the first full calendar month of the Lease Term shall be paid on or before the Lease Commencement Date. If any payment date (including the Lease Commencement Date) for "Rent," falls on a day other than the first day of that calendar month, or if any Rent payment is for a period shorter than one calendar month, the Rent for that fractional calendar month shall accrue on a daily basis for each day of that fractional month at a daily rate equal to 1/30 of the total monthly Rent. All other payments or adjustments that are required to be made under the terms of this Lease and that require proration on a time basis shall be prorated on the same basis.

3.3. Application of Payments. All payments received by Landlord from Tenant shall be applied to the oldest payment obligation owed by Tenant to Landlord. No designation by Tenant, either in a separate writing or on a check or money order, shall modify this clause or have any force or effect.

Article 4

ADDITIONAL RENT – UTILITY COSTS

4.1. *Additional Rent; Rent.* In addition to paying the Base Rent specified in Article 3, Tenant shall pay as additional rent \$550 (five hundred and fifty dollars) per month. Additional rent is calculated based on the amount of operating expenses (utility costs) imputed to the Tenant and has been set at \$550 per month for convenience and will not be recalculated monthly during the Lease Term. Additional rent, together with other amounts of any kind (other than Base Rent) payable by Tenant to Landlord under the terms of this Lease, shall be collectively referred to in this Lease as Additional Rent (Additional Rent). Base Rent and Additional Rent are collectively referred to in this Lease as Rent (Rent). All amounts due under this Article 4 as Additional Rent are payable for the same periods and in the same manner, time, and place as the Base Rent. Without limitation on other obligations of Tenant that survive the expiration of the Lease Term, Tenant’s obligations to pay the Additional Rent provided for in this Article 4 survive the expiration of the Lease Term.

4.1.1. *Operating Expenses.* Operating Expenses (Operating Expenses) means utility costs imputed to the Tenant that have been set at \$550.00 (five hundred and fifty dollars) per month for convenience, and which are referred to as Additional Rent in section 4.1.

4.1.2. *Adjustment of Operating Expenses.* Operating Expenses for Tenant are set as \$550.00 per month and shall not be adjusted during the Lease Term.

Article 5

SECURITY DEPOSIT

Deposit/Letter of Credit

[REMOVED]

Article 6

USE

6.1. *Permitted Use.* Tenant shall use and occupy the Premises solely for the “Permitted Use,” as defined in Summary of Basic Lease Information section 7. Tenant shall not use or occupy, or permit the Premises to be used or occupied, for any other purpose without Landlord’s prior written consent, which shall not be unreasonably withheld or delayed.

6.2. *Rules and Regulations.* Tenant shall comply with the rules promulgated by Landlord from time to time for the safety, care, and cleanliness of the Premises, Building, and Real Property or for the preservation of good order (Rules and Regulations).

Landlord agrees not to enforce the Rules and Regulations in a manner that discriminates against Tenant. If Landlord acts reasonably, in good faith, and in a nondiscriminatory manner in enforcing the Rules and Regulations, Landlord shall not be responsible to Tenant for the failure of any other tenants or occupants of the Building to comply with the Rules and Regulations.

6.3. *Additional Restrictions on Use.* In addition to complying with other provisions of this Lease concerning use of the Premises:

(a) Tenant shall not use or knowingly allow any person to use the Premises for any purpose that is contrary to the Rules and Regulations, that violates any Laws and Orders, that constitutes waste or nuisance, or that would unreasonably annoy other occupants of the Building or the owners or occupants of buildings adjacent to the Building; and

(b) Tenant shall not use or knowingly allow any person to use the Premises for any purpose that violates any recorded covenants, conditions, and restrictions that now or later affect the Real Property of which Landlord has informed Tenant as long as Landlord does not modify, amend, or enter into any covenants, conditions, or restrictions that contravene the provisions of this Lease or that otherwise adversely affect Tenant's use of the Premises or the conduct of its business on the Premises.

Landlord represents that it has provided Tenant with a copy of all recorded covenants, conditions, or restrictions affecting the Real Property as of the date of this Lease of which Landlord has knowledge. Landlord represents and warrants that there are no known violations of any of those covenants, conditions, or restrictions that would adversely and materially affect Tenant's use and occupancy of the Premises.

Article 7

COMPLIANCE WITH LAWS

7.1. *Definition of "Laws and Orders."* For purposes of this Article 7 the term Laws and Orders (Laws and Orders) includes all federal, state, county, city, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued. The term also includes government measures regulating or enforcing public access, occupational, health, or safety standards for employers, employees, landlords, or tenants.

7.2. *Repairs, Replacements, Alterations, and Improvements.* Tenant shall continuously and without exception repair and maintain the Premises, including Tenant improvements, Alterations, fixtures, and furnishings, in an order and condition in compliance with all Laws and Orders. Tenant, at Tenant's sole expense, shall promptly make all repairs, replacements, alterations, or improvements needed to comply with all Laws and Orders to the extent that the Laws and Orders

relate to or are triggered by (a) Tenant's particular use of the Premises, (b) the Tenant improvements located in the Premises, or (c) any Alterations located in the Premises.

Article 8

UTILITIES AND SERVICES

8.1. *Standard Tenant Utilities and Services.* Subject to applicable government rules, regulations, and guidelines and the rules or actions of the public utility furnishing the service, Landlord shall provide, as part of the Additional Rent, the following utilities and services on all days during the Lease Term, unless otherwise stated in the Lease:

8.1.1. *Heating, Ventilation, and Air Conditioning.*

8.1.1.1. *Hours and Specifications.* Landlord shall provide heating, ventilation, and air conditioning (HVAC) in accordance with the specifications attached to this Lease on Mondays through Fridays from 8 a.m. through 6 p.m. (Building Hours) except for the dates of observation of School Holidays observed by Tenant.

8.2. *Electrical.*

8.3 *Water.*

Article 9

REPAIRS AND MAINTENANCE

9.1. *Tenant's Repair and Maintenance Obligations.* Tenant shall, at Tenant's sole expense and in accordance with the terms of this Lease, repair and maintain in good order and condition (reasonable wear and tear excepted):

The Premises (including all Tenant improvements, Alterations, fixtures, furnishings and any breakage of structure or Premises by Tenant and/or Tenant's clients or invitees);

9.2. *Landlord's Repair and Maintenance Obligations.* Landlord shall, as part of the Operating Expenses, repair and maintain in good order and condition (reasonable wear and tear excepted):

- (a) The structural portions of the Premises;
- (b) The Base Building;
- (c) The Base Building Systems located outside the Premises;
- (d) The exterior portions of the Building and Real Property; and

(e) All other common areas located in the Building, or in or on the Real Property, including the parking facilities serving the Building.

Repairs shall be made promptly when appropriate to keep the applicable portion of the Premises, Building, Real Property, and other items in the condition described in this clause. Landlord shall not be in default of its repair and maintenance obligations under this section if Landlord performs the repairs and maintenance within thirty (30) days after written notice by Tenant to Landlord of the need for such repairs and maintenance. If, due to the nature of the particular repair or maintenance obligation, more than thirty (30) days are reasonably required for completion, Landlord shall not be in default under this section if Landlord begins work within this thirty-day (30-day) period and diligently prosecutes this work to completion. Tenant waives and releases its rights, including its right to make repairs at Landlord's expense, under California Civil Code §§1941–1942 or any similar law, statute, or ordinance now or hereafter in effect.

Article 10

ALTERATIONS AND ADDITIONS

10.1. *Landlord's Consent to Alterations.* Tenant may not make any improvements, alterations, additions, or changes to the Premises (Alterations) without first obtaining Landlord's prior written consent.

10.1.2. *Reasonable Consent.* Landlord shall not unreasonably withhold or delay its consent to proposed Alterations. The Alterations for which Landlord may reasonably withhold consent include those that would or could:

- (a) Affect the structure of the Building or any portion of the Building other than the interior of the Premises;
- (b) Affect the Base Building Systems of the Building or the fire/life safety, elevator, and security systems of the Premises;
- (c) Result in Landlord being required under Laws and Orders to perform any work that Landlord could otherwise avoid or defer (Additional Required Work), unless Tenant agrees in writing to pay for the reasonable cost of the design, permitting, and construction of the Additional Required Work;
- (d) Result in a material increase in the utilities or services that Landlord is required to provide, unless Tenant agrees to pay the reasonable additional cost thereof;
- (e) Interfere with or violate the terms of any green building certifications of the Building or Premises; or
- (f) Cause an increase in the premiums for hazard or liability insurance carried by Landlord, unless Tenant agrees to pay the amount of the increase in premiums.

10.1.3. *Removal of Alterations.* When Tenant requests Landlord’s consent to a proposed Alteration, or before the commencement of any Alteration for which Landlord’s consent is not required, Tenant may ask Landlord in writing whether Landlord will require that the Alteration be removed on expiration or earlier termination of the Lease Term. Landlord shall respond to such inquiry in writing within fifteen (15) days. If Landlord responds that it will not require removal of the Alteration or fails to respond, Tenant shall not be required to remove the Alteration.

Article 11

COVENANT AGAINST LIENS

11.1. *Covenant Against Liens.* Tenant shall not be the cause of any liens or allow such liens to exist, attach to, be placed on, or encumber Landlord’s or Tenant’s interest in the Premises, Building, or Real Property by operation of law or otherwise. Tenant shall not suffer or permit any lien of mechanics, material suppliers, or others to be placed against the Premises, Building, or Real Property with respect to work or services performed or claimed to have been performed for Tenant or materials furnished or claimed to have been furnished to Tenant or to the Premises on behalf of or for the benefit of Tenant. Landlord has the right at all times to post and keep posted on the Premises any notice that it considers necessary for protection from such liens.

If any such lien attaches or Tenant receives notice of any such lien, Tenant shall cause the lien to be released and removed of record within ten (10) days after Landlord’s written notice thereof to Tenant. Despite any other provision of this Lease, if the lien is not released and removed within ten (10) days after Landlord delivers notice of the lien to Tenant, Landlord may immediately take all action necessary to release and remove the lien, without any duty to investigate the validity of it, unless Tenant has commenced legal action to contest, dispute, or defend the claims of the lienholders and the validity of the liens and continues to prosecute this action to a successful judgment releasing the lienholder’s lien against Tenant’s or Landlord’s interest in the Premises, Building, or Real Property. All expenses (including reasonable attorney fees) incurred by Landlord in connection with release of the lien shall be considered Additional Rent under this Lease and be immediately due and payable by Tenant.

Article 12

EXCULPATION, INDEMNIFICATION, AND INSURANCE[CPW2]

12.1. *Definition of “Tenant Parties” and “Landlord Parties.”* For purposes of this Article 12, the term Tenant Parties (Tenant Parties) refers singularly and collectively to Tenant and Tenant’s officers, directors, shareholders, partners, trustees, members, agents, employees, and independent contractors as well as to all persons and entities claiming through any of these persons or entities. The term Landlord Parties (Landlord Parties) refers singularly and collectively to Landlord and Landlord’s officers, directors, shareholders, partners, trustees, members, agents, employees, and

independent contractors as well as to all persons and entities claiming through any of these persons or entities.

12.2.1. *Exculpation.* To the fullest extent permitted by law, Tenant, on its behalf and on behalf of all Tenant Parties, waives all claims (in law, equity, or otherwise) against Landlord Parties arising out of, knowingly and voluntarily assumes the risk of, and agrees that Landlord Parties shall not be liable to Tenant Parties for any of the following:

(a) The injury or death of any person; or

(b) The loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause.

Landlord Parties shall not be liable under this clause regardless of whether the liability:

(a) Results from any active or passive act, error, omission, or negligence of any of the Landlord Parties; or

(b) Is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of the Landlord Parties.

This exculpation clause shall not apply to claims against Landlord Parties to the extent that a final judgment of a court of competent jurisdiction establishes that the injury, loss, damage, or destruction was proximately caused by Landlord Parties' negligence, fraud, willful injury to person or property, or violation of law.

12.2.2. *Survival of Exculpation.* The clauses of this section 12.2 shall survive the expiration or earlier termination of this Lease for a period of one year.

12.3. *Indemnification.*

12.3.1. *Tenant's Indemnification of Landlord Parties.* To the fullest extent permitted by law but subject to this section 12.3, Tenant shall, at Tenant's sole expense and with counsel reasonably acceptable to Landlord, indemnify, defend, and hold harmless Landlord Parties from and against all Claims, as defined in subsection 12.3, from any cause arising out of or relating (directly or indirectly) to this Lease, the tenancy created under this Lease, or the Premises, including:

(a) The use or occupancy, or manner of use or occupancy, of the Premises or Building by Tenant Parties;

(b) Any act, error, omission, or negligence of Tenant Parties in, on, or about the Real Property;

(c) Tenant's conducting of its business;

(d) Any Alterations, activities, work, or things done, omitted, or permitted by Tenant Parties in, at, or about the Premises or Building, including the violation of or failure to comply with any

applicable laws, statutes, ordinances, standards, rules, regulations, orders, decrees, or judgments in existence on the Lease Commencement Date or enacted, promulgated, or issued after the date of this Lease, except to the extent that compliance with such legal requirements is expressly made the responsibility of Landlord in this Lease; and

(e) Any breach or default in performance of any obligation on Tenant's part to be performed under this Lease.

12.3.2. *Definition of Claims.* For purposes of this Lease, Claims (Claims) means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert expenses, court costs, and attorney fees actually incurred).

12.3.3. *Type of Injury or Loss.* This indemnification extends to and includes Claims for:

(a) Injury to any persons (including death at any time resulting from that injury);

(b) Loss of, injury or damage to, or destruction of tangible property (including all loss of use resulting from that loss, injury, damage, or destruction); and

(c) Economic losses and consequential or resulting damage, but only to the extent incurred by Landlord in connection with (1) a holdover of the Premises by Tenant after the expiration or earlier termination of this Lease or (2) any repair, physical construction, or work of improvement performed by or on behalf of Tenant in the Building.

12.3.4. *Indemnification Negligence and Willful Misconduct; Consequential Damages.* Despite any other provision of this Lease:

(a) Tenant's indemnification in subsection 12.3.1 shall not apply to any Claim caused by or arising out of the active or passive negligence of Landlord Parties or to the extent that a Claim against Landlord Parties actually or allegedly arises out of the willful misconduct of Landlord Parties, except for damage to the Tenant improvements or Tenant's personal property, fixtures, furniture, and equipment in the Premises to the extent that such damage is covered by insurance that Tenant is required to carry under this Lease (or would have been covered had Tenant carried the insurance required under this Lease); and

(b) Except as provided in subsection 12.3.3:

(1) Nothing in this Lease shall impose any obligation on Landlord to be responsible or liable for, and Tenant releases Landlord from all liability for, consequential damages suffered by Tenant; and

(2) Nothing in this Lease imposes any obligation on Tenant to be responsible or liable for, and Landlord releases Tenant from all liability for, consequential damages suffered by Landlord.

12.3.5. *Relationship of Indemnity to Other Lease Obligations.* Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant under this Article 12 are not intended to and shall not:

(a) Restrict, limit, or modify the parties' respective insurance and other obligations under this Lease, such indemnity covenants being independent of the parties' insurance and other obligations;

(b) Be restricted, limited, or modified by the parties' compliance with their respective insurance requirements and other obligations under this Lease;

(c) Relieve any insurance carrier of its obligations under policies required to be carried under this Lease, to the extent that such policies cover, or if carried would have covered, the matters subject to the parties' respective indemnification obligations; or

(d) Supersede any inconsistent agreement of the parties set forth in any other provision of this Lease.

12.3.6. *Attorney Fees.* The prevailing party shall be entitled to recover its actual attorney fees and court costs incurred in enforcing the indemnification clauses set forth in this Article 12.

12.3.7. *Survival of Indemnification.* The clauses of this Article 12 shall survive the expiration or earlier termination of this Lease for a period of three years but only to the extent that the Claims are covered and actually paid by the indemnifying party's insurance coverage.

12.3.8. *Landlord's Indemnification of Tenant.* Because Landlord is required to maintain insurance on the Building and Tenant compensates Landlord for such insurance as part of Tenant's Share of Operating Expenses, Landlord shall, with counsel reasonably acceptable to Tenant, indemnify, defend, and hold harmless Tenant Parties from and against all Claims for damage to property outside the Premises to the extent that such Claims are covered by such insurance (or would have been covered had Landlord carried the insurance required under this Lease), even if resulting from the negligent acts, omissions, or willful misconduct of Tenant Parties. In addition, Landlord shall, with counsel reasonably acceptable to Tenant, indemnify, defend, and hold harmless Tenant Parties from and against all Claims resulting from the negligent acts, omissions, or willful misconduct of Landlord Parties in connection with Landlord Parties' activities in, on, or about the Real Property or Building, except to the extent that such Claim is for damage to the tenant improvements and Tenant's personal property, fixtures, furniture, and equipment in the Premises and is covered by insurance that Tenant is required to obtain under this Lease (or would have been covered had Tenant carried the insurance required under this Lease).

12.4. *Compliance with Insurer Requirements.* Tenant shall, at Tenant's sole expense, comply with all reasonable requirements, guidelines, rules, orders, and similar mandates and directives in effect on the Lease Commencement Date that (a) have been disclosed to Tenant by Landlord and (b) pertain to Tenant's business operations, conduct, or use of the Premises and the Building, whether imposed by Tenant's insurers, Landlord's insurers, or both. If Tenant's business operations, conduct, or use of the Premises, other than for normal office purposes, later cause any increase in the premium for any insurance policies carried by Landlord, Tenant shall, within ten (10) business days after receipt of written notice from Landlord, reimburse Landlord for the increase. Tenant shall, at Tenant's sole expense, comply with all rules, orders, regulations, or requirements of the 2013 California Building Code (including the appendices as referenced in

the 2013 California Building Standards Code and Uniform Building Code Standards), the 2013 California Fire Code, and the 2013 California Mechanical Code that (a) have been disclosed to Tenant by Landlord and (b) pertain to Tenant's business operations, conduct, or use of the Premises or the Building.

12.5. *Tenant's Liability Coverage.* Tenant shall, at Tenant's sole expense, maintain the coverages set forth in this Article 12[CPW3].

12.5.1. *Commercial General Liability Insurance.* Tenant shall obtain commercial general liability insurance written on an "occurrence" policy form, covering bodily injury, property damage, and personal and advertising injury arising out of or relating (directly or indirectly) to Tenant's business operations, conduct, assumed liabilities, or use or occupancy of the Premises or the Building.

12.5.2. *Broad Form Coverage.* Tenant's liability coverage shall include all the coverages typically provided by the Broad Form Comprehensive General Liability Endorsement, including broad form property damage coverage (which shall include coverage for completed operations). Tenant's liability coverage shall further include premises-operations coverage, products-completed operations coverage, owner and contractor protective coverage (when reasonably required by Landlord), and the broadest available form of contractual liability coverage. It is the parties' intent that Tenant's contractual liability coverage provide coverage to the maximum extent possible of Tenant's indemnification obligations under this Lease.

12.5.3. *Primary Insured.* Tenant shall be the first or primary named insured.

12.5.4. *Additional Insureds.* Landlord and any lender of Landlord shall be named by endorsement as additional insureds under Tenant's general liability coverage. The additional insured endorsement must be on ISO Form CG 20 11 04 13 or an equivalent reasonably acceptable to Landlord.

12.5.5. *Cross-Liability; Severability of Interests.* Tenant's general liability policies shall be endorsed as needed to provide cross-liability coverage for Tenant, Landlord, and any lender of Landlord and to provide severability of interests.

12.5.6. *Primary Insurance Endorsements for Additional Insureds.* Tenant's general liability policies shall be endorsed as needed to provide that the insurance afforded by those policies to the additional insureds is primary and that all insurance carried by Landlord Parties is strictly excess and secondary and shall not contribute with Tenant's liability insurance.

12.5.7. *Scope of Coverage for Additional Insureds.* The coverage afforded to Landlord and any lender of Landlord must be at least as broad as that afforded to Tenant and may not contain any terms, conditions, exclusions, or limitations applicable to Landlord or any lender of Landlord that do not apply to Tenant.

12.5.8. *Delivery of Certificate, Policy, and Endorsements.* Before the Lease Commencement Date, Tenant shall deliver to Landlord the endorsements as well as a certified copy of Tenant's liability policy or policies and an original certificate of insurance, executed by an agent of the insurer or insurers, evidencing compliance with the liability insurance requirements. Tenant shall

use commercially reasonable efforts to obtain a certificate that provides for no less than thirty (30) days' advance written notice to Landlord from the insurer or insurers of any cancellation, nonrenewal, or material change in coverage or available limits of liability and that shall confirm compliance with the liability insurance requirements in this Lease.

12.5.9. *Concurrency of Primary, Excess, and Umbrella Policies.* Tenant's liability insurance coverage may be provided by a combination of primary, excess, and umbrella policies, but those policies must be absolutely concurrent in all respects regarding the coverage afforded by the policies. The coverage of any excess or umbrella policy must be at least as broad as the coverage of the primary policy.

12.5.10. *Liability Limits.* The minimum acceptable limits of liability for Tenant's liability insurance are set forth in Summary of Basic Lease Information section 8.

12.5.11. *"Per Location" Endorsement.* Tenant shall, at Tenant's sole expense, procure a "per location" endorsement or equivalent reasonably acceptable to Landlord so that the general aggregate and other limits apply separately and specifically to the Premises.

12.5.12. *Survival of Insurance Requirements.* Tenant shall, at Tenant's sole expense, maintain in full force and effect the liability insurance coverages required under this Lease and shall maintain Landlord Parties and any lender specified by Landlord as additional insureds, as required by subsection 12.5.4 of this Lease, for a period of no less than two years after expiration or earlier termination of this Lease.

12.6. *Tenant's Workers' Compensation and Employer Liability Coverage.* Tenant shall procure and maintain workers' compensation insurance as required by law and employer's liability insurance with limits of no less than one million dollars.

12.7. *Tenant's First Party Insurance.* Tenant shall, at Tenant's sole expense, procure and maintain the first party insurance coverages described in this section.

12.7.1. *Property Insurance.* Tenant shall procure and maintain property insurance coverage for all office furniture, trade fixtures, office equipment, merchandise, and all other items of Tenant's property in, on, at, or about the Premises and the Building, including property installed by, for, or at the expense of Tenant but excluding:

(a) Tenant or leasehold improvements, as described in the Leasehold Improvement Agreement; and

(b) Other improvements, betterments, alterations, and additions to the Premises that are insured by Landlord under this Lease.

Tenant's property insurance shall fulfill the following requirements:

(a) It must be written on the broadest available "all-risk" (special-causes-of-loss) policy form or an equivalent form acceptable to Landlord;

(b) It must include an agreed-amount endorsement for no less than one hundred percent of the full replacement cost (new without deduction for depreciation) of the covered items and property; and

(c) The amounts of coverage must meet any coinsurance requirements of the policy or policies.

It is the parties' intent that Tenant shall structure its property insurance program so that no coinsurance penalty shall be imposed and there shall be no valuation shortfalls or disputes with any insurer or with Landlord. Tenant's property insurance coverage shall include vandalism and malicious mischief coverage, sprinkler leakage coverage, and earthquake sprinkler leakage coverage.

12.8. *Form of Policies and Additional Requirements.*

12.8.1. *Insurance Independent of Exculpation and Indemnification.* Tenant's insurance obligations are independent of Tenant's exculpation, indemnification, and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit, or modify Tenant's exculpation, indemnification, or other obligations or to limit Tenant's liability under this Lease. Landlord's insurance obligations are independent of Landlord's indemnification and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit, or modify Landlord's indemnification or other obligations or to limit Landlord's liability under this Lease.

12.8.2. *Form of Policies.* In addition to the requirements set forth in Article 12, the insurance required of Tenant under this Article 12 must:

(a) Name Landlord and any other party Landlord specifies by endorsement as an additional insured;

(b) Be issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide, or that is otherwise acceptable to Landlord, and admitted to engage in the business of insurance in the State of California;

(c) Be primary insurance for all claims under it and provide that any insurance carried by Landlord Parties and Landlord lenders is strictly excess, secondary, and noncontributing with any insurance carried by Tenant; and

(d) Provide that insurance may not be canceled, nonrenewed, or the subject of material change in coverage or available limits of coverage, except on thirty (30) days' prior written notice to Landlord and Landlord's lenders.

12.8.3. *Tenant's Delivery of Policy, Endorsements, and Certificates.* Tenant shall deliver the policy or policies, along with any endorsements to them and certificates required by this Article 12, to Landlord:

(a) On or before the Lease Commencement Date;

- (b) At least thirty (30) days before the expiration date of any policy; and
- (c) On renewal of any policy.

Article 13

ASSIGNMENT AND SUBLEASING

13.1. Restricted Transfers.

13.1.1. *Consent Required; Definition of "Transfer."* Except as otherwise provided in this Article 13, Tenant shall obtain Landlord's written consent before entering into or permitting any Transfer. A Transfer (Transfer) consists of any of the following, whether voluntary or involuntary, and whether effected by death, operation of law, or otherwise:

(a) Any assignment, mortgage, pledge, encumbrance, or other transfer of any interest in this Lease;

(b) Any sublease or occupancy of any portion of the Premises by any persons other than Tenant and its employees, invitees, guests, and agents.

Article 14

SURRENDER OF PREMISES

14.1. *Removal of Tenant Property by Tenant.* Within three days after expiration or termination of the Lease Term, Tenant shall quit the Premises and surrender possession to Landlord in accordance with this section 14.1. Tenant shall leave the Premises in as good order and condition as when Tenant took possession of the Premises and as thereafter improved by Landlord or Tenant, except for reasonable wear and tear, acts of God, casualties, condemnation, any Alterations or improvements made to, or installed in, the Premises by Tenant which Tenant is not required to remove under Article 10, obsolescence, and repairs that are specifically made the responsibility of Landlord.

Within that three days period, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises:

(a) All debris and rubbish;

(b) Any items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises; and

(c) Any similar articles of any other persons claiming under Tenant that Landlord requires to be removed.

Tenant shall, at Tenant's sole option and expense, also remove from the Premises all fixtures and trade fixtures installed on the Premises by Tenant at its expense and any Alterations or improvements made to, or installed in, the Premises by Tenant which Tenant is entitled to remove under Article 10. Tenant shall, at Tenant's expense, repair all damage to the Premises and the Building resulting from that removal. During the three-day period, Tenant shall not be obligated to pay Rent as otherwise provided in this Lease.

Article 15

HOLDING OVER

15.1. *Holdover Rent.* If Tenant remains in possession of the Premises after expiration or earlier termination of this Lease with Landlord's express written consent, Tenant's occupancy shall be a month-to-month tenancy at a rent agreed on by Landlord and Tenant but in no event less than the Base Rent and Additional Rent payable under this Lease during the last full month before the date of expiration or earlier termination of this Lease. The month-to-month tenancy shall be on the terms and conditions of this Lease except as provided in (a) the preceding sentence and (b) the Lease clauses concerning Lease Term, expansion rights, purchase option, and extension rights. Landlord's acceptance of rent after such holding over with Landlord's written consent shall not result in any other tenancy or in a renewal of the original term of this Lease. If Tenant remains in possession of the Premises after expiration or earlier termination of this Lease without Landlord's consent, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as rent during the holdover period an amount equal to the greater of:

- (1) 150% of the fair market rental (as reasonably determined by Landlord) for the Premises; or
- (2) 150% of the Base Rent and Additional Rent payable under this Lease for the last full month before the date of expiration or termination.

Article 16

DEFAULTS AND REMEDIES

16.1. *Tenant's Default.* The occurrence of any of the following shall constitute a default by Tenant under this Lease:

- (a) Tenant's failure to pay when due any Rent required to be paid under this Lease if the failure continues for five (5) days after written notice of the failure from Landlord to Tenant;
- (b) Tenant's failure to provide any instrument or assurance or estoppel certificate as required under this Lease and the failure continues for five (5) days after written notice of the failure from Landlord to Tenant; or

(c) Tenant's failure to perform any other obligation under this Lease if the failure continues for thirty (30) days after written notice of the failure from Landlord to Tenant. If the required cure of the noticed default cannot reasonably be completed within thirty (30) days, Tenant's failure to perform shall constitute a default under the Lease unless Tenant undertakes to cure the failure promptly, and in any event within thirty (30) days, and diligently and continuously attempts to complete the cure as soon as reasonably possible.

16.2. *Landlord's Remedies on Tenant's Default.* On the occurrence of a default by Tenant, Landlord shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to Landlord at law or in equity. These remedies are not exclusive but are instead cumulative.

16.2.1. *Termination of Lease.* Landlord may terminate this Lease and recover possession of the Premises. Once Landlord has terminated this Lease, Tenant shall immediately surrender the Premises to Landlord. On termination of this Lease, Landlord may recover from Tenant all of the following:

(a) The worth at the time of the award of any unpaid Rent that had been earned at the time of the termination, to be computed by allowing interest at the rate of 10%, but in no case greater than the maximum amount of interest permitted by law;

(b) The worth at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest of 10% but in no case greater than the maximum amount of interest permitted by law;

(c) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%);

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform obligations under this Lease, including, without limitation, brokerage commissions and advertising expenses, expenses of remodeling the Premises for a new tenant (whether for the same or a different use), and any special concessions made to obtain a new tenant; and

(e) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.

16.2.2. *Continuation of Lease in Effect.* Landlord shall have the remedy described in California Civil Code §1951.4, which provides that, when a tenant has the right to sublet or assign (subject only to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and abandonment and recover Rent as it becomes due. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord

may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

16.2.3. *Tenant's Subleases.* If Landlord elects to terminate this Lease on account of any default by Tenant, Landlord may:

(a) Terminate any sublease, license, concession, or other consensual arrangement for possession entered into by Tenant and affecting the Premises.

(b) Choose to succeed to Tenant's interest in such an arrangement. If Landlord elects to succeed to Tenant's interest in such an arrangement, Tenant shall, as of the date of notice by Landlord of that election, have no further right to, or interest in, the Rent or other consideration receivable under that arrangement.

16.3. *Form of Payment After Default.* If, on three (3) occasions within any twelve-month (12-month) period, Tenant fails to pay any amount due under this Lease within ten (10) days after the due date, Landlord shall have the right to require that any subsequent amounts paid by Tenant to Landlord under this Lease (to cure a default or otherwise) be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or other form approved by Landlord despite any prior practice of accepting payments in a different form.

16.4. *Efforts to Relet.* For purposes of this Article 16, Tenant's right to possession shall not be considered to have been terminated by Landlord's efforts to relet the Premises, by Landlord's acts of maintenance or preservation with respect to the Premises, by appointment of a receiver to protect Landlord's interests under this Lease, or such other acts as are consistent with the protection of Landlord's interests that do not actually prevent Tenant's actual occupation of the Premises. This list is merely illustrative of acts that may be performed by Landlord without terminating Tenant's right to possession.

16.5. *Acceptance of Rent Without Waiving Rights.* Landlord may accept Tenant's payments without waiving any rights under this Lease, including rights under a previously served notice of default. If Landlord accepts payments after serving a notice of default, Landlord may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default.

16.6. *Tenant's Remedies on Landlord's Default.*

16.6.1. *Landlord's Default.* Landlord's failure to perform any of its obligations under this Lease shall constitute a default by Landlord under the Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord, provided Tenant is not in default under this Lease at the time it delivers such notice to Landlord. If the required performance cannot reasonably be completed within thirty (30) days, Landlord's failure to perform shall constitute a default under the Lease unless Landlord undertakes to cure the failure promptly after notice, and in any event, within thirty (30) days and thereafter diligently and continuously attempts to complete this cure as soon as reasonably possible.

16.6.2 *Termination of Lease.* Upon a default by Landlord, Tenant may terminate this Lease, upon written notice to Landlord, without penalty. Tenant shall surrender the Premises to Landlord in accordance with Article 14, and Landlord shall return to Tenant any prepaid or prorated rent if Tenant terminates this Lease pursuant to this section.

Article 17

LANDLORD'S RIGHT TO PERFORM TENANT'S OBLIGATIONS

17.1. *Landlord's Right to Perform Tenant's Obligations.* All obligations to be performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent. If Tenant is in default on any obligation, Landlord may, at its option and after notice to Tenant as required under this Lease, perform the obligation on Tenant's behalf, without waiving Landlord's rights for Tenant's failure to perform any obligations under this Lease and without releasing Tenant from such obligations.

17.2. *Reimbursement by Tenant.* Within fifteen (15) days after receiving a statement from Landlord, Tenant shall pay to Landlord the amount of expense reasonably incurred by Landlord, in performing Tenant's obligation.

Article 18

LATE PAYMENTS

18.1. *Late Charges.* If any Rent payment is not received by Landlord or Landlord's designee within ten (10) days after that Rent is due, Tenant shall pay to Landlord a late charge (Late Charge(s)) of \$150.00 (one hundred and fifty dollars) as liquidated damages, in lieu of actual damages (other than interest at 10%, attorney fees and costs). The parties agree that this late charge represents a reasonable estimate of the expenses that Landlord will incur because of any late payment of Rent (other than interest, attorney fees and costs). Tenant shall pay the late charge as Additional Rent with the next installment of Rent.

18.2. *Interest.* If any Rent payment is not received by Landlord or Landlord's designee within ten (10) days after that Rent is due, Tenant shall pay to Landlord annual interest on the past-due amount, from the date due until paid, at the rate of 10% per year.

Article 19

NON-WAIVER

19.1. *Nonwaiver.* No waiver of any provision of this Lease shall be implied by any failure of either party to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by a party of any provision of this Lease must be in writing. Such written waiver shall affect only the provision specified and only for the time and in the manner stated in the writing.

19.2. *Acceptance and Application of Payment; Not Accord and Satisfaction.* No receipt by either party of a Tenant payment than the Rent required under this Lease shall be considered to be other than on account of the earliest amount due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Each party may accept checks or payments without prejudice to its right to recover all amounts due and pursue all other remedies provided for in this Lease.

Either party's receipt of monies from the other party after giving notice to the other party terminating this Lease in no way reinstates, continues, or extends the Lease Term or affects that Termination Notice. After the service of notice terminating this Lease, the beginning of an action, or the entry of final judgment in any action, either party may receive monies from the other party. The payment and receipt of the payment shall not waive or affect such prior notice, action, or judgment.

Article 20

DISPUTE RESOLUTION

20.1. *Waiver of Right to Jury Trial. [REMOVED]*

20.2. *Non-Binding Mediation of Disputes.* Any dispute that is required by the express terms of this Lease to be resolved by mediation, shall be resolved by neutral non-binding mediation before a single mediator.

20.2.1. *Qualifications of Mediator.* The Mediator shall be a licensed attorney, familiar with handling commercial lease matters.

20.2.2. *Venue.* Mediations shall be held in San Luis Obispo County or another venue determined by mutual agreement of the parties.

20.2.3. *Demand and Limitation on Claims.* Any demand for Mediation must be made in writing to the other party. No demand for Mediation may be made after the date on which the institution of legal proceedings based on the claim, dispute, or other matter is barred by the applicable statute of limitations.

20.2.4. *Provisional Remedies.* The parties shall each have the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order, or appointment of a receiver if the Mediation award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief or if there is no other adequate remedy. This application shall not waive a party's Mediation rights under this Lease.

20.2.5. *Costs and Fees of Mediator.* Costs and fees of the Mediator shall be borne equally by the parties.

Article 21

ATTORNEY FEES AND COSTS

21.1. *Attorney Fees and Costs.* If either party undertakes litigation or mediation against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to recover from the other party reasonable attorney fees, mediation costs and court costs incurred. The prevailing party shall be determined under California Civil Code §1717(b)(1) or any successor statute.

Article 22

LANDLORD'S ACCESS TO PREMISES

22.1. *Landlord's Access to Premises.* Landlord and its agents may, at reasonable times and, except in the case of an emergency, on 24 hours written notice to Tenant, enter the Premises to:

- (a) Inspect the Premises;
- (b) Show the Premises to prospective purchasers or mortgagees or to ground lessors or underlying lessors;
- (c) Show the Premises, during the final three months of the Lease Term, to prospective tenants;
- (d) Serve, post, and keep posted notices required by law or permitted by this Lease;
- (e) Repair, alter, or improve the Premises or Building if necessary, to comply with this Lease, building codes, or other laws;
- (f) Make necessary repairs to the Building structure or systems;
- (g) Perform services required of Landlord by law or by this Lease; or
- (h) Perform any covenants of Tenant that Tenant fails to perform, in accordance with this Lease.

22.2. *Restrictions on Entry; Tenant's Waiver.* To the extent reasonably practicable, Landlord shall exercise its rights under this Article 22 at such times and in such a manner as to minimize the impact on Tenant's business in and occupancy of the Premises. Except in an emergency or when accompanied by an authorized representative of Tenant (provided Tenant makes such representative available), Landlord shall provide Tenant with twenty four (24) hours' advance notice, in writing, by email, or by telephone, of Landlord's intent to enter the Premises.

22.3. Landlord may enter the Premises under this Article 22 without the abatement of Rent, and Landlord may take any steps necessary to accomplish the stated purpose of Landlord's right of entry. Tenant waives any claims for damages caused by Landlord's entry, in accordance with

this Article 22, except to the extent due to Landlord's gross negligence or willful misconduct, including damage claims for:

- (a) Injuries;
- (b) Inconvenience to or interference with Tenant's business;
- (c) Lost profits; and
- (d) Loss of occupancy or quiet enjoyment of the Premises.

22.4. *Method of Entry.* For entry as permitted by this Article 22, Landlord or Landlord's agent shall at all times have a key or, if applicable, a card key with which to unlock all the doors in the Premises. In an emergency situation, Landlord shall have the right to use any means that Landlord considers proper to gain access to the Premises at any time without prior notice. Any such entry into the Premises by Landlord shall not be considered a forcible or unlawful entry into, or a detainer of, the Premises or an actual or constructive eviction of Tenant from any portion of the Premises.

22.5. *Emergency Entry.* Notwithstanding any other provision of this Article 22 to the contrary, Landlord and Landlord's agents may enter the Premises without any advance notice when necessary or appropriate to address emergency situations. For purposes of this Article, an emergency situation is one that poses a threat of imminent bodily harm or property damage. If Landlord makes an emergency entry onto the Premises when no authorized representative of Tenant is present, Landlord shall provide telephone notice to Tenant as soon as reasonably possible (within 24 hours) after that entry and shall take reasonable steps to secure the Premises until a representative of Tenant arrives at the Premises.

Article 23

SIGNS

[REMOVED]

Article 24

TENANT PARKING

24.1. *Location of Parking.*

24.1.1. *Onsite Parking; Reserved Spaces.* Tenant's parking shall give Tenant the right to park in 6 (six) spaces in the parking lot located at the Building.

24.2. *Parking Rules and Regulations.* Tenant's continued right to use the parking passes is conditioned on Tenant's abiding by all rules and regulations prescribed from time to time for the orderly operation and use of the parking facility. Tenant shall use all reasonable efforts to ensure that Tenant's employees and visitors also comply with such rules and regulations.

Article 25

MISCELLANEOUS

25.1. *Captions.* The captions of articles and sections and the table of contents of this Lease are for convenience only and have no effect on the interpretation of the provisions of this Lease.

25.2. *Word Usage.* Unless the context clearly requires otherwise:

(a) The plural and singular numbers shall each be considered to include the other;

(b) The masculine, feminine, and neuter genders shall each be considered to include the others;

(c) “Shall,” “will,” “must,” “agrees,” and “covenants” are each mandatory;

(d) “May” is permissive;

(e) “Or” is not exclusive; and

(f) “Includes” and “including” are not limiting.

25.3. *Counting Days.* Days shall be counted by excluding the first day and including the last day. If the last day is a Saturday, Sunday, or legal holiday as described in California Government Code §§6700–6701, it shall be excluded. Any act required by this Lease to be performed by a certain day shall be timely performed if completed before 5 p.m. local time on that date. If the day for performance of any obligation under this Lease is a Saturday, Sunday, or legal holiday, the time for performance of that obligation shall be extended to 5 p.m. local time on the first following date that is not a Saturday, Sunday, or legal holiday. Unless otherwise expressly provided in this Lease, all periods of time referenced in this Lease shall include all calendar days. For purposes of this Lease, the term “business day” shall mean any calendar day other than a Saturday, Sunday, or legal holiday as described in California Government Code §§6700–6701.

25.4. *Entire Agreement; Amendments.* This Lease constitute the final, complete, and exclusive statement of the terms of the agreement between Landlord and Tenant and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Lease by, and neither party is relying on, any understanding, agreement, representation, or warranty outside those expressly set forth in this Lease. This Lease may be amended only by an agreement in writing signed by both Landlord and Tenant.

25.5. *Reasonableness and Good Faith.* Except as limited elsewhere in this Lease, whenever this Lease requires Landlord or Tenant to give its consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld or delayed.

25.6. *Partial Invalidity.* If a court or arbitrator of competent jurisdiction holds any Lease clause to be invalid or unenforceable in whole or in part for any reason, then the validity and enforceability of the remaining clauses, or portions of them, shall not be affected.

25.7. *Binding Effect.* Upon signing by both Landlord and Tenant, this Lease shall bind and benefit the parties to this Lease and their legal representatives and successors in interest.

25.8. *Independent Covenants.* This Lease shall be construed as though its covenants between Landlord and Tenant are independent and not dependent.

25.9. *Governing Law.* This Lease shall be construed and enforced in accordance with the laws of the State of California applicable to instruments, persons, transactions and subject matter which have legal contacts and relationships exclusively within the State of California. Any action or proceeding seeking any relief under or with respect to this Agreement shall be brought solely in the Superior Court of the State of California for San Luis Obispo County, subject to any motion for transfer of venue.

25.10. *Notices.* All notices (including requests, demands, approvals, or other communications) under this Lease shall be in writing.

25.10.1. *Method of Delivery.* Notice shall be sufficiently given for all purposes as follows:

(a) When personally delivered to the recipient, notice is effective on delivery.

(b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.

(c) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by a return receipt.

(d) When sent by e-mail transmission, notice is effective on receipt when using software that provides unmodifiable proof (1) that the message was sent, (2) that the message was delivered to the recipient's information processing system, and (3) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

25.10.2. *Refused, Unclaimed, or Undeliverable Notices.* Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, overnight delivery service, or internet service provider.

25.10.3. *Addresses.* Addresses for purposes of giving notice are set forth in section 10 of the Summary of Basic Lease Information. Either party may change its address, facsimile number, or e-mail address by giving the other party notice of the change in any manner permitted by this section, provided, however, that Tenant must provide a street address suitable for personal service when changing its address.

25.11. *Force Majeure—Specific Exceptions.* The time for performance of an obligation other than the payment of money under this Lease shall be extended for the period during which a party is prevented from performing by acts of God, government, or other force or event beyond the reasonable control of that party.

25.12. *Time of the Essence.* Time is of the essence of this Lease and each of its provisions.

25.13. *Modifications Required by Landlord's Lender.* If any institutional lender of Landlord (e.g., bank, savings and loan association, pension fund, insurance company, real estate investment trust) reasonably requires a modification of this Lease, then Tenant shall agree to that modification as long as:

(a) Base Rent, Additional Rent, and any other amounts required to be paid under this Lease, and the time and manner of payment, will not be changed.

(b) The Term (including any Option Terms and the times governing Tenant's exercise of any options) will not be changed.

(c) Tenant's possession of the Premises and rights to possession and use of other parts of the Building and Real Property will not be changed.

(d) Landlord's obligations to Tenant under this Lease will not be reduced, and Tenant's obligations to Landlord under this Lease will not be increased.

(e) No modification will materially or adversely change the rights and obligations of Landlord and Tenant under this Lease. Any dispute over what is material or adverse shall be resolved under Article 20.

25.14. *Liability of Landlord.* Except as otherwise provided in this Lease or applicable law and subject to the provisions of the following paragraph, for any breach of this Lease the liability of Landlord (including all persons and entities that comprise Landlord, and any successor landlord) and any recourse by Tenant against Landlord shall be limited to the interest of Landlord and Landlord's successors in interest in and to the Building, Real Property, and the rents, issues, and profits from the Building and Real Property. On behalf of itself and all persons claiming by, through, or under Tenant, Tenant expressly waives and releases Landlord from any personal liability for breach of this Lease.

The provisions of the preceding paragraph are subject to the following restrictions:

25.15. *Liability of Tenant.* If more than one individual or entity comprises Tenant, the obligations and liabilities imposed on each individual or entity that comprises Tenant under this Lease shall be joint and several.

25.16. *Submission of Lease.* Submission of this document for examination or signature by the parties does not constitute an option or offer to lease the Premises on the terms in this document or a reservation of the Premises in favor of Tenant. This document is not effective as a lease or otherwise until executed and delivered by both Landlord and Tenant.

25.17. *Legal Authority.*

25.17.1. *Corporate Authority.* If either party is a corporation:

(a) Each individual signing this Lease on behalf of that corporation represents and warrants that each of them is duly authorized to execute and deliver this Lease on behalf of the corporation and that the Lease is binding on the corporation in accordance with its terms; and

(b) That corporation and the individuals signing this Lease on its behalf covenant that, within 15 days after the date of this Lease, the corporation shall deliver to the other party a duly certified copy of a resolution of the corporation's board of directors authorizing execution of this Lease.

25.18. *CASp Inspection.* The Premises have not undergone inspection by a Certified Access Specialist (CASp) (as defined in California Civil Code §1938).

Crystal Nevosh Date
Representative of NCI Affiliates, Inc.
Landlord

Brad Pawlowski Date
Chief Business Officer
Paso Robles Joint Unified School District
Tenant