



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 10/25/2011

Report Type: Consent

Title: Agreement: New Sublease of McClellan Park Building 600 for Homeland Security Programs

Report ID: 2011-00896

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager or the City Manager's designee to: 1) enter into a sublease agreement with the Northern California Regional Public Safety Training College Joint Powers Authority for Building 600, located in McClellan Business Park, for a total not to exceed amount of \$920,000 beginning on November 21, 2011 and ending on April 30, 2013; 2) designate funding from FEMA/Department of Homeland Security grant awards to be used for payment of the sublease agreement for a total not to exceed amount of \$920,000 and; 3) extend or amend the terms of the sublease agreement, which will expire on April 30, 2013, if federal Homeland Security funding is augmented or extended per Cal EMA or FEMA approval.

Contact: Jim Hendrickson, Lieutenant, Office of Homeland Security, (916) 874-2172, Police Department.

Presenter: None

Department: Police

Division: OES/HS

Dept ID: 11001411

Attachments:

- 1- Description/Analysis
- 2- Background
- 3- Resolution
- 4- Exhibit A - Sublease Agreement.
- 5- Exhibit B - Master Lease Agreement
- 6- Exhibit C - Second Amendment to B600 Lease
- 7- Exhibit D - Diagram of Premises
- 8- Exhibit E - Rent Schedule

City Attorney Review

Approved as to Form
David Womack
10/17/2011 9:20:17 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
10/11/2011 10:37:36 AM

Approvals/Acknowledgements

Department Director or Designee: Rick Braziel - 10/13/2011 4:18:20 PM

Description/Analysis

Issue: The City of Sacramento Office of Homeland Security currently leases facility space at McClellan Business Park, Building 600, through a five-year grant-funded agreement (City Council Resolution #2005-800 and City Agreement #2005-185). The Sacramento Office of Homeland Security has been a tenant of Building 600 since 2006. This 77,500 square foot facility provides a centralized location for a diverse range of law enforcement agencies from State, local and Federal government. This building is a regional center for Homeland Security activities, and its main tenants are the: Sacramento Urban Area Security Initiative (UASI) Regional Training Center, Sacramento City and County Office of Emergency Services, Regional Terrorism Threat Assessment Center (RTTAC) Fusion Center, California State Terrorism Threat Assessment Center, Federal Bureau of Investigation (Cyber Security and Sacramento Valley High Crime Task Forces), FEMA Incident Management Team West and the Sacramento Regional Emergency Operations Center (EOC). The lease costs for this facility are shared by the tenants based on their square foot usage, and the current lease agreement will expire on November 20, 2011.

The Sacramento Homeland Security Office leases space at Building 600 for its office, training classrooms, EOC, and common use areas. With the expiration of the current sublease agreement, the Sacramento Police Department is seeking approval to enter into new sublease agreement with the Northern California Regional Public Safety Training College. The term of the new sublease will begin on November 21, 2011 and conclude on April 30, 2013. Grant funding will be used to fund the lease costs for a total not to exceed amount of \$920,000.

Policy Considerations: The use of Homeland Security grant funds for lease payments for Building 600 is consistent with past practice of using State and Federal grant funding to enhance public safety.

Environmental Considerations:

California Environmental Quality Act (CEQA): Ongoing administrative maintenance activities, such as purchases of supplies, equipment or materials, do not constitute a “project” and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(3) and 15378(b)(2).

Commission/Committee Action: Not Applicable.

Rationale for Recommendation: By providing a centralized location for law enforcement and Homeland Security activities, regional collaboration among State, local and Federal agencies has been enhanced. These activities include: extensive training for first responders, expansion of the Terrorism Liaison Officer Program, improved critical infrastructure protection and law enforcement communication. The interaction among the various Homeland Security offices contained within Building 600 is an invaluable regional resource that can remove or reduce local jurisdictional barriers for first responder operational purposes. A major goal of the UASI is to continue to be a regional training center that meets the needs of the Sacramento region’s

emergency responders. The Homeland Security training and exercise activities provided by the UASI and RTTAC have been exceptionally valuable to the Sacramento region's preparedness and security with more than 3,000 first responders trained in 2010 alone. The regional training and planning activities are specifically intended to meet the unique needs of the Sacramento urban area.

Financial Considerations: The recommended sublease agreement with the Northern California Regional Public Safety Training College for \$920,000 will be funded out of available Homeland Security grant funding. This sublease agreement will not impact or obligate the General Fund budget.

Emerging Small Business Development (ESBD): The purchase of supplies and equipment will be made in accordance with the City's Emerging and Small Business Development (E/SBD) program requirements whenever possible.



BACKGROUND

Since 2003, the City of Sacramento has received Urban Area Security Initiative (UASI) grant funds from the United States Department of Homeland Security to conduct and implement regional Homeland Security programs.

Under City Council Resolution #2005-800 and City Agreement #2005-185, the City of Sacramento Office of Homeland Security leases facility space at McClellan Business Park, Building 600, through a five-year grant-funded agreement, which will expire on November 20, 2011. This 77,500 square foot facility provides a centralized location for a diverse range of law enforcement agencies from state, local and federal government. This building is a regional center for Homeland Security activities, and its main tenants are the: Sacramento UASI Regional Training Center, Sacramento City and County Office of Emergency Services, Regional Terrorism Threat Assessment Center (RTTAC) Fusion Center, California State Terrorism Threat Assessment Center, Federal Bureau of Investigation (Cyber Security and Sacramento Valley High Crime Task Forces), FEMA Incident Management Team West and the Sacramento Regional Emergency Operations Center (EOC).

The Sacramento Homeland Security Office leases Building 600 space for its office, training classrooms, EOC, and common use areas. Lease costs for this facility are shared by the tenants based on their square foot usage. With the expiration of the current sublease agreement in November, the Sacramento Police Department is seeking approval to enter into new sublease with the Northern California Regional Public Safety Training College. The term of the new sublease will begin on November 21, 2011 and conclude on April 30, 2013. Grant funding will be used to fund the lease costs for a total not to exceed amount of \$920,000.

By providing a centralized location for law enforcement and Homeland Security activities, regional collaboration among State, local and Federal agencies has been enhanced. These activities include: extensive training for first responders, expansion of the Terrorism Liaison Officer Program, improved critical infrastructure protection and law enforcement communication. The interaction among the various Homeland Security offices in Building 600 is an invaluable regional resource that can remove or reduce local jurisdictional barriers for first responder operational purposes. A major goal of the UASI is to continue to function as a regional training center that meets the needs of the Sacramento region's emergency responders. The Homeland Security training and exercise activities provided by the UASI and RTTAC have been exceptionally valuable to the region's preparedness and security with more than 3,000 first-responders trained in 2010 alone. The regional training and planning activities are specifically intended to meet the unique needs of the Sacramento urban area.

The use of UASI funds for building lease costs for Homeland Security purposes is allowed pursuant to the terms and conditions of federal grant guidelines. Sacramento Homeland Security grant funding authority is available through April 30, 2013 to fund

lease costs unless extended or augmented by Cal EMA or FEMA.

RESOLUTION NO.

Adopted by the Sacramento City Council

NEW SUBLEASE AGREEMENT OF MCCLELLAN BUSINESS PARK BUILDING 600 FOR REGIONAL HOMELAND SECURITY PROGRAMS

BACKGROUND

- A. Since 2003, the City of Sacramento has received Urban Area Security Initiative (UASI) grant funds from the United States Department of Homeland Security to conduct and implement regional Homeland Security programs.
- B. Under City Agreement #2005-0185, the City of Sacramento entered into a five-year sublease agreement with the Northern California Regional Public Safety Training College for Building 600, located in McClellan Business Park, to serve as both a training location for first responders and as a secure high technology planning center for conducting law enforcement and Homeland Security programs. This agreement will expire on November 20, 2011.
- C. With the expiration of its current lease agreement, the Sacramento Office of Homeland Security is requesting authority to enter into a new sublease agreement with the Northern California Regional Public Safety Training College for Building 600. The term of the new lease will begin on November 21, 2011 and conclude on April 30, 2013.
- D. The use of UASI funds for building lease costs for Homeland Security purposes is allowed pursuant to the terms and conditions of federal grant guidelines. Sacramento Homeland Security grant funding authority is available through April 30, 2013, to fund lease costs, unless extended or augmented by Cal EMA or FEMA.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager, or the City Manager's designee, is authorized to enter into a sublease agreement with the Northern California Regional Public Safety Training College for McClellan Park, Building 600 for a total not to exceed amount of \$920,000. The term of the sublease agreement will begin on November 21, 2011 and conclude on April 30, 2013.
- Section 2. Funding from FEMA/Department of Homeland Security grant awards will be used for payment of the sublease agreement for a total not to exceed amount of \$920,000.

Section 3. The term of the sublease agreement, which will expire on April 30, 2013, may be extended or amended if federal Homeland Security funding is augmented or extended per Cal EMA or FEMA approval.



SUBLEASE AGREEMENT

Northern California Regional Public Safety Training Authority

And

City of Sacramento

This sublease agreement ("Sublease") is dated for reference purposes as of November 21, 2011, and is made between the Northern California Regional Public Safety Training Authority ("Training Authority" or "Sublessor"), a Joint Powers Authority (JPA), and the City of Sacramento, a municipal corporation ("City" or "Sublessee"). The Sublessor and Sublessee may be referred to collectively as "Parties" or in the singular as "Party", as the context requires.

RECITALS

- A. MP Holdings, LLC, a California limited liability company, ("McClellan"), as the Lessor, and Training Authority, as the Lessee, intend to execute an amendment to the Original Master Lease dated October 1, 2005, a copy of which is being provided as Exhibit A, concerning Building 600, 3720 Dudley Blvd., McClellan, California 95652 ("Premises")
- B. City desires to sublease approximately 12,123 square feet of the Premises ("Subleased Premises"), which portion is shown and labeled on Exhibit "B" as "City", with non-exclusive rights to use those areas labeled "Common Areas"; the total area of the Subleased Premises and Sublessee's pro-rated share of the Common Areas is approximately 15,800 square feet.
- C. McClellan is in favor of this Sublease and consents to this Sublease, pursuant to Section 27.3 of the Master Lease.
- D. McClellan is an intended beneficiary of this Sublease, with all rights attending thereto to the maximum extent allowed by law, including, but not limited to, the right to enforce the rent provisions herein.
- E. Sublessor and Sublessee mutually agree that if the Training Authority and McClellan do not enter into the Master Lease, this Sublease shall be of no force and effect. In this event, neither the Sublessor nor Sublessee shall be obligated to perform any provisions of this Sublease.

NOW, THEREFORE, Sublessor and Sublessee agree as follows:

1. Demise and Description of Property.

In consideration of the rent hereinafter reserved, and subject to the terms, conditions, and covenants set forth in this Sublease, Sublessor hereby leases to Sublessee, a Sublessee hereby leases from Sublessor, the Subleased Premises described above.

2. Term.

The term ("Term") of this Sublease shall be 17 months, 10 days beginning on November 21, 2011 and ending on April 30, 2013, unless earlier terminated as provided herein.

2.1 Sublessee's Option to Extend Term of Sublease

The parties hereby agree that the Term, as defined in Section 2.1 of this lease, may be extended on a month to month basis beginning on May 1, 2013 ("Extension Commencement Date") and terminating on December 31, 2013 (such period is referred to as the "Extension Period"), unless otherwise terminated or extended in accordance with the Lease as modified by this Second Amendment.

3. Rent.

The Sublessee hereby covenants and agrees to pay to Sublessor as rent for the Subleased Premises and Sublessee's pro rata share of the Commons Areas per the following and listed in the attached sublease Rent Exhibit:

FEMA/Department of Homeland Security Grant Funding:

Total lease amount: November 21, 2011 to April 30, 2013: \$919,928.96

Rent is payable monthly on the first day of each month during the term of the Sublease. The lease shall not increase by more than 3% each year.

4. Utilities and Services.

Sublessor shall pay all gas, electric, water, sewer, fire monitoring for sprinkler system, janitorial, property management, taxes and assessments, building improvement insurance for work done on behalf of Sublessor, and reasonable office related trash services. Sublessee shall pay its own telecommunication services, any trash services that exceed reasonable and normal office usage; any insurance deemed necessary on Sublessee's furniture and fixtures, and any other services ordered by Sublessee.

5. Maintenance and Repair.

The maintenance and repair of the Subleased Premises and the Common Areas shall be governed by Sections 10 and 11 of the Master Lease. Sublessor shall use its diligent efforts to require that McClellan fulfill its maintenance and repair obligations, as set forth in Section 10 of the Master Lease and fulfill its responsibilities, and sublessor will fulfill its maintenance and repair obligations as Master Lease tenant.

6. Use.

Sublessee shall use the Subleased Premises for office and public services purposes as are associated with City of Sacramento Police Department's operations, or for related community purposes, in a manner consistent with the terms of the Master Lease.

7. Quiet Enjoyment.

Sublessor covenants that Sublessee shall be entitled to quiet enjoyment of the Subleased Premises, provided that Sublessee complies with the terms of this Sublease.

8. Condition of Premises.

It is understood and agreed that Sublessee's act of continued possession of the Subleased Premises shall be an acknowledgement that the Subleased Premises are in a satisfactory, tenantable and good condition.

9. Obligations of Sublessor.

Sublessor agrees to maintain the Master Lease during the term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of Sublessor.

10. Termination.

If the Master Lease is terminated, this Sublease shall terminate simultaneously and the Sublessor and Sublessee shall thereafter be released from all obligations under this Sublease.

11. Alterations.

To the extent improvements or alterations to the Subleased Premises are desired by Sublessee and are not provided for herein, and are subject to Sublessor's and McClellan's prior approval regarding same, such improvements or alterations shall be made at no cost to Sublessor or McClellan. Sublessee shall obtain prior written approval from Sublessor and McClellan for any structural alterations to the Subleased Premises or for any alterations costing more than \$2,500.

12. Insurance or Self-Insurance.

Each Party, at its sole cost and expense, shall carry insurance -or self-insure - its activities in connection with this Sublease, and obtain, keep in force and maintain, insurance or equivalent programs of self-insurance, for general liability, workers compensation, property, professional liability, and business automobile liability adequate to cover its potential liabilities hereunder. Each Party agrees to provide the other Party thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverage's. Failure to maintain insurance as required in this Sublease is a material breach of contract and is grounds for termination of this Sublease.

13. Indemnification.

The Sublessee shall assume the defense of and indemnify and hold harmless the Sublessor from and against all actions or claims against Sublessor, its officers, agents or employees from any and all loss, including attorneys' fees, sustained by Sublessor by virtue of any damages to any person(s), firm or corporation who may be injured by or to any property that may be damaged

arising out of the performance of this Sublease, except for actions or claims alleged to have occurred in full, or in part, as a result of active negligence by the Sublessor, its officers, agents or employees.

The Sublessor shall assume the defense of and indemnify and hold harmless the Sublessee from and against all actions or claims against Sublessee, its officers, agents or employees from any and all loss, including attorneys' fees, sustained by Sublessee by virtue of any damages to any person(s), firm or corporation who may be injured by or to any property that may be damaged arising out of the performance of this Sublease, except for actions or claims alleged to have occurred in full, or in part, as a result of active negligence by the Sublessee, its officers, agents or employees.

It is the intention of Sublessee and Sublessor 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 damage attributable to the fault of that party, its officers, employees, agents, invitees, guests, or volunteers.

14. Nonassignment.

Neither this Sublease nor any of the rights or obligations hereunder shall be assigned by either Party. This provision shall not apply to Section 2.1 of this Sublease.

15. Maintenance and Removal of Sublessee's Personal Property.

Sublessor shall have no responsibility to maintain, repair and replace Sublessee's personal property as the same may be present or utilized on the Subleased Premises. By the Termination Date, Sublessee shall remove its personal property from the Subleased Premises and shall repair to good condition any damage caused thereby.

16. 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 Sublease shall be in writing and either served personally, sent by fax, as evidenced by a fax transmittal receipt, or sent by prepaid, first class, certified mail. Such notices shall be deemed delivered and served upon actual receipt thereof or upon the fifth day after mailing as herein provided. Such matters shall be addressed to the other Party at the following addresses:

To Sublessor at:

Northern California Regional Public Safety Training College
2409 Dean St., Room 119
McClellan, CA. 95652
Attn: Mr. Steven Segura, Executive Director

To Sublessee at:

Sacramento Police Department
5770 Freeport Boulevard, Suite 100
Sacramento, CA 95822
Attn: Chief of Police Rick Braziel

With a copy to:

City of Sacramento
Facilities and Real Property Mgmt.
5730 54th Street
Sacramento, CA 95822
Attn: Asset Management

17. Waiver.

The waiver by either Party of any breach of any term, covenant, or condition contained in this Sublease shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition contained in this Sublease.

18. Captions.

The captions of the various articles and paragraphs of this Sublease are for convenience and ease of reference only and do not define, limit, augment, or describe the scope or intent of this Sublease or any part or parts of this Sublease.

19. Amendment in Writing.

Any amendment to this Sublease shall be in writing and signed by both Parties.

20. Severability.

The invalidity of any portion of this Sublease shall not affect the remainder, and any invalid portion shall be deemed rewritten to make it valid so as to carry out as near as possible the expressed intention of the Parties.

21. Governing Law.

This Sublease shall be construed and enforced in accordance with the laws of the State of California.

22. Counterparts.

This Sublease may be executed by the Parties in several counterparts, each of which shall be deemed to be an original.

23. Authorization.

Each individual executing this Sublease on behalf of the Parties represents and warrants that he or she has been authorized to do so by the Party on whose behalf he or she executes this Sublease and that said entity will thereby be obligated to perform the terms of this Sublease.

24. Documentation.

Sublessor will provide any and all documents needed to verify costs, including source documentation, invoices, etc.

(THE REST OF THIS PAGE IS LEFT BLANK INTENTIONALLY)

25. Entire Agreement.

This Sublease constitutes the entire agreement between the Parties and supersedes any prior written or oral agreements between the Parties with respect to the matters contained herein.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands on the date and year first above written.

Northern California Regional Public Safety Training Authority

By: _____
Steven Segura
Executive Director

Approved as to Form:

By: _____
NCRPSTA – General Counsel

City of Sacramento, a municipal Corporation

By: _____
Sacramento City Manager

Approved as to Form:

By: _____
City of Sacramento – General Counsel

Attest:

By: _____
City Clerk

ATTACHED EXHIBITS:

- 1. Master Lease
- 2. Diagram of Subleased Premises
- 3. Rent Exhibit



**DUPLICATE
ORIGINAL
COPY**

NET LEASE AGREEMENT

**By and Between
MP HOLDINGS, LLC,
a California limited liability company**

and

**NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE,
a Joint Powers Authority**

**McCLELLAN PARK
STANDARD FORM
NET LEASE AGREEMENT**

THIS STANDARD FORM NET LEASE AGREEMENT ("**Lease**"), dated for reference purposes only as October __, 2005 ("**Lease Date**"), is made by and between MP HOLDINGS, LLC, a California limited liability company ("**Landlord**"), and NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority ("**Tenant**").

Witnesseth

1. Premises

1.1 **Property.** Landlord has the right to lease certain improved real property located within McClellan Park ("**McClellan**" or "**Property**"), McClellan, California ("**State**"), which is more particularly described in Exhibit A-1 attached hereto.

1.2 **Premises.** Landlord, for and in consideration of the rents, covenants, agreements, and stipulations contained herein, to be paid, kept and performed by Tenant, leases and rents to Tenant, and Tenant hereby leases and takes from Landlord upon the terms and conditions contained herein, approximately seventy-seven thousand five hundred seventy four (77,574) rentable square feet of space located within Building 600, 4300 54th Street, McClellan, California 95652 (the "**Premises**"), which measurement is binding and conclusive upon the parties hereto. The Premises is described in Exhibit A-2, and the building ("**Building**") in which the Premises is located is described in Exhibit A-3 attached hereto.

1.3 **Common Areas.** In addition to the Premises, subject to the Rules and Regulations (as hereinafter defined), Tenant may use those certain common areas to be designated by the Landlord from time to time on the Property; such areas shall include, but not be limited to, Parking Areas (as hereinafter defined), access roads and facilities, interior corridors (if applicable), sidewalks, driveways and landscaped and open areas (collectively, the "**Common Areas**"). The use of the Common Areas shall be for the non-exclusive use of Tenant and Tenant's employees, agents, suppliers, customers and patrons, in common with Landlord and all other tenants of the Property and all such other persons to whom Landlord has previously granted, or may hereinafter grant, rights of usage; provided that such nonexclusive use shall be expressly subject to such Rules and Regulations (as hereinafter defined) which may be amended by the Landlord from time to time. Tenant shall not be entitled to use the Common Areas for storage of goods, vehicles, refuse or any other items. Landlord reserves the right to alter, modify, enlarge, diminish, reduce or eliminate the Common Areas from time to time in its sole discretion.

1.4 **Land.** That certain real property ("**Land**"), more particularly described on Exhibit A-4 attached hereto. The Land is not within the definition of "**Premises**" hereunder and Tenant is only granted a license to use the Land in accordance with and subject to the provisions of this Lease. Tenant's rights and obligations concerning the Premises as contained in this Lease shall be applicable to the Land and Landlord shall not interfere with Tenant's use of the Land except as otherwise provided in this Lease. The Land may only be utilized for the parking of automobiles and vehicles related to the Permitted Use and the storage of any materials shall be subject to Landlord's fencing and screening requirements as such exist from time to time.

2. Term.

2.1 **Term.** The term of the Lease shall be for five (5) years and two (2) months beginning on the Phase I Delivery Date (the "**Initial Term**" or "**Term**"), unless extended or sooner terminated pursuant to the terms of this Lease. The term "**Lease Year**" as used herein shall mean any three hundred sixty-five (365) consecutive day period beginning on the Commencement Date or any anniversary thereafter.

2.2 Commencement Date. The term "Commencement Date" as used herein shall mean:

As a result of Landlord being responsible for the construction of certain improvements (the "Tenant Improvements") pursuant to the "Work Letter Agreement" attached hereto as Exhibit B, subject to and upon the terms and conditions set forth herein, the Commencement Date shall be (i) as such relates to a certain portion of the Premises, consisting of approximately twenty-two thousand nine hundred sixty-eight (22,968) rentable square feet, and described on Exhibit A-2 attached hereto ("Phase 1 Area"), is May 1, 2006 (which assumes building permit is issued by December 1, 2005) ("Phase 1 Delivery Date"); (ii) as such relates to a certain portion of the Premises, consisting of approximately twenty-three thousand seven hundred twenty-one (23,721) rentable square feet, and described on Exhibit A-2 attached hereto ("Phase 2 Area"), is June 1, 2006 (which assumes building permit is issued by December 1, 2005) ("Phase 2 Delivery Date"); (iii) as such relates to the balance of the Premises, consisting of approximately thirty thousand eight hundred eighty-five (30,885) rentable square feet, and described on Exhibit A-2 attached hereto ("Phase 3 Area"), is July 1, 2006 (which assumes building permit is issued by December 1, 2005) ("Phase 3 Delivery Date").

A. Landlord and Tenant shall execute a certification ("Declaration of Lease Commencement") setting forth the Lease Commencement Date and the expiration date of the Term of the Lease, which shall be in the form attached hereto as Exhibit C. For purposes of the foregoing, the Phase 1 Area, Phase 2 Area and Phase 3 Area shall be deemed to be "Substantially Complete" when Tenant is tendered direct access to each such area with the construction to be provided by Landlord, as set forth in the Work Letter Agreement, with the exception of the "Punch List Items." Tenant acknowledges that certain work to be performed by Tenant may require completion prior to issuance of a certificate of occupancy (or the equivalent) by the County of Sacramento and that Tenant's failure to timely complete such work shall not affect the Commencement Date. "Punch List Items" shall mean a written summary of correction items concerning the repair of improvements within the Premises constructed and/or installed by Landlord, its agents, employees, contractors and/or subcontractors, delivered to Landlord within thirty (30) days following the Lease Commencement Date. Such Punch List Items shall be mutually acceptable to both Landlord and Tenant. "Force Majeure Delays" are defined as delays beyond the reasonable control of Landlord, such as acts of God, fire, earthquake, acts of a public enemy, riot, insurrection, unavailability of materials, governmental restrictions on the sale of materials or supplies or on the transportation of such materials or supplies, strike directly affecting construction or transportation of materials or supplies, shortages of materials or labor resulting from government controls, weather conditions, unavailability of possession of the Premises due to governmental action or inaction, or any other cause or events beyond the reasonable control of Landlord. The parties agree that if Landlord is unable to Substantially Complete any portion of the Premises by the applicable delivery date, plus any extension due to a Force Majeure Event(s), this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom, and the expiration date of the Term of this Lease shall be extended for such delay; but in such event, Tenant shall not be liable for any rent until the applicable delivery date.

B. In the event that Landlord permits Tenant to occupy any portion of the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease, which includes, but is not limited to, prorated payment of Base Rent, reimbursement for cost to provide Utilities/Services (as such terms are hereinafter defined), and Additional Rent.

2.3 Option to Extend. Tenant shall have the right to extend this Lease for up to three (3) additional terms of five (5) years each by giving Landlord written notice of its intention to do so at least nine (9) months prior to the expiration of the Initial Term and each five (5) year extension; provided, however, that Tenant is not in material default beyond any applicable cure period under the Lease on the date of giving such notice or on the date of commencement of such extended term. Each extended term shall be upon all of the terms and conditions of this Lease, except that the following rights of Tenant during the Initial Term of this Lease shall not apply during any such extended term: (a) any right to rent-free possession, (b) any right to further extension of the term of the Lease beyond the extended terms set forth hereinabove, and (c) any right to continue to pay the same Base Rent. Landlord and Tenant hereby acknowledge and agree that the Base Rent during the extension terms shall be amounts set forth on Exhibit D.

3. Base Rent

3.1 Base Rent. Rent shall be due and payable in lawful money of the United States in advance on the first day of each month after the Commencement Date. Rent for any period during the Term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of the calendar month involved. Tenant shall pay the first full month's Base Rent and any other charges upon execution of this Lease. Tenant shall pay to Landlord as base rent ("**Base Rent**") for the Premises, without notice or demand and without abatement, deduction, offset or set off, the amounts set forth on Exhibit D ("**Base Rent Schedule**") (for the purpose of this Section, "Base Rent" shall include Base Rent and Base Rent Cost Component (as provided in the Work Letter and set forth on Exhibit D)).

3.2 Place of Payment. All payments under this Lease to be made by Tenant to Landlord shall be made payable to, and mailed or personally delivered to Landlord at the following address or such other address(es) of which Landlord may notify Tenant from time to time: MP Holdings, LLC, Post Office Box 1419, North Highlands, California 95660-1419.

3.3 Late Payment. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent (as hereinafter defined) pursuant to this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any installment of rent or other payment under this Lease is not received by Landlord, on or before the fifth (5th) day of the month in which such rent or other payment is due, Tenant shall pay a late charge equal to five percent (5.00%) of such overdue amounts. Tenant shall also be responsible for a service fee equal to Fifty and No/100ths Dollars (\$50.00) for any check returned for insufficient funds together with such other costs and expenses as may be imposed by Landlord's bank. Upon the assessment of a late charge, Landlord may require that all future payments of rent be made by cashier's check. The payment to and acceptance by Landlord of such late charge shall in no event constitute a waiver by Landlord of Tenant's default with respect to such overdue amounts, nor prevent Landlord from exercising any of the other rights and remedies granted at law or equity or pursuant to this Lease.

3.4 Interest. Notwithstanding any other provisions of this Lease, any installment of rent or other amounts due under this Lease not paid to Landlord when due shall bear interest from the date due or from the date of expenditure by Landlord for the account of Tenant, until the same have been fully paid, at a rate per annum which is equal to the Prime Rate, plus two (2) percentage points, but not to exceed the highest rate permitted under applicable law. The payment of such interest shall not constitute a waiver of any default by Tenant hereunder.

4. (Intentionally Deleted)

5. Additional Rent

5.1 Definitions.

A. "**Additional Rent**" shall mean Tenant's Share of the Project Expenses.

B. "**Common Expenses**" shall mean the aggregate amount of the total costs and expenses paid or incurred by Landlord in any way connected with or related to the operation, repair, replacement, refurbishment, providing utilities, and maintenance of the Common Areas, the Building and the Property. Such costs shall include managerial fees (not to exceed five percent (5.00%) of the gross rental income from the Property) and administrative expenses related to the Property (not exceed ten percent (10.00%) of the Common Expenses). The computation of Common Expenses shall be made in accordance with generally accepted accounting principles. Landlord, from time to time, shall have the right, for the purpose of calculating Common Expenses to increase/decrease the "**Common Areas**" and "**Property**" to include/exclude certain designated areas within McClellan.

C. "**Computation Year**" shall mean each twelve (12) consecutive month period commencing January 1 of each year during the Term, provided that Landlord, upon notice to Tenant, may change the Computation Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, Tenant's Share of Project Expenses shall be equitably adjusted for the Computation Years involved in any such change.

D. **"Insurance Expenses"** shall mean the aggregate amount of the cost of fire, extended coverage, boiler, sprinkler, public liability, property damage, rent, earthquake, terrorism, and other insurance obtained by Landlord in connection with the Property, including insurance required pursuant to Section 14.1 hereof, and the deductible portion of any insured loss otherwise covered by such insurance.

E. **"Project Expenses"** shall mean and include Taxes, Insurance Expenses and Common Expenses. For calendar year 2005, Landlord estimates Project Expenses at twenty-five cents (25¢) per rentable square foot of the Premises per month, which includes the administrative and management fees set forth in Section 5.1B.

F. **"Rent"** or **"Rent"** shall mean the total of all sums due to Landlord from Tenant hereunder, including but not limited to Base Rent, Additional Rent, Utilities/Services, and all other fees and charges owed to Landlord as well as all damages, costs, expenses, and sums that Landlord may suffer or incur, or that may become due, by reason of any default of Tenant or failure by Tenant to comply with the terms and conditions of this Lease, and, in the event of nonpayment, Landlord shall have all the rights and remedies as herein provided for failure to pay rent. Expenses shall be adjusted to reflect a ninety-five percent (95.00%) occupancy of the Property during any period in which the Property is not at least ninety-five percent (95.00%) occupied.

G. **"Rentable Area of the Building"** shall mean 77,574 agreed rentable square feet, which measurement is binding and conclusive upon the parties. Landlord, from time to time, shall have the right to (i) increase/decrease the number of Buildings within McClellan utilized in arriving at the square footage calculation set forth in this Section, or (ii) segregate McClellan into separate districts based upon building type (the square footage of each district would thereafter be the denominator for determining Tenant's Share), following which Tenant's Share shall be recalculated.

H. **"Rentable Area of the Premises"** shall mean the rentable square footage set forth in Section 1.2 of this Lease (the Parties acknowledge that such rentable square foot shall adjust upon delivery of Phase 1 Area, Phase 2 Area and Phase 3 Area).

I. **"Taxes"** shall mean all taxes, assessments and charges levied upon or with respect to the Property or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Property or such personal property. Taxes shall include, without limitation, all general real property taxes and general and special assessments, occupancy taxes, commercial rental taxes, charges, fees or assessments for transit, housing, police, fire or other governmental services or purported benefits to the Property, service payments in lieu of taxes, and any tax, fee or excise on the act of entering into any lease for space in the Property, or on the use or occupancy of the Property or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Property that are now or hereafter levied or assessed against Landlord by the United States of America, the state in which the Property is located, or any political subdivision, public corporation, district or other political or public entity, whether due to increased rate and/or valuation, additional improvements, change of ownership, or any other events or circumstances, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for or as an addition to, as a whole or in part, any other Taxes whether or not now customary or in the contemplation of the parties on the date of this Lease. Any assessments imposed under any covenants, conditions and/or restrictions encumbering, presently or in the future, the Property shall be within such definition of Taxes. Taxes shall not include franchise, transfer, inheritance or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for or as an addition to, as a whole or in part, any other tax that would otherwise constitute a Tax. Taxes shall also include reasonable legal fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Taxes. If any Taxes are specially assessed by reason of the occupancy or activities of one or more tenants and not the occupancy or activities of the Tenants as a whole, such Taxes shall be allocated by Landlord to the tenant or tenants whose occupancy or activities brought about such assessment. Tenant shall participate in any infrastructure financing plan for McClellan that may be adopted by the Board of Supervisors of Sacramento County, including, but not limited to, Sacramento County Ordinance No. SZC 97-0027, for the purposes of constructing, upgrading, operating or maintaining public infrastructure, which may include, but not be limited to, roadways, water supply, sanitary sewers,

drainage, fire protection, landscape and lighting, and transit facilities. At the time such financing plan is adopted and enacted by the Board of Supervisors of Sacramento County, all payment obligations resulting therefrom shall be within the definition of Taxes.

J. **"Tenant's Share"** is determined by dividing the rentable Area of the Premises by the rentable Area of the Building. Tenant acknowledges that certain Project Expenses apply to the entirety of McClellan (e.g. common area landscaping costs, utilities for Common Areas, security, etc.). In this regard, such McClellan-wide Project Expenses shall be allocated to the Premises on the basis of the rentable square footage of the Premises divided by the rentable square footage of leasable space within McClellan (unless any tenant(s) use of its premises requires an increased allocation, and/or a separate allocation due to location and nexus to an expense and/or service incurred, as reasonably determined by Landlord) (Landlord shall not recover more than one hundred percent (100.00%) of such costs incurred by Landlord). In the event that either the rentable Area of the Premises or the rentable Area of the Building are changed, Tenant's Share will be appropriately adjusted by Landlord. For purposes of the Computation Year in which such change occurs, Tenant's Share shall be determined on the basis of the number of days during such Computation Year at each such percentage.

5.2 **Payments.** In addition to Base Rent, and beginning on the Commencement Date, Tenant shall pay to Landlord, monthly, in advance, one-twelfth (1/12) of the Additional Rent due for each Computation Year, in an amount estimated by Landlord and billed by Landlord to Tenant ("**Estimated Expenses**"). Landlord shall have the right to reasonably revise such estimates from time to time and to adjust Tenant's monthly payments accordingly. If either the Commencement Date or the expiration of the Lease Term shall occur on a date other than the first or last day of a Computation Year respectively, the Additional Rent for such Computation Year shall be in the proportion that the number of days the Lease was in effect during such Computation Year bears to 365. With reasonable promptness after the expiration of each Computation Year, Landlord shall furnish Tenant with a statement of the actual expenses ("**Actual Expenses Statement**"), setting forth in reasonable detail the Project Expenses and Additional Rent for such Computation Year. If the actual Project Expenses for such Computation Year exceed the estimated Additional Rent paid by Tenant for such Computation Year, Tenant shall pay to Landlord the difference between the amount paid by Tenant and Tenant's Share of the actual Project Expenses within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by Tenant for any such Computation Year shall exceed the Tenant's Share of the actual Project Expenses for such Computation Year, such excess shall be credited against the next installments of Additional Rent due from Tenant to Landlord hereunder. Neither Landlord's failure to deliver, nor late delivery of, the Estimated or Actual Expenses Statement shall constitute a default by Landlord hereunder or a waiver of Landlord's right to collect any payment provided for herein.

5.3 **Allocated Expenses.** Notwithstanding the calculation of Tenant's Share of Project Expenses, Landlord may specifically allocate certain Project Expenses to specific tenants, including Tenant, based upon the nexus of such specific expense or service incurred to such tenant's building(s) and/or operations(s), as reasonably determined by Landlord. Allocated Project Expenses shall be paid in full by the designated tenant utilizing the monthly payment process set forth in this Article 5. If a tenant is assessed an allocated Project Expense, such Tenant's obligation to pay its share of standard Project Expenses shall be equitably adjusted (in no event shall Landlord recover more than one hundred percent (100.00%) of Project Expenses incurred).

5.4 **Disputes.** If there is any dispute as to any Additional Rent due under this Section 5, for a period of six (6) months following Tenant's receipt of the Actual Expense Statement, Tenant shall have the right, after reasonable notice and at reasonable times, to inspect Landlord's accounting records at Landlord's accounting office. If after such inspection Tenant still disputes such Additional Rent, upon Tenant's written request therefore, a certification as to the proper amount of Project Expenses and the amount due to or payable by Tenant shall be made by an independent accounting firm selected by Landlord and Tenant. If Landlord and Tenant are unable to agree upon an accounting firm, Landlord and Tenant shall each select an accounting firm and the two firms so selected shall select a third firm which shall make the certification requested hereunder. Tenant agrees to pay all costs and expenses incurred in connection with such certification. Such certification shall be final and conclusive as to all parties. Notwithstanding the foregoing, in no event shall Tenant be entitled to withhold payment of Additional Rent during the certification process and Tenant shall remain obligated to pay all Additional Rent due as otherwise set

forth in this Lease. In the event Tenant shall prevail in the certification process, Landlord, at its election, shall either promptly refund any excess Additional Rent payments to Tenant or shall apply such excess as a credit against future Additional Rent due from Tenant.

6. Option to Purchase Ground Lease Estate and Fee Title. Landlord hereby grants to Tenant an option ("**Option**") to (A) extend the Term of this Lease beyond the Initial Term for an additional period that shall commence on the last day of the Initial Term and shall terminate on August 17, 2097 ("**Ground Lease Term**"), and (B) obtain fee title to the Premises and Land (collectively, "**Transferred Estate**") if and when Landlord obtains fee title to the Transferred Estate during the Ground Lease Term. Notwithstanding any other provision of this Lease, Tenant shall have the right to assign its rights under the provisions of this Section, separately or with this Lease, to any other government agency or agencies, without the prior written consent of Landlord, but upon not less than thirty (30) days' prior written notice to Landlord.

Ground Lease.

1. Option Term. The term of the Option shall be the final six (6) months of the Initial Term ("**Option Term**"), during which Tenant shall have the right to exercise the Option in accordance with this Section 6.

2. Option Consideration. As consideration for the granting of the Option, Tenant has delivered to Landlord the sum of one dollar (\$1.00) in earnest money, and Landlord acknowledges the receipt thereof.

3. Exercise. The Option may be exercised by Tenant's delivery of written notice ("**Exercise Notice**") to Landlord at any time during the Option Term. Tenant's failure to deliver the Exercise Notice within such time period shall cause Tenant's rights under this Section 6 to become null and void. In the event Tenant exercises the Option, as opposed to assigning its rights under the provisions of this Section, provided Tenant has not assigned its right in the Option as provided herein to any other government agency or agencies, Tenant's exercise of the Option shall not be effective unless the Exercise Notice is accompanied by resolutions of the governing bodies of the City of Sacramento and the County of Sacramento authorizing Tenant to exercise the Option (no assignee of Tenant's rights under the provisions of this Section shall be subject to this requirement). If Tenant is in material default of the provisions of this Lease beyond any applicable cure period at the time of delivery of the Exercise Notice, Landlord may elect to treat such notice as null and void and withdrawn by Tenant.

4. Transfer Consideration. As consideration for (A) the extension of the Term for the Ground Lease Term, and (B) Landlord's Sale Obligation (as hereinafter defined), on the expiration date of the Initial Term, Tenant shall pay Landlord the amount of Thirteen Million Seven Hundred Thousand Nine Hundred Eighty Eight and No/100ths Dollars (\$13, 700,988.00) ("**Transfer Consideration**"), which payment shall be due and payable on the expiration date of the Initial Term.

5. Ground Lease Amendment. Within twenty-one (21) days following Landlord's receipt of the Exercise Notice, Landlord shall deliver an amendment to the Lease ("**Ground Lease Amendment**") to Tenant which (i) memorializes the Ground Lease Term and certain other reasonable modifications necessary to convert the Lease to a ground leasehold estate; and (ii) upon payment of the Transfer Consideration, eliminates further payments of Base Rent, Tenant's extension rights under Section 2.3 of this Lease, and (iii) transfers the obligation to pay Taxes and to insure the Premises for property damage to Tenant. For a period of sixty (60) days thereafter, Landlord and Tenant shall use their respective good faith efforts to reach agreement upon and enter into the Ground Lease Amendment; provided that neither party makes any representation or warranty on reaching such agreement. If the parties are unable to agree upon the terms of the Ground Lease Amendment within the sixty (60) day time period, neither party shall be deemed in breach of its obligations under this Agreement, Tenant shall be deemed to have withdrawn its Exercise Notice, and Tenant shall have no further rights under this Section 6. During the sixty (60) day time period, Tenant shall have the right to review any non-privileged information Landlord has relating to the Transferred Estate and to conduct or cause to be conducted, at Tenant's expense, such investigations,

including without limitation, investigations with regard to zoning, building code and other governmental regulations, architectural inspections, engineering tests, economic feasibility studies, soils, seismic and geologic reports and environmental testing, and perform any and all due diligence Tenant deems necessary in order to ascertain the condition of the Transferred Estate and confirm that the same meets Tenant's needs.

B. Transferred Estate. Subject to the provisions contained in this Section 6, Landlord shall sell to Tenant its fee title interest in the Transferred Estate (if ever obtained) in accordance with the provisions of this Section, which obligation of Landlord's is referred to as "**Landlord's Sale Obligation**", provided that (i) Tenant has funded the Transfer Consideration, and (ii) the parties have entered into the Ground Lease Amendment. The following conditions precedent (collectively, "**Conditions Precedent**") must be satisfied in accordance with the time periods set forth herein. If any of the following conditions are not satisfied, such failure shall not be deemed a default, but rather a failed condition only, in which case this Section 6 shall become null and void and the Lease shall remain in full force and effect for the remainder of the Ground Lease Term, and the Transfer Consideration shall be deemed fully earned as consideration for the for Tenant's use of the Premises for the Ground Lease Term.

1. Prior to the expiration of the Ground Lease Term, Landlord shall have received from the United States Air Force, a Finding of Suitability of Transfer ("**FOST**") (or equivalent document) for the Transferred Estate. Landlord shall attempt in good faith to acquire the FOST during such period, and shall give written notice to Tenant immediately upon such acquisition; provided, however, Landlord makes no form of representation or warranty regarding its ability to acquire such document, except that, to the best of Landlord's actual knowledge, the FOST is anticipated to be issued within the first five (5) years of the Lease Term (the failure of the FOST to be timely issued shall in no event create any form of liability against Landlord).

2. Tenant acknowledges that, as of the date of this Lease, the Transferred Estate is not a separate legal parcel in compliance with the Subdivision Map Act, and is not capable of transfer from Landlord to Tenant. In this regard, prior to the expiration of the Ground Lease Term, Landlord, utilizing its good faith efforts, shall submit all appropriate applications necessary to cause the Transferred Estate to become a separate legal parcel in compliance with the Subdivision Map Act. (As part of such parcelization process, Landlord shall preserve ingress/egress/utility/fire safety easements deemed appropriate by Landlord and such easements shall be within the definition of "**Permitted Exceptions**"). If, despite the use of Landlord's good faith efforts, Landlord is unable to cause the Transferred Estate to become a separate legal parcel within the Ground Lease Term, (i) Landlord shall not be deemed in default of its obligations under the Ground Lease Amendment, (ii) the provisions of this Section shall become null and void, and (iii) the Ground Lease Amendment shall remain in full force and effect in accordance with the terms and conditions contained herein. The date, upon which Landlord causes the Premises to become a separate legal parcel in compliance with the Subdivision Map Act, shall be referred to as the "**Parcelization Date.**"

3. As provided in Section 42 of this Lease, Landlord does not hold fee title to the Premises. In this regard, following the issuance of the FOST, in accordance with the provisions of the EDC Agreement, Landlord, using its good faith efforts, shall obtain fee title to the Transferred Estate. If, despite the use of Landlord's good faith efforts, Landlord is unable to obtain fee title to the Transferred Estate pursuant to the EDC Agreement and in compliance with the FOST prior to the expiration of the Ground Lease Term, (i) Landlord shall not be deemed in default of its obligations under the Ground Lease Amendment, (ii) the provisions of this Section shall become null and void, and (iii) the Ground Lease Amendment shall remain in full force and effect in accordance with the terms and conditions contained therein.

C. Tenant acknowledges and agrees that the Premises shall be subject to and encumbered by the Master Declaration of Covenants, Conditions and Restrictions for McClellan Park ("**CC&Rs**"), a copy of which is attached hereto as Exhibit M. Upon the Closing, Tenant shall acquire fee title to the Property subject to the CC&Rs, which shall include subsequent modifications to such document effectuated in accordance with the provisions contained therein.

D. The purchase and sale shall be consummated ("**Closing**") through an escrow to be established with Placer Title Company ("**Escrow Holder**"). Closing shall occur within thirty (30) days after the

satisfaction of the Conditions Precedent. Tenant shall receive title to the Transferred Estate subject to the following: (a) current general and special real property taxes, bonds and assessments, (b) all items to which title is subject as of the date of acquisition of the Transferred Estate by Tenant (except that Landlord shall be obligated to remove all monetary encumbrances (e.g., deeds of trust) placed thereon by Landlord), and (c) any encumbrance made, caused or done, in writing consented to or approved by Tenant (collectively, the "Permitted Exceptions"). The Permitted Exceptions shall include CC&Rs.

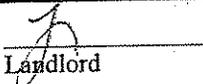
E Closing of escrow shall be subject to the following express conditions: (i) Escrow Holder's receipt of a grant deed executed by Landlord conveying the Transferred Estate to Tenant subject only to the Permitted Exceptions, and (ii) issuance by Escrow Holder's title insurer ("Title Company") of an owner's policy of title insurance (the "Title Policy") with liability in the amount of the Transfer Consideration showing title to the Transferred Estate vested in Tenant, subject only to the Permitted Exceptions. The Title Policy shall be a standard coverage owner's policy unless Tenant elects to require an extended coverage policy, in which case Tenant shall be responsible for obtaining any survey and inspection which Title Company may require.

F. Tenant and Landlord shall split evenly (i) the premium for the title policy, (ii) the cost of transfer taxes, (iii) the escrow fee, and (iv) recording costs. Each party shall pay the fees of any lawyer employed by such party. Unspecified costs and charges shall be paid by the parties in accordance with the custom prevailing in the County of Sacramento as of the date of this Lease.

G. Notwithstanding any other provision of this Lease to the contrary, with regard to Tenant's acquisition of the Transferred Estate, Landlord makes no representation or warranty regarding the condition of the Transferred Estate, its past use, or its suitability for Tenant's intended use and the Transferred Estate is sold AS-IS, WHERE-IS, WITH ALL FAULTS, AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE TRANSFERRED ESTATE. Tenant is relying solely upon and will have conducted its own independent inspection, investigation, and analysis of the Transferred Estate as it deems necessary or appropriate in so acquiring the Transferred Estate from Landlord, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability for development of the Transferred Estate.

H. Following the Closing, Tenant waives its right to recover from Landlord, and the directors, officers, employees and agents of Landlord, any and all damages, losses, liabilities, costs or expenses whatsoever (including attorneys' fees and costs) and claims therefor, whether direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way growing out of or connected with the condition of the Transferred Estate, which includes, but is not limited to, the improvements constructed thereon, or any law or regulation applicable thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Sections 466 et seq.), the Safe Drinking Water Act (14 U.S.C. Sections 1401-1450), the Hazardous Materials Transportation Act (49 U.S.C. Sections 2601-2629), the California Hazardous Waste Control Law (California Health and Safety Code Sections 25100-25600), and the Porter-Cologne Water Quality Control Act (California Health and Safety Code Sections 13000 et seq.). At Closing, Tenant expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or expect to exist in his favor at the time of executing the release, which if known to him must have materially affected the settlement with the debtor."


Landlord


Tenant

7. Permitted Uses. Tenant shall use and occupy the Premises throughout the Term of the Lease for office and training purposes ("Permitted Use"), consistent with and in compliance with McClellan Use Documentation (as hereinafter defined), and for no other purpose. No use shall be made or permitted to be made of the Premises, nor acts done which will increase the existing rate of insurance upon the Buildings, or cause a cancellation of any insurance policy covering the Buildings, or any part thereof, nor shall Tenant sell, or permit to be

kept, used, or sold, in or about the Premises, any article which may be prohibited by insurance policies maintained by Landlord. Subject to Landlord's obligations set forth in the Work Letter Agreement, Tenant shall comply with all laws, ordinances, rules, regulations and codes, which includes, but is not limited to, the Americans With Disabilities Act, of all municipal, county, state and federal authorities (collectively, "Law") pertaining to Tenant's use and occupation of the Premises. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any public or private nuisance, or other act or thing which disturbs the quiet enjoyment of any other tenant in the Buildings, nor shall Tenant store any materials on the Premises which are visible from areas adjacent to the Premises, unless otherwise specifically set forth in Exhibit A-2 or expressly provided in this Lease. Tenant shall also specifically not permit any objectionable odor to escape or be emitted from the Premises and shall insure sanitation and freedom from odor, smell and infestation from rodents or insects. Tenant, at its expense, shall provide (and enclose if required by codes or Landlord) a dumpster or dumpsters for Tenant's trash in a location and manner approved by Landlord, and shall cause its trash to be removed at intervals reasonably satisfactory to Landlord. In connection therewith, Tenant shall keep the dumpster(s) clean and insect, rodent and odor free.

8. Environmental Compliance/Hazardous Materials

8.1 Definitions. "Hazardous Materials" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive, flammable, explosive, radioactive or corrosive, including, without limitation, petroleum, solvents, lead, acids, pesticides, paints, printing ink, PCBs, asbestos, materials commonly known to cause cancer or reproductive problems and those materials, substances and/or wastes, including wastes which are or later become regulated by any local governmental authority, the state in which the Premises are located or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act; all environmental laws of the state where the Property is located, and any other environmental law, regulation or ordinance now existing or hereinafter enacted. "Hazardous Materials Laws" shall mean all present and future federal, state and local laws, ordinances and regulations, prudent industry practices, requirements of governmental entities (including without limitation the U.S. Air Force) and manufacturer's instructions relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Materials, including without limitation the laws, regulations and ordinances referred to in the preceding sentence.

8.2 Use of Premises by Tenant. Subject to the provisions of this Section 8, Tenant hereby agrees that Tenant and Tenant's officers, employees, representatives, agents, contractors, subcontractors, successors, assigns, subtenants, concessionaires, invitees and any other occupants of the Premises (for purposes of this Section 8, referred to collectively herein as "Tenant Representatives") shall not cause or permit any Hazardous Materials to be used, generated, manufactured, refined, produced, processed, stored or disposed of, on, under or about the Premises or Property or transport to or from the Premises or Property without the express prior written consent of Landlord, which consent may be limited in scope and predicated on strict compliance by Tenant of all applicable Hazardous Materials Laws and such other reasonable rules, regulations and safeguards as may be required by Landlord (or any insurance carrier, environmental consultant or lender of Landlord, or environmental consultant retained by any lender of Landlord) in connection with using, generating, manufacturing, refining, producing, processing, storing or disposing of Hazardous Materials on, under or about the Premises or the Property. In connection therewith, Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant's Representatives of Hazardous Materials on the Premises or the Property, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises or the Property.

8.3 Remediation. If at any time during the Lease Term any contamination of the Premises by Hazardous Materials shall occur where such contamination is caused by the act or omission of Tenant or Tenant's Representatives ("Tenant's Contamination"), then Tenant, at Tenant's sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Premises or the groundwater underlying the Premises to the

extent required to comply with applicable Hazardous Materials Laws. Tenant shall not take any required remedial action in response to any Tenant's Contamination in or about the Premises or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant's Contamination without first obtaining the prior written consent of Landlord, which may be subject to conditions imposed by Landlord as determined in Landlord's sole discretion. Landlord and Tenant shall jointly prepare a remediation plan in compliance with all Hazardous Materials Laws and the provisions of this Lease. In addition to all other rights and remedies of the Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant's Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant's Contamination within thirty (30) days after all necessary approvals and consents have been obtained and thereafter continue to prosecute such remediation to completion in accordance with the approved remediation plan, then Landlord, at its sole discretion, shall have the right, but not the obligation, to cause such remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord's demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on such amounts at the highest lawful rate until paid), when such demand is accompanied by proof of payment by Landlord of the amounts demanded. Tenant shall promptly deliver to Landlord, copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises as part of Tenant's remediation of any Tenant's Contamination.

8.4 Disposition of Hazardous Materials. Except as discharged into the sanitary sewer in strict accordance and conformity with Section 8.2 herein and all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials used, generated, manufactured, refined, produced, processed, stored or disposed of by Tenant and/or Tenant Representatives to be removed from the Premises and the Property by duly licensed haulers to duly licensed facilities for recycling or final disposal of such materials and wastes. Tenant is and shall be deemed to be the "operator" "in charge" of Tenant's "facility" and the "owner," as such terms are used in the Hazardous Materials Laws, of all Hazardous Materials and any wastes generated or resulting therefrom. Tenant shall be designated as the "generator," as such terms are used in the Hazardous Materials Laws, on all manifests relating to such Hazardous Materials or wastes.

8.5 Notice of Hazardous Materials Matters. Each party hereto (for purposes of this Section, "Notifying Party") shall immediately notify the other party (for purposes of this Section, "Notice Recipient") in writing of: (i) any enforcement, clean up, removal or other governmental or regulatory action instituted, contemplated or threatened concerning the Premises pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against the Notifying Party or the Premises relating to damage contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials on or about the Premises; (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises including any complaints, notices, warnings or asserted violations in connection therewith, all upon receipt by the Notifying Party of actual knowledge of any of the foregoing matters; and (iv) any spill, release, discharge or disposal of any Hazardous Materials in, on or under the Premises, the Property, or any portion thereof. Notifying Party shall also supply to Notice Recipient as promptly as possible, and in any event within five (5) business days after Notifying Party first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use thereof.

8.6 Indemnification by Tenant. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, and each of Landlord's employees, representatives, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, actions (including, without limitation, remedial and enforcement actions of any kind, administrative or judicial proceedings and orders or judgments arising therefrom), causes of action, liabilities, penalties, forfeitures, damages, fines, injunctive relief, losses or expenses (including, without limitation, reasonable attorneys' fees and costs) or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly by (i) any Tenant's Contamination, or (ii) Tenant's failure to comply with any Hazardous Materials Laws with respect to the Premises. Tenant's obligations hereunder shall include without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in

connection therewith. For purposes of the indemnity provisions hereof, any acts or omissions of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant.

8.7 Indemnification by Landlord. Landlord shall indemnify, defend (by counsel reasonably acceptable to Tenant), protect, and hold Tenant, and each of Tenant's employees, representatives, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, actions, causes of action (including, without limitation, remedial and enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising therefrom), liabilities, penalties, forfeitures, losses or expenses (including, without limitation, reasonable attorneys' fees and costs) or death of or injury to any person or damage to any property whatsoever, to the extent arising from or caused in whole or in part, directly or indirectly by any contamination caused by Landlord. Landlord's obligations hereunder shall include without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. This indemnity shall be specifically limited to affirmative acts of Landlord, and shall not include the acts or omissions of any other tenants of the Property or other persons.

8.8 Environmental Questionnaire: Reports. Prior to execution of this Lease and thereafter on each anniversary of the Commencement Date, Tenant shall complete, execute, and deliver to Landlord the (i) Environmental Questionnaire Disclosure Statement (the "**Environmental Questionnaire**"), and (ii) Sewer Use Questionnaire ("**Sewer Use Questionnaire**") in a form of Exhibit E attached hereto. For a period of fifteen (15) days following Landlord's receipt of the Environmental Questionnaire, Landlord shall have the right to approve or disapprove such document. The failure of Landlord to respond to such document within such time period shall be deemed Landlord's disapproval thereof. Landlord's approval of the Environmental Questionnaire shall constitute approval for Tenant's use of the Hazardous Materials set forth therein in compliance with Hazardous Materials Laws and the Hazardous Materials Handling Plan. Tenant acknowledges that, in conjunction with Landlord's review of the Environmental Questionnaire, Landlord may require Tenant to comply with a "**Hazardous Materials Handling Plan.**" Tenant's use of Hazardous Materials shall comply with Hazardous Materials Laws and be limited to uses consistent with the Hazardous Materials Handling Plan required by Landlord. Unless approved in writing by Landlord, Tenant shall not be entitled to utilize any Hazardous Materials within the Premises, excepting de minimus office use products used for Tenant's office use (if applicable). Tenant shall promptly provide Landlord with complete and legible copies of all information/notices relating to its use of Hazardous Materials, which include, but are not limited to, reports filed pursuant to any self-reporting requirements; permit applications, permits, monitoring reports, workplace exposure and community exposure warnings or notices and all other reports, disclosures, plans or documents relating to water discharges, air pollution, waste generation or disposal, and underground storage tanks for Hazardous Materials; orders, reports, notices, listings and correspondence of or concerning the release, investigation of, compliance, cleanup, remedial and corrective actions, and abatement of Hazardous Materials; and all complaints, pleadings and other legal documents filed by or against Tenant related to Tenant's use, handling, storage or disposal of Hazardous Materials.

8.9 Tenant Certifications. Within ninety (90) days prior to the expiration of the Lease Term, Tenant shall certify to Landlord in writing that, to the best of its knowledge, no Tenant Contamination has occurred. If Landlord reasonably believes that such certification is inaccurate, or if an environmental report is required by law, Landlord shall give notice to Tenant within thirty (30) days after receipt of Tenant's certification that Tenant shall have the Premises thoroughly inspected by an environmental consultant acceptable to Landlord for purposes of determining whether the Premises is free from all Hazardous Materials. Landlord's failure to request an environmental inspection report shall in no way alter, abridge or limit Tenant's indemnity obligation hereunder. Tenant shall deliver to Landlord a copy of the environmental consultant's report forty-five (45) days prior to the expiration of the Lease. In the event the report discloses the existence of any Hazardous Materials, requires any clean up or any other form of response (collectively "**Clean up**"), Tenant shall perform such immediately and deliver the Premises with the conditions specified in the report "cleaned up", to the full satisfaction of Landlord. In the event the conditions specified in the report require Clean up which cannot be completed prior to the expiration of the Lease Term, Tenant shall be obligated to pay Landlord the greater of (i) the fair market rental value of the

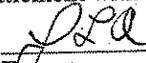
Premises, or (ii) the rent hereunder, as adjusted, for each day delivery of the Premises in the required condition to Landlord is delayed beyond the expiration of the Lease Term in addition to the Clean up costs.

8.10 Exclusivity. The allocations of responsibility between, obligations and liabilities undertaken by, and indemnifications given by Landlord and Tenant under this Section 8, shall be the exclusive provisions under this Lease, applicable to the subject matter treated in this Section 8, and any other conflicting or inconsistent provisions contained in this Lease shall not apply with respect to the subject matter.

8.11 Environmental Certificate. Attached hereto as Exhibit F is the Supplemental Finding of Suitability to Lease for the Building (SFOSL) ("**Environmental Certificate**") issued by The United States Air Force concerning the status of Hazardous Materials set forth in the Site Specific Supplemental Environmental Baseline Survey ("**SSEBS**") for the Premises by the United States Air Force (collectively, "**Remediated Environmental Condition**") in accordance with the terms, conditions and provisions set forth therein. Landlord makes no representation or warranty regarding any matters set forth in the Environmental Certificate. Tenant, for itself and Tenant representatives, hereby waives, releases and forever discharges Landlord, its agents, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the Lease Date or thereafter, which Tenant has or may have in the future, arising out of or relating directly or indirectly out of the Remediated Environmental Condition, the Hazardous Materials previously located at the Property, Environmental Certificate, the SSEBS, the physical, environmental or economic condition or suitability of the Premises and/or Property. Concerning the matters set forth in Section 8.11 and Section 8.12, Tenant hereby specifically waives the provisions of Section 1542 of the California Civil Code, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."



Landlord



Tenant

8.12 Environmental Disclosure. As described in the McClellan Use Documentation, Hazardous Materials, in violation of Hazardous Materials Laws, have been used at McClellan, which materials are in various states of remediation by the United States of America. Additional disclosures regarding the presence of Hazardous Materials at McClellan are set forth on Exhibit G attached hereto. Such disclosures are not intended to be inclusive of all Hazardous Materials which were present at McClellan and each party hereto acknowledges that additional Hazardous Materials not set forth in such exhibit may have been or remain present at McClellan; provided, however, such disclosure shall not affect, in any manner, the obligation of the Air Force under the McClellan Use Documents or in accordance with applicable Law. Tenant's execution of this Lease is deemed Tenant's acknowledgment to such disclosures as required by Hazardous Materials Laws.

8.13 Compliance with Environmental Laws. Tenant shall at all times and in all respects comply with all Hazardous Materials Laws. All reporting obligations concerning Tenant's business operations imposed by Hazardous Materials Laws are strictly the responsibility of Tenant. Tenant and Landlord have been informed that certain California judicial decisions have held that, notwithstanding the specific language of a lease, courts may impose the responsibility for complying with legal requirements and for performing improvements, maintenance and repairs on a landlord or tenant based on the court's assessment of the parties' intent in light of certain equitable factors. Tenant and Landlord have each been advised by their respective legal counsel about the provisions of this Lease allocating responsibility for compliance with laws and for performing improvements, maintenance and repairs between Tenant and Landlord. Tenant and Landlord expressly agree that the allocation of responsibility for compliance with laws and for performing improvements, maintenance and repairs set forth in this Lease represents Tenant's and Landlord's intent with respect to this issue.

8.14 Environmental Audit; Right of Entry. Upon Landlord's reasonable request, and in any event, on or before each anniversary of the Commencement Date, Tenant shall provide Landlord with a Compliance Audit. A "**Compliance Audit**" means a written report of a site assessment and environmental audit, in scope, form and substance satisfactory to Landlord, prepared by a qualified environmental consultant approved in advance by Landlord, which shall assess, in detail: (a) whether the Tenant's operations comply with all applicable Hazardous Materials Laws and generally accepted good environmental management practices; (b) whether there is any

evidence or indication that there has been or is reasonably likely to be, a release of Hazardous Materials attributable to the Tenant's operations; and, (c) Tenant's compliance with this Section 8, which includes, but is not limited to, compliance with the Hazardous Materials Handling Plan. Landlord shall have the right to inspect the Premises for Hazardous Materials and compliance with the provisions of this Section 8 at all reasonable times upon reasonable advance oral or written notice to Tenant (except in the event of an emergency).

8.15 Air Force Entry. Tenant acknowledges that, pursuant to the provisions of and in accordance with the McClellan Use Documentation, the Secretary of the Air Force, acting on behalf of the United States of America ("Air Force"), its agents, employees, contractors and subcontractors, may require ingress, egress and access to the Premises, or portion thereof, to implement the Federal Facilities Agreement, entered into by U.S. EPA, Region IX, the State of California, and the Air Force, effective July 1989 ("FFA"), the McClellan Air Force Base Installation Restoration Program ("IRP") or other hazardous waste remediation activities, whether imposed by law or regulatory agencies, and to perform various tasks, repairs, maintenance and obligations required by the McClellan Use Documentation during the Term. Tenant acknowledges that some or all of these actions may interfere with Tenant's quiet use and enjoyment of the Premises, and that such entrance may disrupt, interfere, and/or adversely affect Tenant's Building operations, including the Permitted Use, for the duration of such entrance. Such entrance shall not constitute an actual or construction eviction and will not cause any form of liability, offset, abatement and/or claim against Landlord and/or the Air Force. To provide prior notice to Tenant for the required entrance by the Air Force, prior to the Commencement Date, Tenant shall complete the information set forth in Exhibit E-1, which information the Air Force may rely upon in providing such notice. If such information requires revision during the Term, Tenant shall notify, in writing, Landlord in accordance with Section 27 of this Lease.

8.16 Preexisting Hazardous Materials Baseline. The parties acknowledge that the Environmental Certificate, the SSEBS and certain documents within the McClellan Use Documentation establish the presence (which may be subject to various levels of remediation by the United States Air Force) of various Hazardous Materials which have been and/or are currently located at McClellan, which information is hereinafter referred to as the "Environmental Baseline." IN NO EVENT SHALL TENANT BE RESPONSIBLE, IN ANY MANNER, FOR THE CLEANUP OF ANY HAZARDOUS MATERIALS DESCRIBED IN THE ENVIRONMENTAL BASELINE, EXCEPT TO THE EXTENT TENANT HAS CAUSED A TENANT'S CONTAMINATION AND/OR ALTERATIONS OF THE PREMISES.

8.17 Sewer Compliance Certificate. On or before December 31 of each calendar year, Tenant shall deliver to Landlord a written certification that it has placed only "sewageable water" in the industrial waste water drain lines that service the Premises. For the purpose of this Section, "sewageable water" is defined as waste water in compliance with all applicable waste water pretreatment and discharge permit standards and requirements imposed by applicable federal, state and county laws, statutes, ordinances and regulations.

8.18 Asbestos Notification. Attached to this Lease as Exhibit H is a disclosure concerning the possible presence of asbestos containing materials within the Premises applicable to all buildings within McClellan constructed prior to 1980. Landlord and Tenant shall sign such Exhibit concurrent with the execution of this Lease.

8.19 Survival and Duration of Obligations. All representations, warranties, obligations and indemnities made or given under this Section 8 shall survive the expiration or earlier termination of this Lease.

9. Utilities/Services.

9.1 In addition to rent, Tenant shall pay all costs and charges, including all initial utility deposits and fees, for water, electricity, sewage, janitorial, trash removal, gas, telephone, pest control, alarm service, and any other services furnished to the Premises and the improvements on the Premises during the entire Term of this Lease ("Utilities/Services"). Except as may be provided in the Work Letter Agreement, or as otherwise determined by Landlord, Landlord shall cause the electrical service to be separately metered or billed to the Premises. If any Utilities/Services are not (i) separately metered or (ii) billed to Tenant for the Premises but rather are billed to Landlord, Tenant shall pay to Landlord its pro rata share of the cost of the Utilities/Services, as reasonably determined by Landlord, and such payment shall be due within fifteen (15) days of Tenant's receipt of invoice from Landlord. Landlord may elect to place any Utilities/Services in Tenant's name, in which case Tenant shall execute all necessary documentation to complete such transaction. Landlord shall not be liable for any reason for any loss or

damage resulting from an interruption of any of the Utilities/Services. Except as provided in Section 9.2, Landlord may designate the provider of Utilities/Services and in such event Tenant shall use such designated provider; provided that Tenant shall have no claim, of any type, for any failure of such provider to provide such service, and Tenant's remedy, if any, shall be limited to such provider. Tenant's payment obligation for Utilities/Services are separate and distinct from its payment obligations under Article 5 of this Lease.

9.2 Tenant acknowledges that it has been advised that Landlord has entered into agreements with the Sacramento Suburban Water District, Pacific Gas and Electric and the Sacramento Municipal Utility District whereby those entities have the exclusive right to provide, respectively, water, gas and electrical service to McClellan for a period of ten (10) years. These agreements are included as part of the McClellan Use Documentation. Tenant agrees that it will obtain water, gas and electrical service during the Term of the Lease consistent with the requirements of these agreements.

10. Repairs By Landlord. Landlord shall maintain only the foundations and structural soundness of the exterior walls of the Buildings (exclusive of all glass and exclusive of all exterior doors) in good repair, except repairs rendered necessary by the negligence or intentional acts of Tenant, its employees, invitees or representatives which shall be repaired by Tenant. Landlord shall maintain the grounds within the Common Area surrounding the Premises, including paving, the mowing of grass, care of shrubs and general landscaping as part of the Common Expenses set forth herein. Tenant shall promptly report in writing to Landlord any defective condition known to Tenant to be defective which Landlord is required to repair and failure to so report such conditions shall make Tenant responsible to Landlord for any liability incurred by Landlord by reason of such conditions. Landlord shall be required to commence such repairs within a reasonable period of time from receipt of Tenant's notice.

11. Repairs By Tenant. Tenant accepts the Premises in its present "As-Is," "Where Is" condition (except for the Tenant Improvements which are the responsibility of Landlord, if any), and specifically acknowledges that the Premises is suited for the uses intended by Tenant. Landlord shall not be liable for any latent or patent defects in the Premises, excepting Tenant Improvements constructed by Landlord, if any, pursuant to the Work Letter Agreement. Tenant acknowledges that Landlord has made no representation or warranty concerning the condition and state of repair of the Premises (which for the purpose of this Section 11 includes the Land) to the extent not constructed by Landlord. Tenant shall at its own cost and expense keep and maintain the Premises in good order and repair, promptly making all necessary repairs and replacements, including, but not limited to, the roof, all equipment and facilities and components thereof within the Premises, fixtures, walls (interior), finish work, ceilings, floors, lighting fixtures, bulbs and ballasts, utility connections and facilities within the Premises, windows, glass, doors, and plate glass, downspouts, gutters, air conditioning and heating systems, truck doors, dock levelers, bumpers, seals and enclosures, plumbing, electrical, termite and pest extermination, and damage to common areas caused by Tenant, excluding only those repairs expressly required to be made by Landlord hereunder. Any and all construction, maintenance and/or repairs to be done by Tenant, its agents, employees, contractors and/or subcontractors pursuant to this Section which would be deemed an Alteration (as hereinafter defined), as reasonably determined by Landlord, shall comply with the requirements of Section 13 of this Lease. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Tenant shall maintain, and shall provide Landlord with proof thereof, an annual service maintenance contract (which shall be upon a form acceptable to Landlord and with a service provider designated by Landlord (which may be an affiliate thereof)) and any and all required permits for the HVAC system, fire sprinkler system (if applicable), and any other such building systems and life-safety systems, in a form and with a contractor reasonably satisfactory to Landlord. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Tenant agrees to return the Premises to Landlord at the expiration, or prior to termination of this Lease, in as good condition and repair as when first received, normal wear and tear and fire and other casualty excepted.

12. Ad Valorem Taxes. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the Term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures, and personal property located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures, and personal property shall be assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by

Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property with supporting documentation.

13. Alteration Of Premises. Tenant shall not make or suffer to be made any alterations, additions, or improvements (collectively, "Alterations") to or of the Premises, or any part thereof, without first obtaining the written consent of Landlord, which Landlord may withhold in its sole and absolute discretion. All Alterations shall comply with Law, the McClellan Use Documents, the requirements of Landlord, and not result in any cost to Landlord. Any Alterations requiring roof penetration shall be constructed by or supervised by Landlord's roofer. Any Alterations to or of said Premises, excepting movable furniture and trade fixtures, shall on the expiration of the Term become a part of the realty and belong to Landlord, and shall be surrendered with the Premises. However, Landlord may provide written notice to Tenant prior to the construction of such Alteration whether Tenant will be required to remove such Alteration and restore the Premises to a specified condition upon the expiration of the Term. Upon Landlord's written approval of the requested Alterations, Tenant shall secure all necessary permits, if applicable. Before commencement of any such Alterations, Tenant shall submit detailed specifications, floor plans and necessary permits (if applicable) to Landlord for review. In no event shall any Alterations affect the structure of the Building or its facade. As a condition to its written consent, Landlord may request adequate assurance that all contractors who will perform such work have in force workman's compensation and such other employee and public liability insurance as Landlord deems necessary, and where the Alterations are material, Landlord may require Tenant or its contractors to post adequate completion and performance bonds. In the event Landlord consents, in writing, to the making of any Alterations to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, completed to the satisfaction of Landlord, and the contractor or person selected by Tenant to make the same must first be approved in writing by Landlord. If Tenant makes any Alterations to the Premises as provided in this Section, the Alterations shall not be commenced until ten (10) business days after Landlord has received written notice from Tenant stating the date the installation of the Alterations is to commence so that Landlord can post and record an appropriate notice of nonresponsibility. Tenant shall reimburse Landlord for any expenses incurred by Landlord in connection with the Alterations made by Tenant, including any reasonable fees charged by Landlord's contractors or consultants to review plans and specifications prepared by Tenant, and the cost of updating the existing as-built plans of the Building to reflect the Alterations. Tenant shall indemnify, defend and hold the Landlord, the Building and the Premises free and harmless from any liability, loss, damage, cost, attorneys' fees and other expenses incurred on account of such construction, or claims by any person performing work or furnishing materials or supplies for Tenant or any persons claiming under Tenant.

14. Insurance

14.1 Landlord's Insurance. Landlord shall maintain in full force and effect throughout the Term of this Lease general comprehensive liability insurance for the Buildings and common areas and general fire and extended coverage insurance on special form or such other broader coverage as may from time to time be customary on the Buildings and the common areas and other areas of land within which the Buildings are located in such amounts determined by Landlord. Copies of all such certificates thereof are available for inspection by Tenant. Such insurance may be provided by a blanket insurance policy covering the Premises. During the Term, Landlord shall maintain coverages of not less than those set forth on Exhibit J attached hereto ("Landlord's Insurance").

14.2 Tenant's Insurance. Tenant agrees to take out and keep in force during the Term, without expense to Landlord, the policies of insurance as set forth below.

A. Commercial general liability insurance, in the name of Tenant, insuring against any liability for injury to or death of persons resulting from any occurrence in or about the Building and for damage to property in such amounts as may from time to time be customary with respect to similar properties in the same area, but in any event not less than \$2,000,000.00, per occurrence. The amounts of such insurance required hereunder shall be adjusted from time to time as requested by Landlord based upon Landlord's determination as to the amounts of such insurance generally required at such time for comparable premises and buildings in the general geographical area of the Premises. In addition, such policy of insurance shall include the ordinary and usual coverage for any additional liability as coverage for any potential liability arising out of or because of any construction, work of repair or alterations done on or about the Premises by Tenant;

B. Personal property insurance covering the personal property and trade fixtures of Tenant in an amount equal to the replacement value of the personal property and trade fixtures, as such replacement value may vary from time to time;

C. Workers compensation insurance as required by law and employer liability insurance with limits of not less than \$1,000,000.00;

D. Comprehensive automobile liability insurance with limits of not less than \$1,000,000.00 combined bodily injury and property damage per occurrence; and

14.3 Certificates of Insurance. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies which are rated by Best Insurance Reports as A:VII or better and licensed or authorized to do business in the State of California. Each policy shall name McClellan Business Park, LLC; MP Holdings, LLC; the County of Sacramento; and the United States Air Force, and any other party designated by Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a separation of insureds condition, and (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance for Landlord's interest only. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is given possession of the Premises, and thereafter, within thirty (30) days after any demand by Landlord therefor. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable, materially changed or reduced in coverage except after thirty (30) days' written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums and a twenty-five (25%) percent administrative charge, which shall be payable upon demand. Landlord acknowledges that two of Tenant's member agencies, the City of Sacramento ("City") and the County of Sacramento ("County"), are self-insured public agencies. Notwithstanding any other provision of this Lease, Tenant shall have the right to satisfy any or all of the insurance requirements of Subsections (B), (C), and/or (D) of Section 14.2 of this Lease through use of the City's and County's self-insurance programs. In the event Tenant exercises its right to satisfy the insurance requirements of Subsections (B), (C), and/or (D) of Section 14.2 of this Lease through use of the City's and County's self-insurance programs, Tenant shall provide Landlord with letters of self-insurance from the City and the County stating that each agency's self-insurance program adequately protects against liabilities and claims the types of which the insurance required by Subsections (B), (C), and/or (D) of Section 14.2 of this Lease are intended to protect against, which materials shall be subject to Landlord's reasonable approval (which consent is a condition precedent to Tenant's self-insurance rights hereunder). It is expressly acknowledged by the Parties that neither the City's nor the County's self-insurance programs shall be used to satisfy the insurance requirements set forth in Subsection (A) of Section 14.2.

14.4 Definitions. For purposes of this Section 15, "Tenant Parties" shall mean, singularly and collectively, Tenant and Tenant's officers, directors, shareholders, partners, members, trustees, agents, employees, and independent contractors as well as all persons and entities claiming through any of the foregoing persons or entities, and (ii) "Landlord Parties" shall mean singularly and collectively, Landlord and Landlord's officers, directors, shareholders, partners, members, trustees, agents, employees, and independent contractors as well as to all persons and entities claiming through any of the foregoing persons or entities

14.5 Exculpation. Tenant, on behalf of itself and of all Tenant Parties, and as a material part of the consideration to be rendered to Landlord under this Lease, hereby waives, to the fullest extent permitted by law, all claims against Landlord for loss, theft or damages to goods, wares, merchandise or other property (whether tangible or intangible) in and about the Premises, for loss or damage to Tenant's business or other economic loss (whether direct or consequential), and for the injury or death to any persons in, on or about the Premises, except for damage or loss directly caused by Landlord's willful misconduct. Tenant agrees that in no case shall Landlord ever be

responsible or liable on any theory for any injury to Tenant's business, loss of profits, loss of income or any other form of consequential damage.

14.6. Landlord's Indemnity. Landlord shall indemnify, defend (by an attorney of Tenant's choice, reasonably acceptable to Landlord), reimburse, protect and hold harmless Tenant and all Tenant Parties from and against all third party claims, liability and/or damages arising from or related to the negligent acts or omissions of Landlord or Landlord Parties at the Property, to the extent that such liability or damage is covered by Landlord's insurance set forth in Section 14.1 of this Lease. It is specifically understood and agreed that Landlord shall not be liable or responsible for the acts or omissions of any of the other tenants of the Property or of any visitors or invitees of persons other than Landlord. The provisions of this Section 15.3 shall not apply to any of the provisions of Section 8 of the Lease.

14.7. Tenant's Indemnity. Tenant shall indemnify, defend (by an attorney of Landlord's choice, reasonably acceptable to Tenant), reimburse, protect and hold harmless Landlord and all Landlord Parties from and against all third party claims, liability and/or damages arising from or related to the acts or omissions of Tenant or any Tenant Parties relating to their use, possession, or occupancy of the Premises and Land, or, Tenant's obligations under this Lease, or to any work done, permitted or contracted for by any of them on or about the Premises or Land. The provisions of this Section 15.4 shall not apply to any of the provisions of Section 8 of the Lease.

14.8. Survival and Duration of Obligations. All representations, warranties, obligations and indemnities made or given under this Section 15 shall survive the expiration or earlier termination of this Lease.

15. Construction Liens. Tenant shall not suffer or permit any construction liens, mechanic's liens or materialman's liens to be filed against Landlord's interest in the real property of which the Premises form a part nor against the Tenant's leasehold interest in the Premises. Landlord shall have the right at all reasonable times to post and keep posted on the Premises, any notices which it deems necessary for protection from such liens. Tenant shall have the right to contest by proper proceedings any such construction liens, mechanic's liens or material man's liens, provided that Tenant shall prosecute such contest diligently and in good faith and such contest shall not expose Landlord to any civil or criminal penalty or liability. Upon Landlord's demand, Tenant shall furnish Landlord a surety bond or other adequate security satisfactory to Landlord sufficient both to indemnify Landlord against liability and hold the Property free from adverse effect in the event the contest is not successful. If such liens are so filed and Tenant does not properly contest such liens, Landlord, at its election, and upon not less than ten (10) days prior written notice to Tenant, may pay and satisfy same and, in such event the sums so paid by Landlord, with interest thereon at the rate of eighteen percent (18.00%) per annum from the date of payment, and all actual and other expenses, including reasonable attorney's fees, so paid by Landlord, shall be deemed to be Rent due and payable by the Tenant at once without notice or demand.

16. Quiet Enjoyment. Subject to the provisions of this Lease, Landlord covenants and agrees that Tenant, upon making all of Tenant's payments of Rent as and when due under the Lease, and upon performing, observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, shall peaceably and quietly hold, occupy and enjoy the Premises during the Term of this Lease as extended by the options described herein, if any, subject to the Terms and provisions of this Lease.

17. Landlord's Right Of Entry. Landlord or its agents shall have the right to enter the Premises at reasonable times upon reasonable notice in order to examine it or to show it to prospective tenants or buyers and to place "For Rent" or "For Sale" signs on or about the Premises. Upon receipt of reasonable advance notice from Landlord, Tenant may arrange to have a designated representative accompany Landlord in entering the Premises. Landlord's right of reentry shall not be deemed to impose upon Landlord any obligation, responsibility, or liability for the care, supervision or repair of the Premises other than as herein provided; except that Landlord shall use reasonable care to prevent loss or damage to Tenant's property resulting from Landlord's entry. Landlord shall have the right at any time, without effecting an actual or constructive eviction and without incurring any liability to the Tenant therefor, to change the arrangement or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other public parts of the Buildings and to change the name, number or designation by which the Buildings are commonly known, provided that such action does not result in any unreasonable interference with Tenant's access to or use of the Premises. Notwithstanding the foregoing, Landlord shall have the

right to enter the Premises without first giving notice to the Tenant in the event of an emergency where the nature of the emergency will not reasonably permit the giving of notice.

18. Destruction of Buildings

18.1 Partial Destruction. In the event of a partial destruction of the building containing the Premises during the Term of this Lease from any cause, Landlord shall forthwith repair the same, provided such repair can reasonably be made within ninety (90) days from the happening of such destruction under applicable laws and regulations. During such period, Tenant shall be entitled to a proportionate reduction of Rent to the extent such repairs unreasonably interfere with the business carried on by Tenant in the Premises. If Tenant fails to remove its goods, wares or equipment within a reasonable time and as a result the repair or restoration is delayed, or if such damage or destruction is caused primarily by the negligence or willful act of Tenant, or its employees, invitees or agents, there shall be no reduction in Rent during such delay. In the event that such repair cannot reasonably be made within ninety (90) days from the happening of such destruction under applicable laws and regulations, Landlord shall have the right to terminate this Lease by notifying Tenant in writing within sixty (60) days from the happening of such destruction in which event this Lease shall be deemed terminated. In addition to the above, in the event that such building is partially destroyed and (i) the cost of repairing such building exceeds thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, or (ii) the damage caused by the partial destruction of such building cannot reasonably be repaired within a period of ninety (90) days from the happening of such damage, Landlord may elect to terminate this Lease, whether or not such building is insured, by written notice to Tenant given within sixty (60) days from the happening of such destruction.

18.2 Total Destruction. A total destruction of the building containing the Premises shall terminate this Lease. A total destruction of such building means the cost of repairing such building exceeds seventy-five percent (75.00%) of the replacement cost of such building.

19. Eminent Domain

19.1 Definitions. For purposes of this Lease, the word "condemned" is co-extensive with the phrase "right of eminent domain", that is, the right of the government to take property for public use, and shall include the intention to condemn expressed in writing as well as the filing of any action or proceeding for condemnation.

19.2 Exercise of Condemnation. If any action or proceeding is commenced for the condemnation of the Premises or any portion thereof, or if Landlord is advised in writing by any government (federal, state or local) agency or department or bureau thereof, or any entity or body having the right or power of condemnation, of its intention to condemn all or any portion of the Premises at the time thereof, or if the Premises or any part or portion thereof be condemned through such action, then and in any of such events Landlord may, without any obligation or liability to Tenant, and without affecting the validity and existence of this Lease other than as hereafter expressly provided, agree to sell and/or convey to the condemnor, without first requiring that any action or proceeding be instituted, or if such action or proceeding shall have been instituted, without requiring any trial or hearing thereof, and Landlord is expressly empowered to stipulate to judgment therein, the part and portion of the Premises sought by the condemnor, free from this Lease and the rights of Tenant hereunder. Tenant shall have no claim against Landlord nor be entitled to any part or portion of the amount that may be paid or awarded as a result of the sale, for the reasons as aforesaid, or condemnation of the Premises or any part or portion thereof, except that Tenant shall be entitled to recover from the condemnor and Landlord shall have no claim therefor or thereto for Tenant's relocation costs, loss of goodwill, for Tenant's trade fixtures, any removable structures and improvements erected and made by Tenant to or upon the Premises which Tenant is or may be entitled to remove at the expiration of this Lease and Tenant's leasehold estate hereunder.

19.3 Effect on Lease. If the entire Premises is condemned, this Lease shall terminate as of the earlier of such taking or loss of possession. If only a part of the Premises is condemned and taken and the remaining portion thereof is in Tenant's reasonable discretion not suitable for purposes for which Tenant has leased the Premises, either Landlord or Tenant shall have the option to terminate this Lease effective as of the earlier of such taking or loss of possession. If by such condemnation and taking only a part of the Premises is taken, and the remaining part thereof is in Tenant's reasonable discretion suitable for the purposes for which Tenant has leased the

Premises, this Lease shall continue, but the rental shall be reduced in an amount proportionate to the percentage that the floor area of that portion of the Premises physically taken by eminent domain bears to the floor area of the entire Premises.

20. Bankruptcy. If a general assignment is made by Tenant for the benefit of creditors, or any action is taken by Tenant under any insolvency or bankruptcy act, or if a receiver is appointed to take possession of all or substantially all of the assets of Tenant (and Tenant fails to terminate such receivership within sixty (60) days after such appointment), or if any action is taken by a creditor of Tenant under any insolvency or bankruptcy act, and such action is not dismissed or vacated within thirty (30) days after the date of such filing, then this Lease shall terminate at the option of Landlord upon the occurrence of any such contingency and shall expire as fully and completely as if the day of the occurrence of such contingency was the date specified in this Lease for the expiration thereof. In such event, Tenant shall then quit and surrender the Premises to Landlord.

21. Tenant's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

A. The abandonment or vacation of the Premises by Tenant (failure to occupy and operate the Premises for thirty (30) consecutive days shall be deemed an abandonment).

B. The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder as and when due where such failure shall continue for a period of five (5) days after the due date.

C. Tenant's failure to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than as described in subparagraph (B) above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

D. The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days, or the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged in thirty (30) days.

E. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of any involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. In the event that under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and perform the obligations of Tenant hereunder, such trustee or Tenant shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant hereunder outstanding as of the date of the affirmance of this Lease, and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligation under this Lease.

22. Remedies in Event of Default by Tenant. In the event of Tenant's default, Landlord may:

A. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant:

(1) the worth at the time of the award of any unpaid Rent which had been earned at the time of such termination; plus

(2) the worth at the time of the 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 which Tenant proves could have been reasonably avoided; plus

(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 such rental loss which Tenant proves could be reasonably avoided; plus

(4) 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 Premises, expenses of reletting including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and real estate commissions actually paid and that portion of the leasing commission paid by Landlord and applicable to the unexpired portion of this Lease); plus

(5) such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

As used in Subsections (1) and (2) above, the "worth at the time of the award" shall be computed by allowing interest at the lesser of ten percent (10%) per annum, or the maximum rate permitted by law per annum. As used in Subsection (3) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

B. 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 when due. During the period Tenant is in default, Landlord may enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord reasonably incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term of this Lease. Tenant shall pay to Landlord the Rent due under this Lease on the dates the Rent is due, less the Rent Landlord receives from any reletting. In no event shall Tenant be entitled to any excess Rent received by Landlord. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability.

C. Cause a receiver to be appointed to collect Rent. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate the Lease.

D. Cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, reasonably pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the lesser of ten percent (10.00%) per annum, or the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional Rent.

The foregoing remedies are not exclusive; they are cumulative, in addition to any remedies now or later allowed by law, to any equitable remedies Landlord may have, and to any remedies Landlord may have under bankruptcy laws or laws affecting creditors' rights generally. The waiver by Landlord of any breach of any Term, covenant or condition of this Lease shall not be deemed a waiver of such Term, covenant or condition or of any subsequent breach of the same or any other Term, covenant or condition. Acceptance of Rent by Landlord subsequent to any breach hereof shall not be deemed a waiver of any proceeding breach other than a failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of any breach at the time of such acceptance of Rent. Landlord shall not be deemed to have waived any Term, covenant or condition unless Landlord gives Tenant written notice of such waiver.

If this Lease provides for a postponement or abatement of any monthly rental payments, a period of "free" Rent or other Rent concession, such postponed Rent or "free" Rent is called the "Abated Rent." Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Term only if Tenant has fully, faithfully and punctually performed all of Tenant's obligations hereunder, including the payment of all Rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Premises in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the unamortized portion of the Abated Rent shall immediately become due and payable and this Lease shall be enforced as if there were no such Rent abatement or other Rent concession. In such case the unamortized Abated Rent shall be calculated based on the full initial Rent payable under this Lease.

23. Surrender Of Premises. On or before the expiration of the Lease Term, Tenant shall vacate the Premises in broom clean condition and otherwise in the same condition as existed on the Commencement Date, ordinary wear and tear and fire and casualty loss excepted, except that any improvements made within and on the Premises by Tenant shall remain, in the same condition and repair as when constructed or installed, reasonable wear and tear and fire and casualty loss excepted, unless Landlord required removal as provided in Section 13. In addition, Tenant shall remove from the Premises all Tenant's personal property and trade fixtures in order that Landlord can repossess the Premises on the day this Lease or any extension hereof expires or is sooner terminated. Any removal of the Tenant's improvements, Tenant's property and/or trade fixtures by Tenant shall be accomplished in a manner which will minimize any damage or injury to the Premises, and any such damage or injury shall be repaired by Tenant at its sole cost and expense within thirty (30) days after Tenant vacates.

24. Holding Over. Should Tenant hold over and remain in possession of the Premises after the expiration of this Lease, without the written consent of Landlord, such possession shall be as a month-to-month tenant. Unless Landlord agrees otherwise in writing, Base Rent during the hold-over period shall be payable in an amount equal to one hundred fifty percent (150.00%) of the Base Rent paid for the last month of the Term hereof until Tenant vacates the Premises and the Security Deposit shall increase to an amount equal to the increased monthly Base Rent. All other terms and conditions of this Lease shall continue in full force and effect during such hold-over tenancy, which hold-over tenancy shall be terminable by either party delivering at least one (1) month's written notice, before the end of any monthly period. Such hold-over tenancy shall terminate effective as of the last day of the month following the month in which the termination notice is given.

25. Surrender Of Lease. The voluntary or other surrender of this Lease by Tenant, or mutual cancellation thereof, shall not work a merger and may, at the option of Landlord, terminate all or any existing subleases or subtenancies or may operate as an assignment of any or all such subleases or subtenancies to Landlord.

26. Notice. All notices, demands or requests required or permitted under this Lease shall be in writing and delivered personally, by facsimile, or mailed postage prepaid by registered or certified mail, return receipt requested, or sent by Federal Express, addressed as set forth below. Any party may designate a different address by notice similarly given. Any notice, demand or request so given, delivered or made by United States mail shall be deemed to have been given or delivered or made on the third business day following the day on which the same is deposited in the United States mail as registered or certified mail, return receipt requested, addressed as above provided, with postage thereon fully prepaid. Any such notice, demand or document delivered by facsimile shall be deemed to be given, delivered or made on the day sent as confirmed by sender's written facsimile confirmation. Any such notice, demand or document not given, delivered or made by registered or certified mail as aforesaid, shall be deemed to be given, delivered or made on receipt of the same by the party to whom the same is to be given, delivered or made, addressed as follows:

TO LANDLORD:

MP Holdings, LLC
3140 Peacekeeper Way
McClellan, California 95652
Telephone: (916) 965-7100
Facsimile: (916) 568-2764
Attention: Senior Vice President of Property Management and
Senior Vice President and General Counsel

TO TENANT:

Northern California Regional Public Safety Training College
2409 Dean Street, Room 119,
McClellan, California 95652
Attention: Executive Director
Telephone: (916) 566-2433
Facsimile: (916) 566-3957

27. Assignment And Subletting

27.1 No Assignment. Tenant shall not directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of the Premises or Tenant's leasehold estate hereunder (collectively, "Assignment"), or permit the Premises to be occupied by anyone other than Tenant or sublet the Premises (collectively, "Sublease") or any portion thereof without Landlord's prior written consent in each instance, which consent may not be unreasonably withheld by Landlord. Landlord shall be permitted to consider any reasonable factor in determining whether or not to withhold its consent to a proposed assignment or sublease and Landlord shall make such determination within thirty (30) days following Landlord's receipt of the Transfer Notice. The failure of Landlord to deliver written notice of such determination within such time period shall be deemed Landlord's disapproval thereof.

(a) Without limiting the other instances in which it may be reasonable for Landlord to withhold its consent to an assignment or sublease, it shall be reasonable for Landlord to withhold its consent if any of the following conditions are not satisfied:

(1) The proposed transferee shall satisfy Landlord's then existing financial criteria for leasing subject to terms similar to the provisions of this Lease;

(2) The proposed use by the transferee shall (i) comply with Tenant's Permitted Use, (ii) be consistent with the general character of businesses carried on by tenants of the area adjacent to the Building, (iii) not increase the likelihood of damage or destruction, (iv) not increase the density of occupancy of the Premises or increase the amount of pedestrian and other traffic through the Building, (v) not be likely to cause an increase in insurance premiums for insurance policies applicable to the Building, (vi) unless paid by Tenant, not require new tenant improvements incompatible with then-existing Building systems and components, (vii) unless paid by Tenant, not require Landlord to make modifications to the Building outside of the Premises (in order, for example, to comply with Laws), (viii) not increase the electrical or HVAC usage in the Premises, and (ix) not otherwise have or cause a material adverse impact on the Premises, the Building, the Property, or Landlord's interest therein;

(3) If Landlord has vacant space at McClellan suitable for such proposed transferee, the proposed transferee shall not be an existing tenant or occupant of the Building or a person or entity with whom Landlord is then dealing, or with whom Landlord has had any dealings within the previous six (6) months, with respect to the leasing of space in the Building;

(4) Such action would violate the provisions of the EDC Lease (and/or the McClellan Use Documentation); and

(5) Any ground lessor or mortgagee whose consent to such transfer is required fails to consent thereto.

(b) Provided Landlord has consented to such assignment or subletting, Tenant shall be entitled to enter into such assignment or sublease subject to the following conditions:

(1) At the time of the transfer, no event of default under this Lease, or under any other lease between Tenant and Landlord or any affiliate of Landlord, shall have occurred and be continuing;

(6) No assignment or sublease shall be valid and no assignee or sublessee shall take possession until an executed counterpart of the assignment or sublease has been delivered to Landlord;

(7) Any assignee shall have assumed in writing the obligations of Tenant under this Lease;

(8) Any subtenant shall have agreed in writing to comply with all applicable terms and conditions of this Lease;

(9) In the event Tenant sublets the entire Premises or any part thereof, Tenant shall deliver to Landlord seventy-five percent (75.00%) of any excess Rent within thirty (30) days of Tenant's receipt thereof pursuant to such subletting. As used herein, "Excess Rent" shall mean any sums or economic consideration per square foot of the Premises received by Tenant pursuant to such subletting in excess of the amount of the Rent per square foot of the Premises payable by Tenant under this Lease applicable to the part or parts of the Premises so sublet; provided, however, that no excess payment shall be payable until Tenant shall have recovered therefrom all of the costs incurred by Tenant for brokerage commissions, tenant improvement work approved by Landlord, reasonable attorneys fees, and reasonable marketing fees, in conjunction with such sublease; and

(10) In the event Tenant assigns this Lease, Tenant shall deliver to Landlord seventy-five percent (75.00%) of any excess payment within thirty (30) days of Tenant's receipt thereof pursuant to such assignment. As used herein, "Excess Payment" shall mean the amount of payment received for such assignment of this Lease in excess of the Rent payable by Tenant under this Lease; provided, however, that no excess payment shall be payable until Tenant shall have recovered therefrom all of the costs incurred by Tenant for brokerage commissions, tenant improvement work approved by Landlord, reasonable attorneys fees, and reasonable marketing fees, in conjunction with such assignment.

27.2 No Relief of Obligations. No consent by Landlord to any Assignment or Sublease by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after the Assignment or Sublease. The consent by Landlord to any Assignment or Sublease shall not relieve Tenant of the obligation to obtain Landlord's express written consent to any other Assignment or Sublease. Any Assignment or Sublease that is not in compliance with this Section 28 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of Rent by Landlord from a proposed assignee or subtenant shall not constitute the consent by Landlord to such Assignment or Sublease.

27.3 Homeland Defense Subleasing. Landlord acknowledges that Tenant shall be entering into various subleases, occupancy agreements and related documentation with various federal, state and municipal agencies for the purpose of training, providing of services and establishing operational locations related to homeland defense matters for the County of Sacramento, State of California and/or the United States (collectively, "Homeland Defense Subleasing"). Homeland Defense Subleasing is exempt from the procedural and revenue sharing requirements set forth in this Section 28; provided, however, Tenant's indemnification obligations provided in this Lease include all such activities by Tenant's subtenants and their employees, agents, contractors, subcontractors and invitees. Tenant acknowledges and agrees that Landlord is an intended third party beneficiary of all revenues generated under the Homeland Defense Subleasing up to the amounts due and payable under this Lease.

28. Attorney's Fees. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Non-Defaulting Party") upon demand for any costs or expenses that the Non-Defaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for

modifications) and, if so, the dates to which the Rent and any other charges have been paid in advance, and such other items requested by Landlord, including without limitation, the lease commencement date and expiration date, Rent amounts, and that no offsets or counterclaims are present. It is intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or encumbrancer (including assignee) of the Premises.

33.2 Financial Statements. If Landlord desires to finance, refinance, or sell the Buildings, or the Property, or any part thereof, Tenant shall deliver to Landlord, or to such potential lender or purchaser designated by Landlord, such financial information regarding Tenant, as may reasonably be required to establish Tenants' creditworthiness. All financial information provided by Tenant to Landlord or any lender or potential purchaser shall be held by the recipient in strict confidence and may not be used or disclosed by the recipient except for the purpose of determining Tenants' creditworthiness in connection with Tenants' obligations under this Lease.

34. Short Form Of Lease. Tenant agrees to execute, deliver and acknowledge, at the request of Landlord, a short form of this Lease satisfactory to counsel for Landlord, and Landlord may in its sole discretion record this Lease or such short form in the County where the Premises are located. Tenant shall not record this Lease, or a short form of this Lease, without Landlord's prior written consent.

35. Signs. Tenant shall not place any sign upon the Premises without Landlord's prior written consent (all such signage shall comply with Landlord's signage design criteria, as such exists from time to time). In addition, the style, size, materials and attachment method of any such signage shall be subject to Landlord's prior written consent. The installation of any sign on the Premises by or for Tenant shall be subject to the provisions of Section 24. Tenant shall maintain any such signs installed on the Premises. Unless otherwise expressly agreed herein, Landlord reserves the right to install, and all revenues from the installation of, such advertising signs on the Premises, including the roof, as do not unreasonably interfere with the conduct of Tenant's business.

36. [Intentionally Deleted]

37. Force Majeure. In discharging its duties under this Lease, Landlord shall be held to a standard of reasonableness and shall not be liable to Tenant for delays caused by Force Majeure Events.

38. Default by Landlord. Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligations within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30)-day period and thereafter diligently prosecute the same to completion.

39. Rules and Regulations. Tenant shall faithfully observe and comply with the nondiscriminatory rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time to make all nondiscriminatory modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy to them to Tenant (a copy of the present Rules and Regulations is attached hereto as Exhibit K). Landlord shall use its reasonable efforts to enforce compliance with such rules, but shall not be responsible to Tenant for the nonperformance of any of said rules by other tenants or occupants.

40. Limitation on Liability. In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord: (1) Tenant's sole and exclusive recourse shall be against Landlord's interest in the Premises and Tenant shall not have any right to satisfy any judgment which it may have against Landlord from any other assets of Landlord; (2) no member, partner, stockholder, director, officer, employee, beneficiary or trustee (collectively, "**Partner**") of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction over Landlord); (3) no service of process shall be made against any Partner of Landlord (except as may be necessary to secure jurisdiction over Landlord); (4) no Partner of Landlord shall be required to answer or otherwise plead to any service of process; (5) no judgment will be taken against any Partner of Landlord; (6) any judgment taken against any Partner of Landlord may be vacated and set aside at any time nunc pro tunc; (7) no writ

of execution will ever be levied against the assets of any Partner of Landlord; and (8) these covenants and agreements are enforceable both by Landlord and also by any Partner of Landlord.

41. Sublease Status

41.1 As of the Lease Date, Landlord possesses a leasehold estate in McClellan, pursuant to the EDC Lease Agreement between Landlord's predecessor-in-interest, the County of Sacramento ("County"), as Lessee, and the United States Air Force, as Lessor, dated August 13, 1998, as supplemented and/or amended ("EDC Lease"), and subject to Operating Agreement, as supplemented and/or amended ("Operating Agreement") between County as "Lessee," and the United States Air Force, as "Air Force". As a result of such tenancy pursuant to the EDC Lease, (i) the provisions of this Lease are junior, subordinate and subject to the Terms and conditions of the EDC Lease, and (ii) this Lease is a "sublease" in accordance with applicable law, statutes and ordinances. During the Term of this Lease, Landlord, using its commercially reasonable efforts, shall not violate the provisions of the EDC Lease. Subject to Section 43.2 of this Lease, the termination of the EDC Lease for any reason shall result in the automatic termination of this Lease, without liability to Tenant or Landlord, as a result of such termination, in which case the parties shall have no further obligations under this Lease. Tenant shall not cause or take any action or inaction or cause or permit any Tenant representatives to take any action or which would constitute a default by Landlord under the EDC Lease, which occurrence would be deemed a default by Tenant under Section 22 of this Lease.

41.2 In accordance with the Economic Development Conveyance Agreement with the United States Air Force ("EDC Agreement"), Landlord has the right to acquire fee title to the Property, including the Premises, which acquisition may or may not occur during the Term of this Lease. Notwithstanding any other provision of this Lease to the contrary, in the event the Landlord does acquire fee title to the Property during the Term of this Lease, and as a result thereof, the EDC Lease terminates as such document relates to the Premises, the parties hereto agree that this Lease shall remain in full force and effect as a direct contractual obligation between the Landlord and Tenant, Tenant shall recognize and attorn to the Landlord as its direct "landlord"; and the Tenant agrees to enter into any further documentation with the Landlord to evidence the intent of the parties as set forth in this Section; provided, however, such further documentation shall not materially increase Tenant's obligations under this Lease.

41.3 Notwithstanding any other provision of this Lease to the contrary, Tenant acknowledges and agrees that the Landlord's right, title and interest in this Lease is transferable and assignable to any third party selected by the Landlord. In this regard, upon written notice from the Landlord, Tenant agrees to execute any and all reasonable documentation to evidence such assignment as set forth in this Section, and the named Landlord shall be released from any and all future liability under this Lease; provided, however, such further documentation shall not materially increase Tenant's obligations under this Lease.

41.4 Tenant shall cause the Permitted Use of the Premises to be consistent with documentation described in Exhibit L, which includes the EDC Agreement, the EDC Lease, the Environmental Certificate, the SSEBS, the Operating Agreement and the Programmatic Agreement between the United States Air Force, the California State Preservation Officer and the Advisory Council on Historic Preservation Regarding Disposal of McClellan Air Force Base ("**Historic Preservation Agreement**") (collectively, "**McClellan Use Documentation**"). Copies of the McClellan Use Documentation are available at Landlord's corporate offices.

42. Infrastructure Cooperation. Tenant acknowledges that certain utility and/or operation systems which service the Premises and/or the expansion space(s) which are available to Tenant under this Lease may service adjacent premises and/or buildings. In this regard, to the extent that the controls, lines, mechanical systems and/or infrastructure for such systems must be utilized on a non-exclusive basis between Tenant and other third party tenants, as determined by Landlord, Tenant agrees to execute all documentation necessary to provide for such non-exclusive utilization, which documentation, among other provisions, would allocate on a reasonable basis, the expense of use, operation, maintenance and repair of such system between such users, provided that such documentation shall not cause material interference with Tenant's Permitted Use. Tenant shall execute such documentation within ten (10) days following its receipt thereof.

43. General Provisions

43.1 Governing Law. This Lease shall be governed by the laws of the State of California and the parties hereto agree that venue shall be proper in any state or federal court located within the state.

43.2 Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto; if Landlord or Tenant is comprised of multiple parties, each of such parties hereto shall be jointly and severally liable hereunder.

43.3 Entire Agreement. This Lease, the exhibits herein referred to, and any addendum executed concurrently herewith, are the final, complete and exclusive agreement between the parties and cover in full each and every agreement of every kind or nature, whatsoever, concerning the Premises and all preliminary negotiations and agreements of whatsoever kind or nature, are merged herein. Landlord has made no representations or promises whatsoever with respect to the Premises, except those contained herein, and no other person, firm or corporation has at any time had any authority from Landlord to make any representations or promises on behalf of Landlord, and Tenant expressly agrees that if any such representations or promises have been made by others, Tenant hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law or custom to the contrary notwithstanding. Unless otherwise provided herein, no supplement, modification, or amendment of this Lease shall be binding unless executed in writing by the parties.

43.4 Captions. The captions of paragraphs of this Lease are for convenience only, and do not in any way limit or amplify the Terms and provisions of this Lease.

43.5 Partial Invalidity. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

43.6 Authority. The person(s) executing this Lease warrants that he or she has the authority to execute this Lease and has obtained or has the requisite corporate or other authority to do the same.

43.7 Counterparts. This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each party may execute a facsimile counterpart signature page to be followed by an original counterpart. Each such facsimile counterpart signature page shall constitute a valid and binding obligation of the party signing such facsimile counterpart.

43.8 CC&Rs. Tenant agrees to comply with the provisions of any and all covenants, conditions and restrictions (collectively, "CC&Rs"), which encumber the Premises as of or after the Lease Date, and any amendments, additions or modifications thereto in which Tenant has been provided written notice of by Landlord.

43.9 Execution. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement in duplicate as of the day and year first above written.

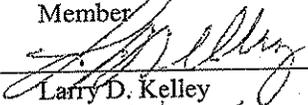
LANDLORD:

MP HOLDINGS, LLC, a California limited liability company

By: McClellan Business Park LLC, a Delaware limited liability company

By: LK McCLELLAN, LLC, a California limited liability company

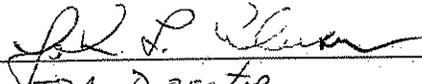
Its: Member

By: 
Larry D. Kelley

Date: 10/25/05

TENANT:

NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority

By: 

Title: JPA DIRECTOR

Date: 10-31-05

EXHIBITS

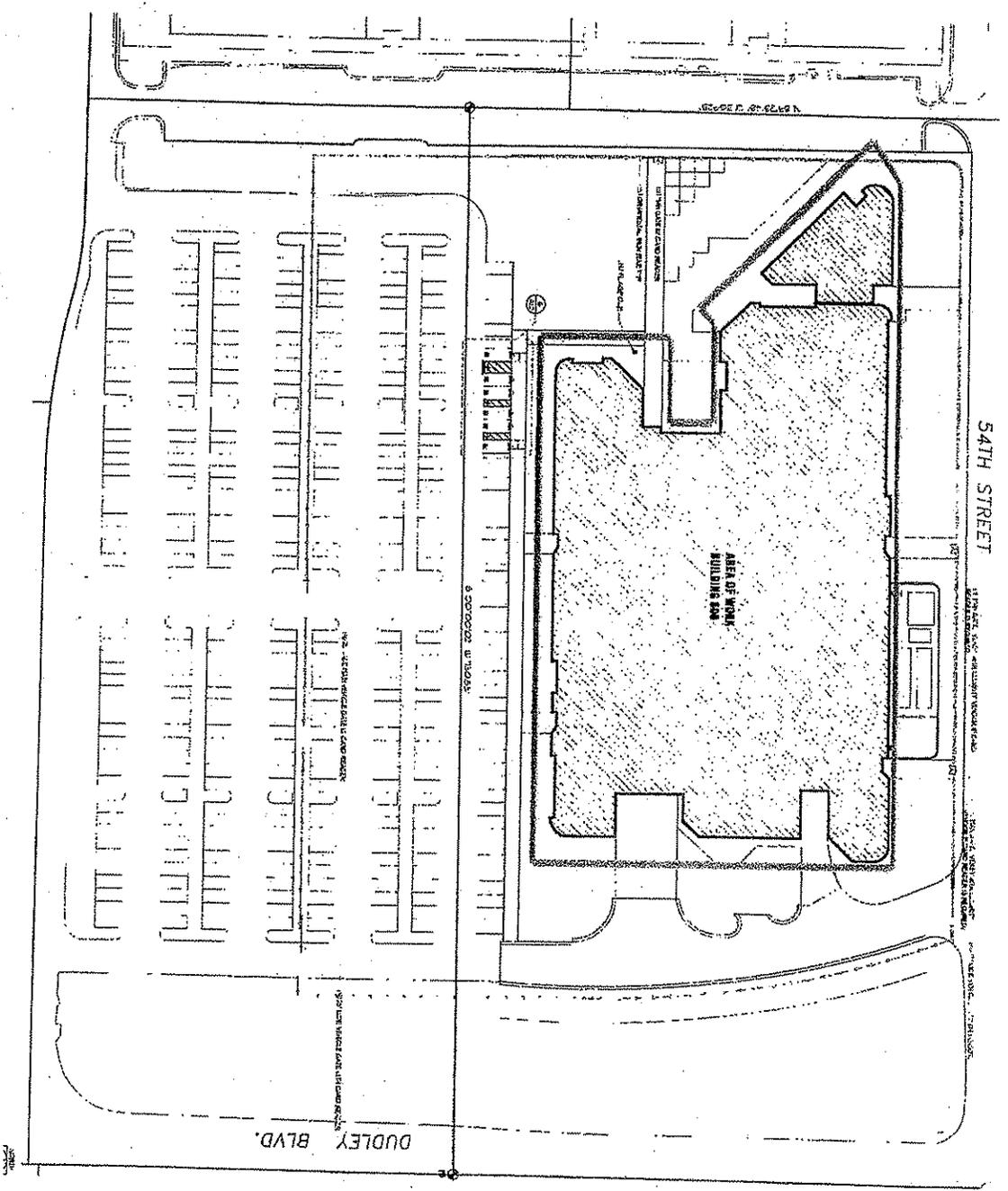
- Exhibit A-1 - McClellan
- Exhibit A-2 - Premises
- Exhibit A-3 - Building
- Exhibit A-4 - Land
- Exhibit B - Work Letter Agreement
- Exhibit C - Declaration of Lease Commencement
- Exhibit D - Base Rent Schedule
- Exhibit E - Environmental Questionnaire
- Exhibit E1 - Air Force Notification Request
- Exhibit E2 - Sewer Use Questionnaire
- Exhibit F - Environmental Certificate
- Exhibit G - Environmental Disclosure
- Exhibit H - Asbestos Notification
- Exhibit I - [Intentionally Deleted]
- Exhibit J - Landlord's Insurance
- Exhibit K - Rules and Regulations
- Exhibit L - McClellan Use Documentation
- Exhibit M - CC&Rs

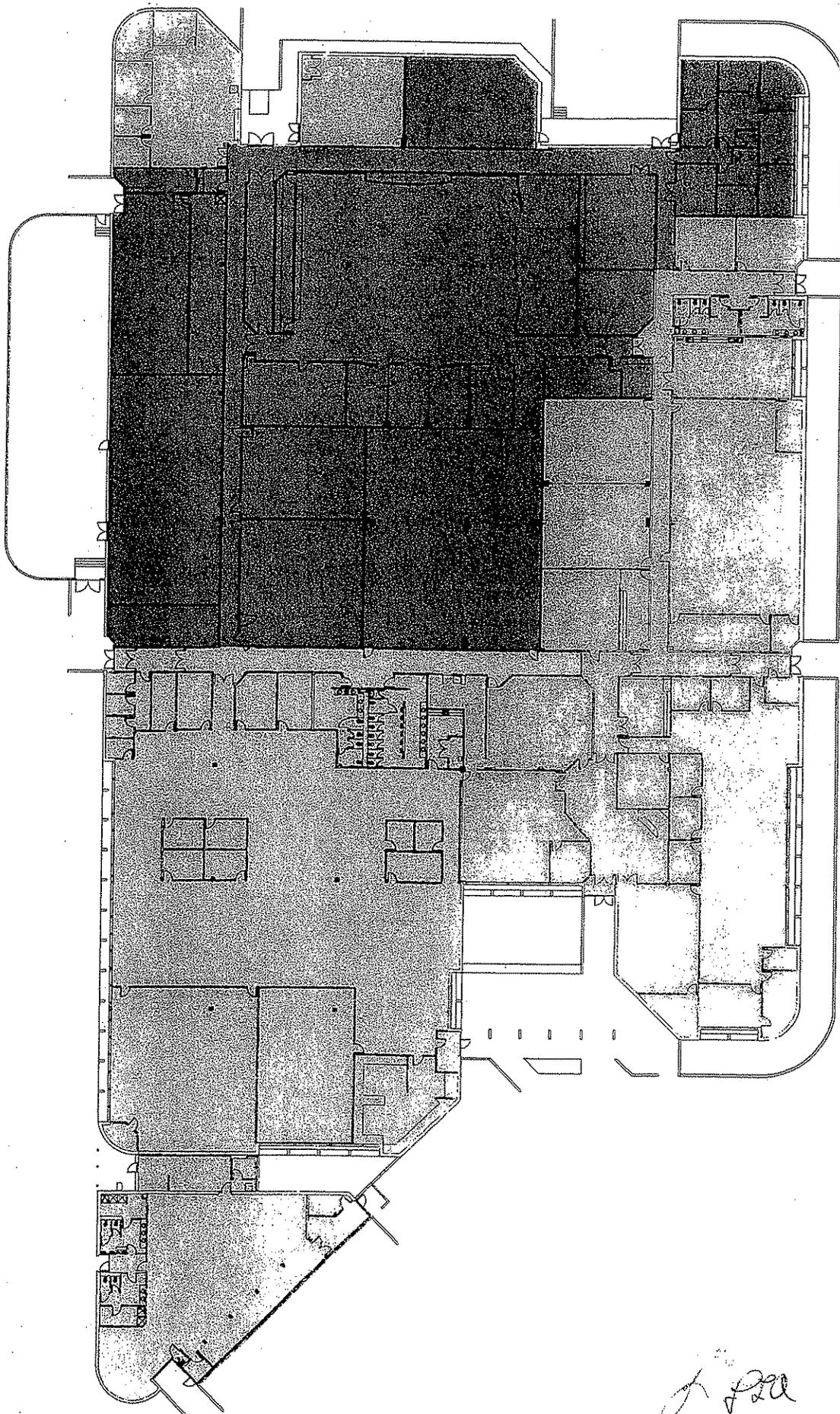
EXHIBIT A-1
McCLELLAN

EXHIBIT A-2
PREMISES

Northern California Regional
Public Safety Training College
Building 600

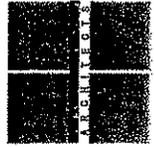
Exhibit A2
"Premises"





J. J. J.

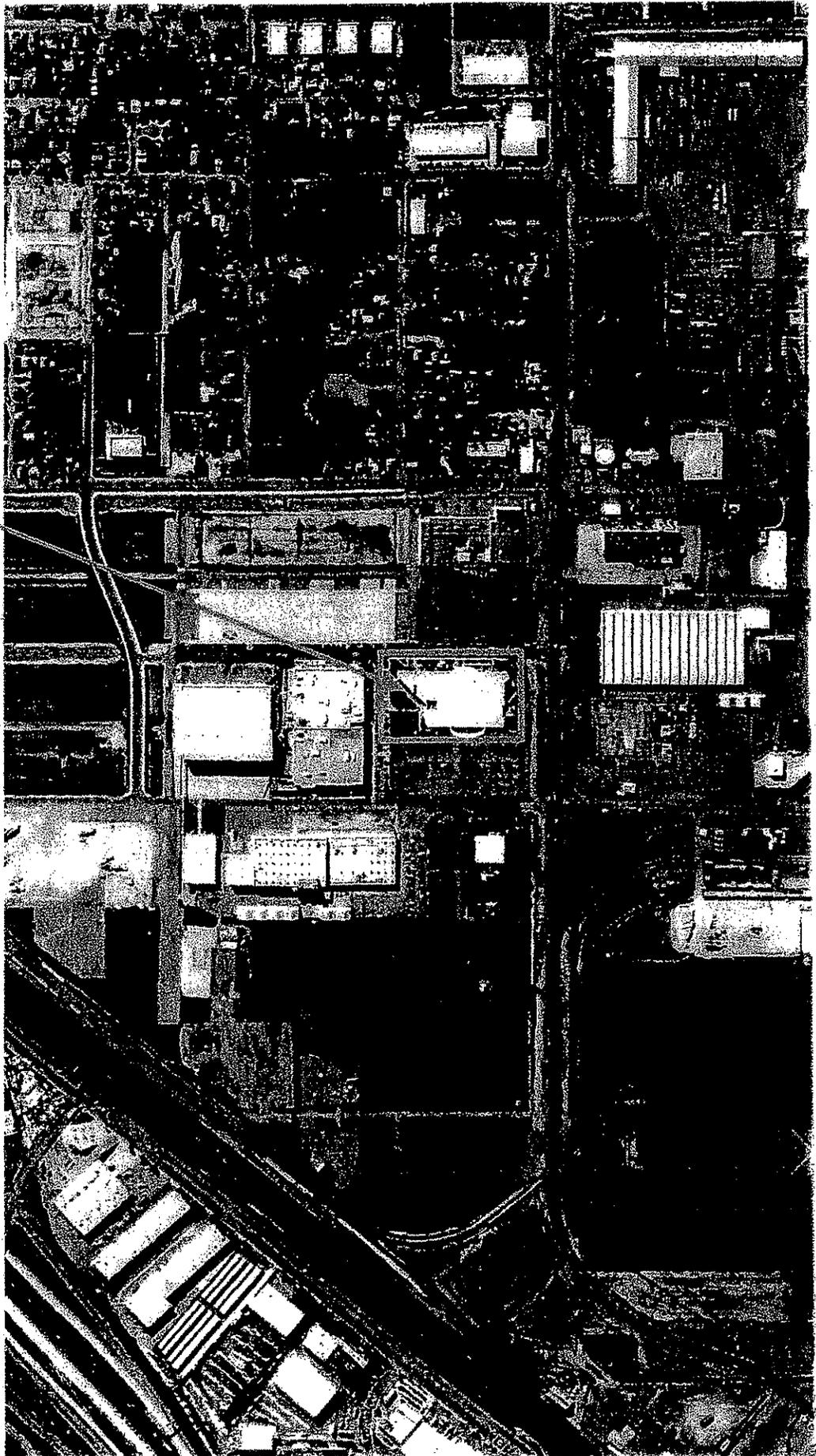
CONSTRUCTION PHASE 1 +/- 22,968 sf
 CONSTRUCTION PHASE 2 +/- 23,721 sf
 CONSTRUCTION PHASE 3 +/- 30,885 sf



09-27-2005

Building 600
McClellan Business Park - McClellan, CA

EXHIBIT A-3
BUILDING



Northern California Regional
Public Safety Training College
Building 600

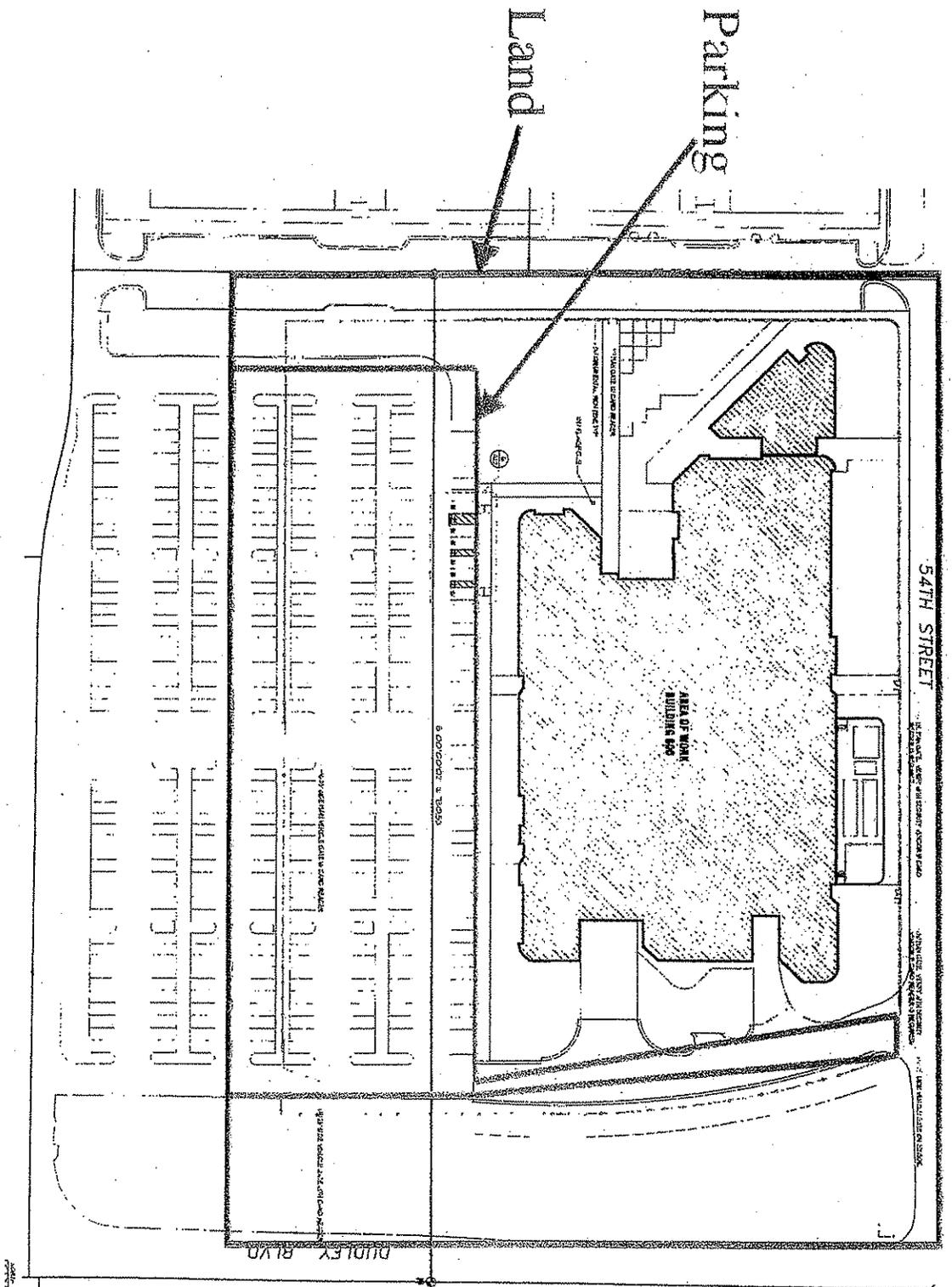
Exhibit A3
"Building"

[Handwritten signature]

EXHIBIT A-4
LAND

Northern California Regional
Public Safety Training College
Building 600

Exhibit A4 "Land"



INITIAL
J. P. [Signature]

EXHIBIT B
WORK LETTER AGREEMENT
[Landlord Performs Work]

This Work Letter Agreement ("**Work Letter**") is executed simultaneously with that certain Net Lease (the "**Lease**") between **NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE**, a Joint Powers Authority, as "**Tenant**", and **MP HOLDINGS, LLC**, a California limited liability company, as "**Landlord**", relating to demised premises ("**Premises**") at the building commonly known as 4300 54th Street, Building 600, McClellan, California, which is more fully identified in the Lease. Capitalized terms used herein, unless otherwise defined in this Work Letter, shall have the respective meanings ascribed to them in the Lease.

For and in consideration of the agreement to lease the Premises and the mutual covenants contained herein and in the Lease, Landlord and Tenant hereby agree as follows:

1. Tenant's Initial Plans; the Work.

(a) Tenant desires Landlord to perform certain leasehold improvement work in the Premises in substantial accordance with the scopes of work and plans (collectively, the "**Preliminary Plan**") prepared by Landlord's engineer and architect, which are attached hereto as Schedule 1. The construction to be performed by Landlord pursuant to this Work Letter Agreement is referred to as the "**Work**." A portion of the Work described on Schedule 2 is referred to as "**Base Building Improvements**" and all other Work is referred to as "**Tenant Improvements**." All plans, drawings, specifications and other details describing the Work which have been or are hereafter furnished by or on behalf of Tenant shall be subject to Landlord's approval, which Landlord agrees shall not be unreasonably withheld.

(b) The parties acknowledge that Preliminary Plans relating to the Tenant Improvements remain subject to further refinement by Tenant, which process shall be completed by November 1, 2005. Tenant shall respond to any questions posed by Landlord and shall approve/disapprove of any proposed modifications to such documents within three (3) business days following receipt of such documents. Tenant further acknowledges that adjustments to the Preliminary Plan relating to the Tenant Improvements may increase or decrease the cost of Tenant Improvements and, potentially, the Base Building Improvements. The Landlord Contribution (as hereinafter defined) shall be correspondingly adjusted, which adjustment shall result in an adjustment to Base Rent in accordance with Section 3 below. Upon Tenant's and Landlord's approval of the Preliminary Plan, such document shall thereafter be referred to as the "**Initial Plans**."

2. Working Drawings. Landlord shall prepare or cause to be prepared final working drawings and specifications for the Work (the "**Working Drawings**") based on and consistent with the Initial Plan and the other plans, drawings, specifications, finish details and other information furnished by Tenant to Landlord and approved by Landlord pursuant to Section 1 above. So long as the Working Drawings are consistent with the Initial Plan, Tenant shall approve the Working Drawings within three (3) days after receipt of same from Landlord by initialing and returning to Landlord each sheet of the Working Drawings or by executing Landlord's approval form then in use, whichever method of approval Landlord may designate.

3. Estimated and Final Bid Costs of Tenant Improvements. As of the Lease Date, based upon the Preliminary Plan for the Tenant Improvements, Landlord and Tenant have estimated the cost of the Tenant Improvements (which does not include costs for Base Building Improvements) at \$4,043,198.00 ("**Tenant Improvement Estimate**"), which estimate is attached hereto as Schedule 3. Based upon such estimated cost, as set forth on Exhibit D to the Lease, Base Rent has been increased by the amount of the "**Base Rent Cost Component**." Upon completion of the Working Drawings, pursuant to a bidding procedure reasonably acceptable to Tenant, Landlord shall obtain updated bid amounts for the cost of constructing the Tenant Improvements and deliver a written summary of such revised costs to Tenant, which includes a 7.5% construction management fee ("**Final Bid Cost for Tenant Improvements**"). Subject to the provisions of the Lease and the Work Letter Agreement, Landlord shall fund the Final Bid Cost for Tenant Improvements ("**Landlord Contribution**"). To the extent that the Final Bid Cost for Tenant Improvement is less or more than the Tenant Improvement Estimate, the Base Rent Cost Component shall be adjusted to equal the Final Bid Cost for Tenant Improvements, payable on a monthly basis, fully amortized over a period selected by Tenant (not longer than the Initial Term), at a rate of ten percent (10.00%)

per annum (due to the phased occupancy of the Premises, until the entire Premises is tendered to Tenant, the Base Rent Cost Component during such construction period shall be an amount of ten percent (10.00%) interest only on Landlord's Contribution expended per phase. Upon Landlord's delivery of the entire Premises, the Landlord Contribution shall be fully amortized as provided above). Such amortized cost, expressed on a rentable square foot basis, shall replace the Base Rent Cost Component and, correspondingly, Base Rent shall be deemed modified. Tenant shall execute any reasonable documentation requested by Landlord to memorialize such adjustment to Base Rent. In the event of a termination of the Lease due to an Event of Default, the Base Rent Cost Component for the remainder of the Term shall be accelerated and due in full at such time and Tenant shall be obligated to fund such amount to Landlord.

4. **Authorization to Proceed.** Landlord may proceed with the Work at any time after the execution of this Work Letter and the completion of the Working Drawings, if applicable; provided, however, that Landlord, at its option, may request Tenant to execute and deliver to Landlord a separate written authorization (in the form then in use by Landlord) to proceed with the Work, in which event Tenant shall execute and deliver such written authorization within three (3) days after Landlord's request therefor, and, at Landlord's option, no Work shall be commenced until Tenant has executed and delivered to Landlord such authorization.

5. **Security Matters.** In accordance with Section 8, Tenant shall be responsible, at its sole cost and expense, for installation of all security related improvements to the Premises and Land ("**Security Matters**"), which includes, without limitation, fencing of Land. At Tenant's election, and in accordance with Section 7, Landlord is willing to install the Security Matters.

6. **Tenant Delays.** There shall be no extension of the scheduled commencement or expiration date of the Term of the Lease (as otherwise permissibly extended under Section 5 above) if the Work has not been substantially completed on said scheduled commencement date by reason of any delay attributable to Tenant ("**Tenant Delays**"), including without limitation:

- (i) the failure of Tenant to furnish all or any plans, drawings, specifications, finish details or the other information required under Section 1 above on or before the date stated in Section 1;
- (ii) the failure of Tenant to grant approval of the Working Drawings within the time required under Section 2 above;
- (iii) the failure of Tenant to comply with the requirements of Section 4 above;
- (iv) Tenant's requirements for special work or materials, finishes, or installations other than the Building Standards or Tenant's requirement for special construction staging or phasing;
- (v) the performance of any Additional Work (as defined in Section 7 below) requested by Tenant or the performance of any work in the Premises by any person, firm or corporation employed by or on behalf of Tenant, or any failure to complete or delay in completion of such work; or
- (vi) any other act or omission of Tenant that causes a delay.

7. **Additional Work.** Upon Tenant's request and submission by Tenant (at Tenant's sole cost and expense) of the necessary information and/or plans and specifications for work other than the Work described in the Working Drawings ("**Additional Work**") and the approval by Landlord of such Additional Work, which approval Landlord agrees shall not be unreasonably withheld, Landlord shall perform such Additional Work, at Tenant's sole cost and expense, subject, however, to the following provisions of this Section 7. Prior to commencing any Additional Work requested by Tenant, Landlord shall submit to Tenant a written statement of the cost of such Additional Work, which cost shall include a fee payable to Landlord in the amount of 10% of the total cost of such Additional Work as compensation to Landlord for monitoring the Additional Work ("**Landlord's Additional Compensation**"); and, concurrently with such statement of cost, Landlord shall also submit to Tenant a proposed tenant extra order (the "**TEO**") for the Additional Work in the standard form then in use by Landlord. Tenant shall execute and deliver to Landlord such TEO and shall pay to Landlord the entire cost of the Additional Work, including Landlord's Additional Compensation (as reflected in Landlord's statement of such cost), within five (5) days after Landlord's submission of such statement and TEO to Tenant. If Tenant fails to execute or deliver such TEO or pay the entire cost of such Additional Work within such 5-day period, then Landlord shall not be obligated to do any of the Additional Work and may proceed to do only the Work, as specified in the Working Drawings.

8. **Tenant Access.** Landlord, in Landlord's reasonable discretion and upon request by Tenant, may grant to Tenant a license to have access to the Premises prior to the date designated in the Lease for the commencement of the Term of the Lease to allow Tenant to do other work required by Tenant to make the Premises ready for Tenant's use and occupancy (the "Tenant's Pre-Occupancy Work"). It shall be a condition to the grant by Landlord and continued effectiveness of such license that:

(a) Tenant shall give to Landlord a written request to have such access to the Premises not less than five (5) days prior to the date on which such access will commence, which written request shall contain or shall be accompanied by each of the following items, all in form and substance reasonably acceptable to Landlord: (i) a detailed description of and schedule for Tenant's Pre-Occupancy Work; (ii) the names and addresses of all contractors, subcontractors and material suppliers and all other representatives of Tenant who or which will be entering the Premises on behalf of Tenant to perform Tenant's Pre-Occupancy Work or will be supplying materials for such work, and the approximate number of individuals, itemized by trade, who will be present in the Premises; (iii) copies of all contracts, subcontracts and material purchase orders pertaining to Tenant's Pre-Occupancy Work; (iv) copies of all plans and specifications pertaining to Tenant's Pre-Occupancy Work; (v) copies of all licenses and permits required in connection with the performance of Tenant's Pre-Occupancy Work; (vi) certificates of insurance (in amounts satisfactory to Landlord and with the parties identified in, or required by, the Lease named as additional insureds) and instruments of indemnification against all claims, costs, expenses, damages and liabilities which may arise in connection with Tenant's Pre-Occupancy Work; and (vii) assurances of the ability of Tenant to pay for all of Tenant's Pre-Occupancy Work and/or a letter of credit or other security deemed appropriate by Landlord securing Tenant's lien-free completion of Tenant's Pre-Occupancy Work.

(b) Such pre-term access by Tenant and its representatives shall be subject to scheduling by Landlord.

(c) Tenant's employees, agents, contractors, workmen, mechanics, suppliers and invitees shall work in harmony and not interfere with Landlord or Landlord's agents in performing the Work and any Additional Work in the Premises, Landlord's work in other premises and in common areas of the Building, or the general operation of the Building. If at any time any such person representing Tenant shall cause or threaten to cause such disharmony or interference, including labor disharmony, and Tenant fails to immediately institute and maintain such corrective actions as directed by Landlord, then Landlord may withdraw such license upon twenty-four (24) hours' prior written notice to Tenant.

(d) Any such entry into and occupancy of the Premises by Tenant or any person or entity working for or on behalf of Tenant shall be deemed to be subject to all of the terms, covenants, conditions and provisions of the Lease, specifically including the provisions of Section 13 thereof (regarding Tenant's improvements and alterations to the Premises), and excluding only the covenant to pay Rent. Landlord shall not be liable for any injury, loss or damage which may occur to any of Tenant's Pre-Occupancy Work made in or about the Premises or to property placed therein prior to the commencement of the Term of the Lease, the same being at Tenant's sole risk and liability. Tenant shall be liable to Landlord for any damage to the Premises or to any portion of the Work or Additional Work caused by Tenant or any of Tenant's employees, agents, contractors, workmen or suppliers.

9. **Lease Provisions.** The terms and provisions of the Lease, insofar as they are applicable to this Work Letter are hereby incorporated herein by reference. All amounts payable by Tenant to Landlord hereunder shall be deemed to be additional Rent under the Lease and, upon any default in the payment of same, Landlord shall have all of the rights and remedies provided for in the Lease.

10. **Miscellaneous.**

- (a) This Work Letter shall be governed by the laws of the state in which the Premises are located.
- (b) This Work Letter may not be amended except by a written instrument signed by the party or parties to be bound thereby.
- (c) Any person signing this Work Letter on behalf of Tenant warrants and represents he/she has authority to sign and deliver this Work Letter and bind Tenant.
- (d) Notices under this Work Letter shall be given in the same manner as under the Lease.
- (e) The headings set forth herein are for convenience only.
- (f) This Work Letter sets forth the entire agreement of Tenant and Landlord regarding the Work.

(g) In the event that the final working drawings and specifications are included as part of the Initial Plan attached hereto, or in the event Landlord performs the Work without the necessity of preparing working drawings and specifications, then whenever the term "Working Drawings" is used in this Agreement,

(h) such term shall be deemed to refer to the Initial Plan and all supplemental plans and specifications approved by Landlord.

IN WITNESS WHEREOF, this Work Letter Agreement is executed as of the _____ day of _____, 20_____.

LANDLORD:

MP HOLDINGS, LLC, a California limited liability company

By: McClellan Business Park LLC, a Delaware limited liability company

By: LK McCLELLAN, LLC, a California limited liability company

Its: Member

By: [Signature]
Larry D. Kelley

Date: 10/24/05

TENANT:

NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority

By: [Signature]

Title: JPA Director

Date: 10-31-05

SCHEDULE 1

PRELIMINARY SCHEDULE

Those certain preliminary plans dated September 12, 2005 ("Bid Set") which copy is available for review at Landlord's office, as prepared by Calpo Hom & Dong Architects.



SCHEDULE 2
BASE BUILDING IMPROVEMENTS

LANDLORD'S WORK

1. Landlord shall deliver the Premises in an "as-is" condition subject to the following:
2. Landlord shall deliver the Premises with a Certificate of Occupancy (C of O) pursuant to County of Sacramento Building Department conditions.
3. Landlord shall provide one existing restroom that is ADA compliant for the building's current use.
4. Landlord shall install the fire sprinkler system under the floor and correct the fire sprinklers in the remainder of the building to meet the current exiting plan.
5. Landlord shall provide a path of travel to the building that is ADA compliant.
6. Landlord shall provide and install two (2) boilers & service the two (2) 350-ton centrifugal chillers for existing occupancy of the building. Landlord shall install Johnson Controls for operating the existing mechanical equipment and the boilers.
7. Landlord shall test and repair, as needed, the two (2) existing generators that serve this building. Landlord shall provide & install a used 1,000-gallon tank.
8. Landlord shall replace all burnt out light bulbs and all stained ceiling tiles throughout the facility.
9. Landlord shall remove all personal property that is not purchased by Tenant.
10. Landlord shall install an 800 MHz Radio Building Amplification System if the existing space does not meet County of Sacramento code requirements.
11. Landlord shall have the Premises thoroughly cleaned prior to occupancy.
12. Landlord shall remove all abandoned cabling above the ceiling.
13. Landlord shall patch, seal, and stripe the existing parking lot.
14. Landlord shall maintain the landscaping to meet the Tenant's CPTED (Crime Prevention Through Environmental Design) and Landscaping Principles.
15. Landlord shall replace the sections of the linoleum that are buckling in the corridor.



SCHEDULE 3
TENANT IMPROVEMENT ESTIMATE

Date: 4/21/05 Revision #3

McClellan Park Bldg. 600 Homeland Security



SC - TBD	PHASE	SF	77,574
Tenant Name:	Homeland Security	Duration	180.00
Project Supervisor:	Wanda Thompson	Job Walk Dated November 15	
		Plans Dated 11/03/04	

VCC # - Description	SCOPE OF WORK	SCCTF	UASI/TEWIG	EOC	County OES	City OES	State OES	Training/CR	Building Mechl/Elec	Common Area	DHS	ALT	TOTAL	Price Per Square Foot	SUB NAME
013250 - Blue Printing & Copy	Copying plans	200	200	200	200	200	200	200	200	200	200	200	2,000	0.026	VCC
015110 - Temp Power/Lighting, Se	In Schetter Bid												0	0.000	EXCLUDED
015171 - Temp Phone, Usage	Cell phone	100	100	100	100	100	100	100	100	100	100	100	1,000	0.013	VCC
015221 - Field Office Supplies/ Equ	Paper, computer cartages, etc.												0	0.000	EXCLUDED
015280 - Temporary Toilets	Port-A-potty												0	0.000	EXCLUDED
015430 - Small Tools - Purchase	Tools												1,350	0.017	Forklift/ Saw Cut
015444 - Small Tools - Rent	Rental equipment	25	25	25	25	25	25	25	25	25	25	25	250	0.003	VCC
015600 - Barricades - Safety Equip	Safety												0	0.000	EXCLUDED
015640 - Temporary Fence	Safety	25	25	25	25	25	25	25	25	25	25	25	250	0.003	VCC
016510 - Postage / Fed Ex / Ups	Mailing out documents, contracts	25	25	25	25	25	25	25	25	25	25	25	9,304	0.120	VCC
017420 - Cleanup - Final Incl.	Interior cleaning of all work	2,174	1,109	1,428	102	58	42	1,646	615	1,428	702	702	12,405	0.160	VCC
017440 - Cleanup - Continuous	Daily Cleanup & Safety - 16 Per Sq	2,898	1,478	1,905	136	77	56	2,194	820	1,904	937	937	2,000	0.026	VCC
017470 - Trash Bins	Dumpsters, disposal of demo material	200	200	200	200	200	200	200	200	200	200	200	500	0.006	VCC
017800 - Closeout Documents	Documents, as-builts	50	50	50	50	50	50	50	50	50	50	50	29,059	0.376	VCC
General Conditions-Sub-Total															
01-3110 - Project Manager	John Correa	6,341	3,233	4,167	298	169	124	4,780	1,784	4,166	2,049	2,049	27,121	0.350	VCC
01-3130 - Superintendent	Bill Borah	9,965	5,081	6,549	468	266	194	7,542	2,820	6,547	3,220	3,220	42,652	0.550	VCC
Supervision-Sub-Total															
022250 - Abatement/ Demo	demo all walls & equip. not being												0	0.000	VCC
022250 - Demolition		18,315	14,254	17,002	1,598	1,598	1,598	17,013	9,346	9,346	7,407	7,407	97,477	1.257	WC Maloney
027400 - Striping	ornamental fence, trench, rough elec												0	0.000	EXCLUDED
028200 - Fencing & Gates													223,230	2.878	GS/ Magnusn
Sitework-Sub-Total															
051000 - Structural Steel	roof penetrations												67,200	0	Allowance
Metals-Sub-Total															
061000 - Rough Carpentry	Backing, Fire Caulking	1,400	400	2,400	150	100	250	2,800	1,400	1,400	400	400	9,300	0.120	Allowance/VCC
064000 - Cabinetry		14,455	2,585	12,810				4,800		19,320			53,970	0.696	Cal Cab
Carpentry-Sub-Total															
072100 - Insulation													0	0.000	Excluded
075000 - Roofing													0	0.000	Allowance
Thermal & Roofing-Sub-Total															
081000 - Doors, Frames, Hardware	Doors / Frames and hardware	69,154	22,768	5,934	3,725	3,435	1,490	9,548	1,516	33,988	3,942	3,942	155,480	2.004	Disc. Door
083560 - Panel Folding Doors	Nana Walls			50,504									50,504	0.651	Nana Wall
088000 - Glass & Glazing	Screening for FBI ext. windows (28)	16,000											16,000	0.206	Excluded
Doors & Windows-Sub-Total															
092300 - Caulk & Sealants	fire caulking rated conditions												4,600	0.059	RJ Lockero
092500 - Framing & Drywall	per details and drawings	102,558	78,245	58,032	10,804	15,693	10,243	57,549	1,584	14,074	2,518	2,518	351,300	4.529	Cal Acoustic
095130 - Acoustical Ceiling	re-use existing	27,241	15,972	19,612	1,089	620	575	20,203	18,345	15,434	6,217	6,217	108,963	2.075	CDI
096000 - Resilient Flooring	SDT Added	33,780	22,180	96,880	1,990	1,390	890	38,390	17,190	17,190	8,290	8,290	160,980	2.075	CDI
099000 - Painting	New walls, walls w/o wallcovering	5,627	3,492	3,244	782	740	275	2,639			0	2,986	19,785	0.255	Pat McAdams
097200 - Wallcovering	All wallcovering to be removed. Rmv'd cost from this line & added (added what/how much?) into full												0	0.000	VCC
Finishes-Sub-Total															
101300 - Operable Board Units	Not Selected by Tenant												0	0.000	Not in Section
104300 - Signage	Partition Specialties												0	0.000	ADA Allowance
106500 - Operable Partitions													80,544	1.038	PSI
Specialties-Sub-Total															

Tenant Improvement Estimated Cost (Excluding Base Building Improvement Costs)

VCC #	Description	SCCTF	UAS/TEWG	EOC	County OES	City OES	State OES	Training/CR	Building Mech/Elec	Common Area	DHS	ALT	TOTAL	Price Per Square Foot	SUB NAME
154000	Plumbing	11,080	8,770	36,675	3,250	2,430	2,290	38,870	6,380	11,440	4,475	125,000	125,660	0.000	Allowance
155000	Fire Protection	500	375	375	125	125	250	250	250		250		2,500	1.620	PRO TECH
155000	Fire Extinguishers	203,469	93,956	198,542	11,237	10,013	9,624	150,319		86,045	60,926		824,131	0.032	VCC
157000	HVAC												TBD	10.624	Cal-Air
	Generator/Holding Tank												962,281	12.276	
	Fire Protection-Sub-Total												949,114	12.235	Schetter
160500	Electrical	177,801	95,612	467,547	3,843	3,802	2,563	64,530	94,414	27,577	11,425	85,639	949,114	12.235	
	Electrical-Sub-Total												949,114	12.235	
137000	Security												0	0.000	EXCLUDED
160700	Communications												0	0.000	EXCLUDED
	Sub-Total	703,358	360,139	964,406	40,197	41,116	31,064	476,367	120,139	478,259	118,344	360,160	3,332,370	42.96	
	Excluded	14,087	7,203	19,088	804	822	621	9,507	2,403	9,565	2,367	7,203	66,647	\$0.86	VCC
	2% Overhead	21,523	11,020	29,205	1,230	1,258	951	14,546	3,676	14,635	3,621	11,021	101,971	\$1.31	VCC
	3% Profit	7,389	3,784	10,027	422	432	326	4,994	1,262	5,025	1,243	3,784	35,010	\$0.45	VCC
	1% General Liability												382,168	46.68	VCC
	VCC-TOTAL ESTIMATE (Page 1)	746,337	382,146	1,012,726	86,282	83,628	32,962	604,415	127,480	607,434	125,676	382,168	3,535,998	46.68	CH&D/Interface
	CH&D- architectural; interface- electrical; Cal-Air- mechanical	24200	24200	24200	24200	24200	24200	24200	24200	24,200	24,200		242,000	3.12	
	A & E Fee's												265,200	3.42	
	Meter Connection Fee's	55,975	28,661	75,954	6,471	3,272	2,472	37,831	9,561	38,062	9,418	28,663	265,200	3.42	
	MBP Contractor Fee (7.5%)	626,613	435,007	1,112,880	116,953	74,101	59,634	566,446	161,241	669,756	159,194	410,831	4,043,199	52.12	
	TOTAL ESTIMATE:												4,043,199	52.12	

EXHIBIT C
DECLARATION OF LEASE COMMENCEMENT

This is to confirm that the Commencement Date, as defined in Section 2.2 of the attached lease, for the property commonly known as 4300 54th Street, McClellan, California 95652, Building 600 and containing approximately 77,574 square feet pursuant to the lease dated September 28, 2005 between **MP HOLDINGS, LLC**, a California limited liability company and **NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE**, a Joint Powers Authority, is, for all purposes, agreed to be _____, 20__, and the Expiration Date of the Lease is agreed to be _____, 20__.

LANDLORD:

MP HOLDINGS, LLC, a California limited liability company

By: McClellan Business Park LLC, a Delaware limited liability company

By: LK McCLELLAN, LLC, a California limited liability company

Its: Member

By: _____
Larry D. Kelley

Date: _____

TENANT:

NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority

By: _____

Title: _____

Date: _____



EXHIBIT D
BASE RENT SCHEDULE

McClellan Business Park
Law Enforcement JPA
Building 600 Rent

Building size (sf)	77,574	Square feet	TI Costs Amortized	4,043,198
Base rent rate (monthly)	0.85	psf	Amortization Rate	10%
Annual escalation	3%		Amortization period (years)	5

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Base rent psf (monthly)	0.85	0.88	0.90	0.93	0.96
Base rent (monthly)	65,937.90	67,916.04	69,953.52	72,052.12	74,213.69
Base Rent Cost Component (monthly)	85,906.01	85,906.01	85,906.01	85,906.01	85,906.01
Total Monthly Payment	151,843.91	153,822.05	155,859.53	157,958.13	160,119.70
Base rent (annually)	791,254.80	814,992.44	839,442.22	864,625.48	890,564.25
Base Rent Cost Component (annually)	1,030,872.10	1,030,872.10	1,030,872.10	1,030,872.10	1,030,872.10
Total Annual Payment	1,822,126.90	1,845,864.55	1,870,314.32	1,895,497.59	1,921,436.35

Year	Year 6	Year 7	Year 8	Year 9	Year 10
Base rent psf (monthly)	0.99	1.01	1.05	1.08	1.11
Base rent (monthly)	76,440.10	78,733.30	81,095.30	83,528.16	86,034.00
Base Rent Cost Component (monthly)	-	-	-	-	-
Total Monthly Payment	76,440.10	78,733.30	81,095.30	83,528.16	86,034.00
Base rent (annually)	917,281.18	944,799.61	973,143.60	1,002,337.91	1,032,408.04
Base Rent Cost Component (annually)	-	-	-	-	-
Total Annual Payment	917,281.18	944,799.61	973,143.60	1,002,337.91	1,032,408.04

Year	Year 11	Year 12	Year 13	Year 14	Year 15
Base rent psf (monthly)	1.14	1.18	1.21	1.25	1.29
Base rent (monthly)	88,615.02	91,273.47	94,011.68	96,832.03	99,736.99
Base Rent Cost Component (monthly)	-	-	-	-	-
Total Monthly Payment	88,615.02	91,273.47	94,011.68	96,832.03	99,736.99
Base rent (annually)	1,063,380.29	1,095,281.69	1,128,140.15	1,161,984.35	1,196,843.88
Base Rent Cost Component (annually)	-	-	-	-	-
Total Annual Payment	1,063,380.29	1,095,281.69	1,128,140.15	1,161,984.35	1,196,843.88

Year	Year 16	Year 17	Year 18	Year 19	Year 20
Base rent psf (monthly)	1.32	1.36	1.40	1.45	1.49
Base rent (monthly)	102,729.10	105,810.97	108,985.30	112,254.86	115,622.51
Base Rent Cost Component (monthly)	-	-	-	-	-
Total Monthly Payment	102,729.10	105,810.97	108,985.30	112,254.86	115,622.51
Base rent (annually)	1,232,749.20	1,269,731.67	1,307,823.62	1,347,058.33	1,387,470.08
Base Rent Cost Component (annually)	-	-	-	-	-
Total Annual Payment	1,232,749.20	1,269,731.67	1,307,823.62	1,347,058.33	1,387,470.08

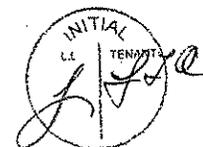


EXHIBIT E

ENVIRONMENTAL QUESTIONNAIRE

The purpose of this form is to obtain information regarding the use, if any, of hazardous substances in the process proposed on the premises to be leased. Any such use must be approved in writing by Landlord. Prospective tenants should answer the questions in light of their proposed operations on the premises. Existing tenants should answer the questions as they relate to ongoing operations on the premises and should update any information previously submitted. If additional space is needed to answer the questions, you may attach separate sheets of paper to this form.

Your cooperation in this matter is appreciated. Any questions should be directed to, and when completed, the form should be mailed to:

Alan Hersh, Senior Vice President
McClellan Business Park
3140 Peacekeeper Way
McClellan, California 95652
(916) 965-7100; (916) 568-2764 fax
ash@mccllellanpark.com

1. **General Information.**

Name of Responding Company: **NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority**

Check the Applicable Status: _____

Prospective Tenant Existing Tenant

Mailing Address: _____

Contact Person and Title: _____

Telephone Number: () _____

McClellan Park (MP) Address of Proposed Premises to be Leased: **4300 54th Street, Building 600**

Length of Lease Term: **Five years**

Your Standard Industrial Classification (SIC) Code Number: _____

Describe the proposed operations to take place on the property, including principal products manufactured, services and a brief process flow description to be conducted. Existing tenants should describe any proposed changes to ongoing operations.



2. **Use and/or Storage of Hazardous Materials.**

2.1 Will any hazardous materials be used or stored onsite?

Hazardous Wastes Yes No
Hazardous Chemical Products Yes No

2.2 Attach the list of any hazardous materials/wastes to be used, stored, or generated the quantities that will be onsite at any given time, and the location and method of storage (e.g., 55-gallon drums on concrete pad).

2.3 Does your company handle hazardous materials in a quantity equal to or exceeding an aggregate of 500 pounds, 55 gallons, or 200 cubic feet?

Yes No

If yes please provide Material Safety Data Sheets (MSDS) on such materials.

2.4 Has your business filed for a Consolidated Hazardous Materials Permit from the Sacramento County Environmental Management Department?

Yes No

If so, attach a copy of the permit application.

2.5 Are any of the chemicals used in your operations regulated under Proposition 65?

Yes No

If so, describe the actions taken, or proposed to be taken, to comply with Proposition 65 requirements.

2.6 Do you store or use or intend to store or use acutely hazardous materials above threshold quantities requiring you to prepare a risk management plan (RMP)?

Yes No

2.7 Describe the procedures followed to comply with OSHA Hazard Communication Standard requirements.

3. **Storage Tanks and Pumps.**

3.1 Are any above or below ground storage of gasoline, diesel, or other hazardous substances in tanks or pumps being used as a part of your present process or proposed for use on this leased premises?

Yes No

If yes, describe the materials to be stored, and the type, size and construction of the pump or tank. Attach copies of any permits obtained for the storage of such substances.

3.2 If you have an above ground storage tank (AST), do you have a spill prevention containment and countermeasures (SPCC) plan?

3.3

leakage?

Yes No Not Applicable

Have any tanks, pumps or piping at you existing facilities been inspected or tested for

Yes No Not Applicable

If so, attach the results.

3.4 Have any spills or leaks occurred from such tanks, pumps or piping?

Yes No Not Applicable

If so, describe. _____

3.5 Were any regulatory agencies notified of any spills or leaks?

Yes No Not Applicable

If so, attach copies of any spill reports filed, any clearance letters or other correspondence from regulatory agencies relating to the spill or leak.

3.6

Have any underground storage tanks, sumps or piping been taken out of service or removed at the proposed facility or facilities that you operate?

Yes No Not Applicable

If yes, attach copies of any closure permits and clearance obtained from regulatory agencies relating to closure and removal of such tanks.

4. Spills.

4.1 During the past year, have any spills occurred on any site you occupy?

Yes No Not Applicable

If so, please describe the spill and attach the results of any process conducted to determine the extent of such spills.

4.2 Were any agencies notified in connection with such spills?

Yes No Not Applicable

If no, attach copies of any spill reports or other correspondence with regulatory agencies.

4.3 Were any clean-up actions undertaken in connection with the spills?

Yes No Not Applicable

If so, briefly describe the actions taken. Attach copies of any clearance letters obtained from any regulatory agencies involved and the results of any final soil or groundwater sampling done upon completion of the clean-up work.

5. Waste Management.

5.1 Has your business filed a Hazardous Material Plan with the Sacramento County Environmental Management Department?

Yes No

5.2 Has your company been issued an EPA Hazardous Waste Generator I.D. Number?

Yes No

If yes: EPA ID# _____

5.3 Has your company filed a biennial report as a hazardous waste generator?

Yes No

If so, attach a copy of the most recent report filed.

5.4 Are hazardous wastes stores in secondary containments?

Yes No

5.5 Do you utilize subcontractors for lighting/electrical, plumbing, HVAC, pest services, landscaping and/or building maintenance services?

Yes No

If yes, do any of these subcontractors store, mix or utilize chemicals on site?

Yes No

If yes, what types and quantities? _____

Attach the list of the hazardous waste, if any, generated or to be generated at the premises, its hazard class and the quantity generated on a monthly basis.

5.6 Describe the method(s) of disposal for each waste. Indicate where and how often disposal will take place. _____

5.7 Indicate the name of the person(s) responsible for maintaining copies of hazardous waste manifests completed for offsite shipments of hazardous waste. _____

5.8 Is any treatment, processing and recycling of hazardous wastes currently conducted or proposed to be conducted at the premises:
Yes No

If yes, please describe any existing or proposed treatment, processing or recycling methods. _____

5.9 Attach copies of any hazardous waste permits or licenses issued to your company with respect to its operations on the premises.

6. Wastewater Treatment/Discharge.

6.1 Will your proposed operation require the discharge of wastewater to (answer Yes or No to each of the following)?

_____ storm drain _____ sewer
_____ surface water _____ no industrial discharge

6.2 Does your business have a Sewer Use Questionnaire on file with Sacramento Regional County Sanitation District?

Yes No

6.3 Is your wastewater treated before discharge?

Yes No Not Applicable

If yes, describe the type of treatment conducted.

Does your business conduct operations outside the building or store materials outside?
Yes No Not Applicable

6.4 Do you have a Storm Water Pollution Prevention Plan (SWPPP)?

Yes No Not Applicable

6.5 Does your business have a General Permit for storm water discharge associated with industrial activity?

Yes No Not Applicable

6.6 Does your business operate under a National Pollution Discharge Elimination System (NPDES) Permit?

Yes No Not Applicable

6.7 Attach copies of any wastewater discharge permits issued to your company with respect to its operations on the premises.

7. Air Discharges. 1

7.1 Do you have or intend to have any air filtration systems or stacks that discharge into the air?
Yes No

7.2 Do you operate or plan to operate any of the following types of equipment, or any other equipment requiring an air emissions permit (answer Yes or No to each of the following)?

Spray booth	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Dip tank	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Drying oven	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Incinerator	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Other (please describe)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Boiler	Yes <input type="checkbox"/>	No <input type="checkbox"/>

1 NOTE: Businesses will have to comply with prohibitory rules regardless of whether they have or need a permit.

I/C Engine	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Emergency Backup Generator	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Processes that apply coatings, inks, adhesives or use solvents	Yes <input type="checkbox"/>	No <input type="checkbox"/>

7.3 Do you emit or plan to emit any toxic air contaminants?

Yes No

7.4 Are air emissions from your operations monitored?

Yes No

If so, indicate the frequency of monitoring and a description of the monitoring results.

7.5 Attach copies of any air emissions permits pertaining to your operations on the premises.

8. **Enforcement Actions, Complaints.**

8.1 Has your company, within the past five years, ever been subject to any agency enforcement actions, administrative orders, or consent decrees?

Yes No

If so, describe the actions and any continuing compliance obligations imposed as a result of these actions.

8.2 Has your company ever received requests for information, notice or demand letters, or any other inquiries regarding its operations?

Yes No

8.3 Have there ever been, or are there now pending, any lawsuits against the company regarding any environmental or health and safety concerns?

Yes No

8.4 Has any environmental audit ever been conducted at your company's current facility?

Yes No

If so, discuss the results of the audit.

8.5 Have there been any problems or complaints from neighbors at the company's current facility?

Yes No

Please describe:

The undersigned hereby certifies that all of the information contained in this questionnaire is accurate and correct.

**NORTHERN CALIFORNIA REGIONAL PUBLIC
SAFETY TRAINING COLLEGE, a Joint Powers
Authority**

By: _____

Title: _____

Date: _____

EXHIBIT E-1

AIR FORCE NOTIFICATION REQUEST

From time to time various environmental proposals, construction projects, and modifications to existing systems will be undertaken by the Environmental Management group at McClellan AFB. These projects may temporarily create disruption in the operation of your business.

To provide adequate notification and to allow your input on these projects, and/or changes, Environmental Management will notify you in advance of new projects or changes.

Please complete the information request form where you would like information sent.

Notification Request Form

Leased Space:

Building: 600

Bay: N/A

Square Footage: 77,574

Use: Training and Office Space

Lease Start Date: _____ Lease End Date: _____

Business Name: NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE,
a Joint Powers Authority

Contact Name: _____

Address: _____

Email: _____

Telephone: _____



EXHIBIT E-2

**SEWER USE QUESTIONNAIRE
(McClellan Park)**

Sacramento Regional County Sanitation District

As part of its mission to provide environmentally sound and economically responsible sewer service to its customers, the Sacramento Regional County Sanitation District (District) has a program to control the types and amounts of waste discharged to the sewer system. As part of this program the District requires that all businesses complete a Sewer Use Questionnaire. This questionnaire must be completed regardless of whether or not the discharge is connected to the sewer or to a septic system. This will allow us to update our records accurately.

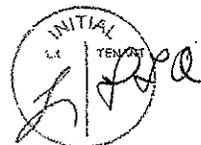
Instructions

Please, print legibly or type.

Complete all information that applies to your business

Optional information items are not required but may allow us to waive follow-up information requests and/or inspections.

1.	Name of Responding Company: NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority	
	Mailing Address:	
	Contact Person:	Telephone:
2.	Proposed/Existing Tenant Company Name: NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority	
	Identify Street Address, Suite Nos. and Building Nos. of the facility(ies) at McClellan Park: 4300 54 th Street, Building 600, McClellan, California 95652	
	Contact Person:	Telephone:



3.

Description of business(es): **Office and Training Purposes**
(list types of products/services/processes)

Identify total square footage of facility (further detail square footage of differing use: e.g., production, warehouse, office space): **77,574**

4. *Optional* - North American Industry Classification System (NAICS) code number:
(formerly SIC code). This entry, either SIC or NAICS, is helpful to us if you have it available.

(If you do not know your NAICS code you may call the Industrial Waste Section at 875-6470 and we can look it up for you.)

5. Number of full-time employees at this location: _____

6. Business hours: _____

7. Excluding rest rooms, lunchroom, and landscape watering, do you use water in any of your business activities? Yes No

8. Describe business activities (processes) which generate wastewater at this location:

9. Excluding sanitary wastewater, approximate amount of process wastewater discharged to the sewer per day: _____

10. List any substances, materials, or chemicals that may be present in your wastewater.

_____	_____
_____	_____
_____	_____

(You may attach additional sheets if necessary.)

11. Do you (or a contractor) discharge or plan to discharge surface cleaning* wastewater to the sewer system at your place of business? Yes No

*Surface cleaning is generally defined as any activity which uses powered cleaning equipment and water to remove any substance from outside surfaces. Surface cleaning includes, but is not limited to, transportation related washing (vehicle and lot washing, etc.), structural cleaning (sidewalks, plazas, service stations, buildings, etc.), food related cleaning (restaurant and grocery alleys, kitchen grease fixtures, lunch wagons, etc.).

12. Do you have any of the following? (Circle one)

Sump Oil/sand/water interceptor Grease Trap Grease Interceptor **None**

I certify that the information furnished herein is true and correct to the best of my knowledge. (Must be signed by operator or manager of the facility.)

Signature: _____ Date: _____

Name (type or print): _____

Title: _____

Make a copy for your records and send completed questionnaire to:

McClellan Park
3140 Peacekeeper Way
McClellan, CA 95652
Attention: Legal Department

EXHIBIT F
ENVIRONMENTAL CERTIFICATE
[ATTACHED]

**SECOND AMENDMENT TO
McCLELLAN PARK STANDARD FORM
NET LEASE AGREEMENT**

This Second Amendment to McClellan Park Standard Form Net Lease Agreement ("**Second Amendment**"), dated for reference purposes as June 20, 2011, is entered into between **MP HOLDINGS, LLC**, a California limited liability company ("**Landlord**") and **NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE**, a Joint Powers Authority ("**Tenant**"). In the event of any inconsistencies between the terms of this Second Amendment and the terms of the Lease (as defined below), the terms and conditions of this Second Amendment shall govern and control.

Recitals

A. Landlord and Tenant have entered into that certain McClellan Park Standard Form Net Lease Agreement, dated October 31, 2005, as amended by that First Amendment, dated April 20, 2006 ("**Lease**"), for the lease of that certain real property ("**Premises**") at McClellan Park, which is more particularly described in the Lease.

B. Landlord and Tenant now desire to amend the Lease in accordance with the terms and conditions of this First Amendment.

NOW, THEREFORE, in consideration of the foregoing Recitals, and the mutual covenants contained herein, the parties agree as follows:

Agreement

1. **Definitions.** Unless otherwise defined herein, all capitalized terms used in this Second Amendment shall have the same meaning as defined in the Lease.

2. **Effective Date.** This Second Amendment shall be effective as of the date upon which the last party hereto executes this Second Amendment ("**Effective Date**").

3. **Section 1.2 of the Lease.** The parties hereby agree that Section 1.2 of the Lease is deleted in its entirety and replaced with the following (for clarification purposes, the existing Exhibits A-2 and A-3 to the Lease are deleted and replaced with Exhibits A-2 and A-3.1 attached to this Second Amendment):

1.2 **Premises.** Landlord, for and in consideration of the rents, covenants, agreements, and stipulations contained herein, to be paid, kept and performed by Tenant, leases and rents to Tenant, and Tenant hereby leases and takes from Landlord upon the terms and conditions contained herein, the "**Premises**" consisting of (i) approximately seventy-seven thousand five hundred seventy four (77,574) rentable square feet of space located within Building 600, 4300 54th Street, McClellan, California 95652 (which measurement is binding and conclusive upon the parties hereto), and (ii) the remaining land area located within Parcel 136 ("**Building 600 Land**"). The Premises is described in Exhibit A-2, and the building ("**Building**") in which the Premises is located is described in Exhibit A-3.1 attached hereto, and the Building 600 Land is described in Exhibit A-3.2.

4. **Section 1.4 of the Lease.** The parties hereby agree that Section 1.4 of the Lease (as amended by Section 4 of the First Amendment) is deleted in its entirety and replaced with the following (for clarification purposes, the existing Exhibits A-4 to the Lease (as amended by Section 4 of the First Amendment) is deleted and replaced with Exhibits A-4 attached to this Second Amendment):

1.4 Adjacent Land. That certain real property (“**Adjacent Land**”), more particularly described on Exhibit A-4 attached hereto. The Adjacent Land is not within the definition of “**Premises**” hereunder and Tenant is only granted a license to use the Adjacent Land in accordance with and subject to the provisions of this Lease. Tenant’s rights and obligations concerning the Premises as contained in this Lease shall be applicable to the Adjacent Land and Landlord shall not interfere with Tenant’s use of the Adjacent Land except as otherwise provided in this Lease. The Adjacent Land may only be utilized for the parking of automobiles and vehicles related to the Permitted Use and the storage of any materials shall be subject to Landlord’s fencing and screening requirements as such exist from time to time.

5. Section 2.1 of the Lease. The parties hereby agree that the Term, as defined in Section 2.1 of this Lease, is extended for a period of five (5) years, commencing on November 21, 2011 (“**Extension Commencement Date**”) and terminating on November 20, 2016 (such period is referred to as the “**Extension Period**”), unless otherwise terminated or extended in accordance with the Lease as modified by this Second Amendment.

6. Base Rent. The Base Rent payable for the Premises in accordance with Section 3.1 of the Lease during the Extension Period is as follows:

a. For the first 3 months following the Extension Commencement Date, Tenant shall be entitled to Base Rent free possession of the Premises Date (“**Free Base Rent Period**”). Tenant shall pay Additional Rent and Utilities/Services during the Free Base Rent Period.

b. \$69,816.60 per month (\$0.90 per rentable square foot per month) for months 4 through 12 following the Extension Commencement Date.

c. \$71,368.08 per month (\$0.92 per rentable square foot per month) for months 13 through 24 following the Extension Commencement Date.

d. \$73,695.30 per month (\$0.95 per rentable square foot per month) for months 25 through 36 following the Extension Commencement Date.

e. \$75,246.78 per month (\$0.97 per rentable square foot per month) for months 37 through 48 following the Extension Commencement Date.

f. \$76,798.26 per month (\$0.99 per rentable square foot per month) for months 49 through 60 following the Extension Commencement Date.

7. Section 2.3 of the Lease. The parties hereby agree that Section 2.3 of the Lease is deleted in its entirety and replaced with the following:

2.3 Option to Extend. Tenant shall have the right to extend the Term of this Lease for up to six (6) additional terms of five (5) years each (each, an “**Extension Term**”) by giving Landlord written notice of its intention to do so at least nine (9) months prior to the expiration of the Term (as extended); provided, however, that Tenant is not in material default beyond any applicable cure period under the Lease on the date of giving such notice or on the date of commencement of such extended term. Each Extension Term shall be upon all of the terms and conditions of this Lease, except that the following rights of Tenant during the Extension Term shall not apply: (a) any right to rent-free possession, and (b) any right to further extension of the term of the Lease beyond the extended terms set forth hereinabove. Base Rent during the Extension Terms shall be as follows:

(i) for the first 12 months of the first Extension Term, \$79,125.48 per month (\$1.02 per rentable square foot per month).

(ii) Commencing on the first day of the thirteenth (13th) month following the commencement of the first Extension Term, and on each annual anniversary thereafter

(including each year of each Extension Term if applicable), Base Rent shall be increased by the amount of three percent (3.00%) of the Base Rent then in effect immediately prior to such adjustment date.

8. Section 5 of the Lease. The parties hereby agree that Section 5 of the Lease is here by deleted in its entirety and replaced with the following:

5. Additional Rent Definitions.

A. **"Additional Rent"** shall mean (i) Tenant's Property Share of the Property Expenses, plus (ii) Tenant's Building Share of Building Expenses.

B. **"Building Expenses"** shall mean and include (i) Building Common Expenses, (ii) Building Insurance Expenses, and (iii) Building Taxes.

C. **"Common Expenses"** shall mean the aggregate amount of the total costs and expenses paid or incurred by Landlord in any way connected with or related to the operation, repair, replacement, refurbishment, providing utilities to, and maintenance of the Common Areas, the Building and the Property (Landlord and Tenant agree that a management fee of 3.00% of Base Rent payable under this Lease shall be billed directly to Tenant and that Additional Rent shall not include any other management or administrative fees chargeable by Landlord at McClellan; provided such limitation shall not exclude association management and/or assessment charges billed to all owners and tenants under the master conditions, covenants and declarations encumbering the Property). The computation of Common Expenses shall be made in accordance with generally accepted accounting principles. Landlord, from time to time, shall have the right, for the purpose of calculating Common Expenses to increase/decrease the Common Areas and Property to include/exclude certain designated areas within McClellan. Notwithstanding the definition of Common Expenses, in no event shall the costs described on Exhibit 1 attached hereto be included within the definition of **"Common Expense"** and Tenant shall have no other obligation whatsoever to pay, perform or incur such costs. Common Expenses shall be divided into those expenses attributable to the Building (**"Building Common Expenses"**) and those expenses attributable to the Common Area and the Property (**"Property Common Expenses"**) by Landlord, as reasonable determined by Landlord.

D. **"Computation Year"** shall mean each twelve (12) consecutive month period commencing January 1 of each year during the Term, provided that Landlord, upon notice to Tenant, may change the Computation Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, Additional Rent shall be equitably adjusted for the Computation Years involved in any such change.

E. **"Insurance Expenses"** shall mean the aggregate amount of the cost of fire, extended coverage, boiler, sprinkler, public liability, property damage, rent, earthquake, terrorism, and other insurance obtained by Landlord in connection with the Property, including insurance required pursuant to Section 14.1 hereof, and the deductible portion of any insured loss otherwise covered by such insurance. Insurance Expenses shall be divided into those expenses attributable to the Building (**"Building Insurance Expenses"**) and those expenses attributable to the Common Area and the Property (**"Property Insurance Expenses"**) by Landlord, as reasonable determined by Landlord.

F. **"Property Expenses"** shall mean and include (i) Property Common Expenses, (ii) Property Insurance Expenses, and (iii) Property Taxes. Property Expenses shall be adjusted to reflect ninety-five percent (95.00%) occupancy of the Property during any period in which the Property is not at least ninety-five percent (95.00%) occupied.

G. **"Rentable Area of the Premises"** shall mean the rentable square footage of the Premises, which the parties agree is 77,574.

H. **"Rentable Area of the Building"** shall mean rentable square footage of the Building, which the parties agree is 77,574.

I. **"Rentable Area of the Property"** shall mean 7,800,000 rentable square feet, which measurement is binding and conclusive upon the parties. Notwithstanding the foregoing, Landlord, from time to time, shall have the right to (i) increase/decrease the number of rentable square footage of the Property utilized in arriving at the square footage calculation set forth in this Section based upon adjustments to available leaseable space within the Property, or (ii) segregate Property into separate districts based upon building type (the square footage of each district would thereafter be the denominator in such calculation), following which Tenant's Property Share shall be proportionately recalculated. Notwithstanding the foregoing, in no event shall the aggregate of the Rentable Area of the Property be less than 7,500,000 rentable square feet.

J. **"Taxes"** shall mean all taxes, assessments and charges levied upon or with respect to the Property or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Property or such personal property. Taxes shall include, without limitation, all general real property taxes and general and special assessments, occupancy taxes, commercial rental taxes, charges, fees or assessments for transit, housing, police, fire or other governmental services or purported benefits to the Property, service payments in lieu of taxes, and any tax, fee or excise on the act of entering into any lease for space in the Property, or on the use or occupancy of the Property or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Property that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California, or any political subdivision, public corporation, district or other political or public entity, whether due to increased rate and/or valuation, additional improvements, change of ownership, or any other events or circumstances, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for or as an addition to, as a whole or in part, any other Taxes whether or not now customary or in the contemplation of the parties on the date of this Lease. Any assessments imposed under any covenants, conditions and/or restrictions encumbering, presently or in the future, the Property shall be within such definition of Taxes. Taxes shall not include franchise, transfer, inheritance or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for or as an addition to, as a whole or in part, any other tax that would otherwise constitute a Tax. Taxes shall also include reasonable legal fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Taxes. If any Taxes are specially assessed by reason of the occupancy or activities of one or more tenants and not the occupancy or activities of the tenants as a whole, such Taxes shall be allocated by Landlord to the tenant or tenants whose occupancy or activities brought about such assessment. Taxes shall include and assessments implemented by any infrastructure financing plan for McClellan that may be adopted by the Board of Supervisors of Sacramento County, including, but not limited to, Sacramento County Ordinance No. SZC 97-0027, for the purposes of constructing, upgrading, operating or maintaining public infrastructure, which may include, but not be limited to, roadways, water supply, sanitary sewers, drainage, fire protection, landscape and lighting, and transit facilities. Taxes shall be divided into those expenses attributable to the Building ("**Building Taxes**") and those expenses attributable to the Common Area and the Property but excluding the Building ("**Property Taxes**") by Landlord, as reasonable determined by Landlord.

K. **"Tenant's Building Share"** is determined by dividing the Rentable Area of the Premises by the Rentable Area of the Building.

L. **"Tenant's Property Share"** is determined by dividing the Rentable Area of the Premises by the Rentable Area of the Property.

5.2 **Payments.** In addition to Base Rent, and beginning on the Commencement Date, Tenant shall pay to Landlord, monthly, in advance, one-twelfth (1/12) of the Additional Rent due for each Computation Year, in an amount estimated by Landlord and billed by Landlord to Tenant ("**Estimated Expenses**"). Landlord shall have the right to reasonably revise such estimates from time to time and to adjust Tenant's monthly payments accordingly. If either the Commencement Date or the expiration of the Lease Term shall occur on a date other than the first or last day of a Computation Year respectively, the Additional Rent for such Computation Year shall be in the proportion that the number of days the Lease was in effect during such Computation Year bears to the number of days in such

Computation Year. Within 120 days after the expiration of each Computation Year, Landlord shall furnish Tenant with a statement of the actual expenses ("**Actual Expenses Statement**"), setting forth in reasonable detail the Building Expense, Property Expense and the Additional Rent for such Computation Year. If the actual Building Expense and Property Expenses for such Computation Year exceed the estimated Additional Rent paid by Tenant for such Computation Year, Tenant shall pay to Landlord the difference between the Additional Rent actually paid by Tenant and Additional Rent payable based upon the Actual Expense Statement within thirty (30) days after the receipt of the Actual Expense Statement. If the total amount paid by Tenant for any such Computation Year shall exceed the Tenant's Share of the actual Property Expenses for such Computation Year, such excess shall be credited against the next installments of Additional Rent due from Tenant to Landlord hereunder. If the total amount paid by Tenant for the last Computation Year of the Term exceeds Additional Rent payable based upon the Actual Expense Statement for the last Computation Year of the Term, Landlord shall reimburse Tenant for the excess concurrently with delivery of the Actual Expenses Statement. Neither Landlord's failure to deliver, nor late delivery of, the Estimated Expenses or Actual Expenses Statement shall constitute a default by Landlord hereunder or a waiver of Landlord's right to collect any payment provided for herein.

5.3 Allocated Expenses. Notwithstanding the calculation of Additional Rent, Landlord may specifically allocate certain Building Expenses and/or Property Expenses to specific tenants, including Tenant (which expense remains subject to the limitations set forth in Section 5.5 below), based upon the nexus of such specific expense or service incurred to such tenant's building(s) and/or operations(s), as reasonably determined by Landlord. Allocated Building Expenses and/or Property Expenses shall be paid in full by the designated tenant utilizing the monthly payment process set forth in this Article 5. If any tenant is assessed an allocated Building Expenses and/or Property Expense, such expense shall not be included in the calculation of Building Expense or Property Expenses, as applicable (in no event shall Landlord recover more than one hundred percent (100.00%) of Building Expenses and Property Expenses incurred), except in connection with determining the application of the Common Expense Cap.

5.4 Disputes. If there is any dispute as to any Additional Rent due under this Section 5, for a period of twelve (12) months following Tenant's receipt of the Actual Expense Statement (or any subsequent revision thereof), Tenant shall have the right, after reasonable written notice to Landlord and at reasonable times, to inspect and audit Landlord's books and records used in the computation of Tenant's Additional Rent as they are set forth in the subject Actual Expense Statement at Landlord's accounting office for the calendar year in question. Tenant's failure to request such audit or otherwise object to the Actual Expense Statement within the twelve (12) month period set forth herein shall be deemed Tenant's approval of the Actual Expense Statement. If after such audit, Tenant still disputes such Additional Rent, upon Tenant's written request therefore, an audit and investigation, at Tenant's cost, as to the proper amount of Additional Rent and the amount due to or payable by Tenant shall be made by an independent accounting firm or certified public accountant selected by Tenant and employed by Tenant on an hourly or fixed fee basis, and not on a contingency fee basis, which shall have access to Landlord's books and records. Such audit shall be final and conclusive as to all parties. Tenant agrees to pay all costs and expenses incurred by Tenant in connection with such audit process, unless such process reveals that Landlord's Actual Expense Statement overstated Additional Rent by more than five percent (5.00%), in which case Landlord shall pay the cost of such audit. Notwithstanding the foregoing, in no event shall Tenant be entitled to withhold payment of Additional Rent during the audit process, and Tenant shall remain obligated to pay all Additional Rent due as otherwise set forth in this Lease. In the event Tenant shall prevail in the audit process, Landlord, at its election, shall either promptly refund any excess Additional Rent payments to Tenant or shall apply such excess as a credit against future Additional Rent due from Tenant. If Tenant prevails in the audit process as to the last year of the Term, Landlord shall refund any excess Additional Rent payments to Tenant within thirty (30) days following receipt of the audit.

5.5 Limitation on Common Expense. Notwithstanding any other provision of this Section 5 to the contrary, the parties hereby agree that for the purpose of determining Tenant's Additional Rent in accordance with Section 5 of the Lease (i) for calendar year 2012, Common Expenses shall not exceed \$0.13 per rentable square foot of the Premises per month ("**Common Expense Cap**") (such limitation shall not apply to Insurance Expenses or Taxes which shall be based upon actual

expenses), and (ii) each calendar year thereafter, Common Expenses shall not exceed the Common Expense Cap increased annually by 3.00% per annum (with the first such annual adjustment occurring on January 1, 2013) (such limitation shall not apply to Insurance Expenses or Taxes which shall be based upon actual expenses).

5.6 Avoidance of Taxes. Notwithstanding any other provision of this Section 5 to the contrary, if, due to Tenant's status as a joint powers authority and the length of Term (as may be extended), Tenant is exempt from paying any Building Taxes and/or Property Taxes but never the less Landlord is assessed such Building Taxes and/or Property Taxes applicable to and due to its interest in the Premises, such Building Taxes and/or Property Taxes be included in Property Expenses for the purpose of determining Tenant's Additional Rent. Alternatively, if, due to Tenant's status as a joint powers authority and the length of Term (as may be extended), Landlord is exempt from paying any Building Taxes and/or Property Taxes applicable to and due to its interest in the Premises, to the extent of such exemption and for the term of such exemption, such Building Taxes and/or Property Taxes shall be excluded from Property Expenses and Building Expense, as applicable, for the purpose of determining Tenant's Additional Rent; provided, however, in no event shall such exemption apply to exclude payments required by any form of Mello Roos infrastructure financing assessments applicable to the Building.

9. Accounts Receivable. The parties acknowledge and agree that Landlord, as a result of certain delays in Tenant's payment of Additional Rent, has assessed late charges under the Lease in the amount of \$102,000.00 ("**Existing Late Charges**") which Tenant disputes, and in conjunction with Tenant's funding of Additional Rent owing for 2010, Tenant over-funded Additional Rent by the amount of \$17,991.72 ("**Over-Funded 2010 Additional Rent**"). On the Effective Date, in consideration of the parties' entering into of this Second Amendment, the parties acknowledge and agree that the Base Rent totals set forth in Section 4 hereof have been adjusted to account for the following: (i) Landlord's waiver of the Existing Late Charge in total, and (ii) Landlord's crediting of the Over-Funded 2010 Additional Rent against Base Rent during the second, fourth and fifth year of the Extension Term. Tenant hereby unconditionally releases and waives any further questions, objections or related inquiries concerning Additional Rent payable under the Lease for 2010 and prior time periods. Landlord hereby unconditionally releases Tenant from any obligation to pay the Existing Late Charges.

10. Tenant Repair Clarification. For clarification purposes, Tenant's obligation under Section 11 of the Lease include (i) Premises roof repair, upkeep and maintenance, (ii) Premises HVAC repair, upkeep and maintenance, and (iii) Tenant specified and/or installed special equipment, improvements and related alterations repair, upkeep and maintenance.

11. Section 6 of the Lease. The parties acknowledge and agree that Section 6 of the Lease is null and void.

12. Ratification. Except as modified by this Second Amendment, the Lease is ratified, affirmed, remains in full force and effect, and is incorporated herein by this reference.

13. Authority. The undersigned hereby represent and warrant, each to the other, that (i) they have the legal right, power and authority to enter into this Second Amendment on behalf of the party for whom they are a signatory, (ii) the execution, delivery and performance of this Second Amendment has been duly authorized, and (iii) no other action is requisite to the valid and binding execution, delivery and performance of the Lease as modified by this Second Amendment. Tenant further represents and warrants to Landlord that, as of the Effective Date, (a) all requisite commitments (as determined by Tenant in its' sole discretion) from its subtenants and permitted occupants of the Premises have been obtained, and (b) all requisite funding commitments and related approvals (as determined by Tenant in its' sole discretion) from the City of Sacramento and the County of Sacramento have been obtained.

14. Counterparts. This Second Amendment may be executed in multiple counterparts, each of which counterpart shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

15. Obligation to Act Reasonably. Whenever the Lease grants Landlord the right to take an action, exercise discretion or judgment, establish and/or enforce rules and regulations or make allocations, alterations,

changes or other determination, Landlord shall act in good faith in a commercially reasonable, fair, equitable and non-discriminatory manner.

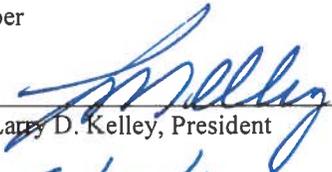
IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date set forth above.

LANDLORD:

MP HOLDINGS, LLC, a California limited liability company

By: McClellan Business Park LLC, a Delaware limited liability company

Its: Member

By: 
Larry D. Kelley, President

Date: 6/20/11

TENANT:

NORTHERN CALIFORNIA REGIONAL PUBLIC SAFETY TRAINING COLLEGE, a Joint Powers Authority

By: _____

Title: _____

Date: _____

EXHIBITS

- Exhibit A-2 - Premises
- Exhibit A-3.1 - Building
- Exhibit A-3.2 - Building 600 Land
- Exhibit A-4 - Adjacent Land
- Exhibit 1 - Limitation on Common Expenses

EXHIBIT A-2

PREMISES

EXHIBIT A-2
PREMISES

NORTHERN CALIFORNIA REGIONAL PUBLIC
SAFETY TRAINING COLLEGE
BUILDING 600
4300 54TH STREET, MCCLELLAN

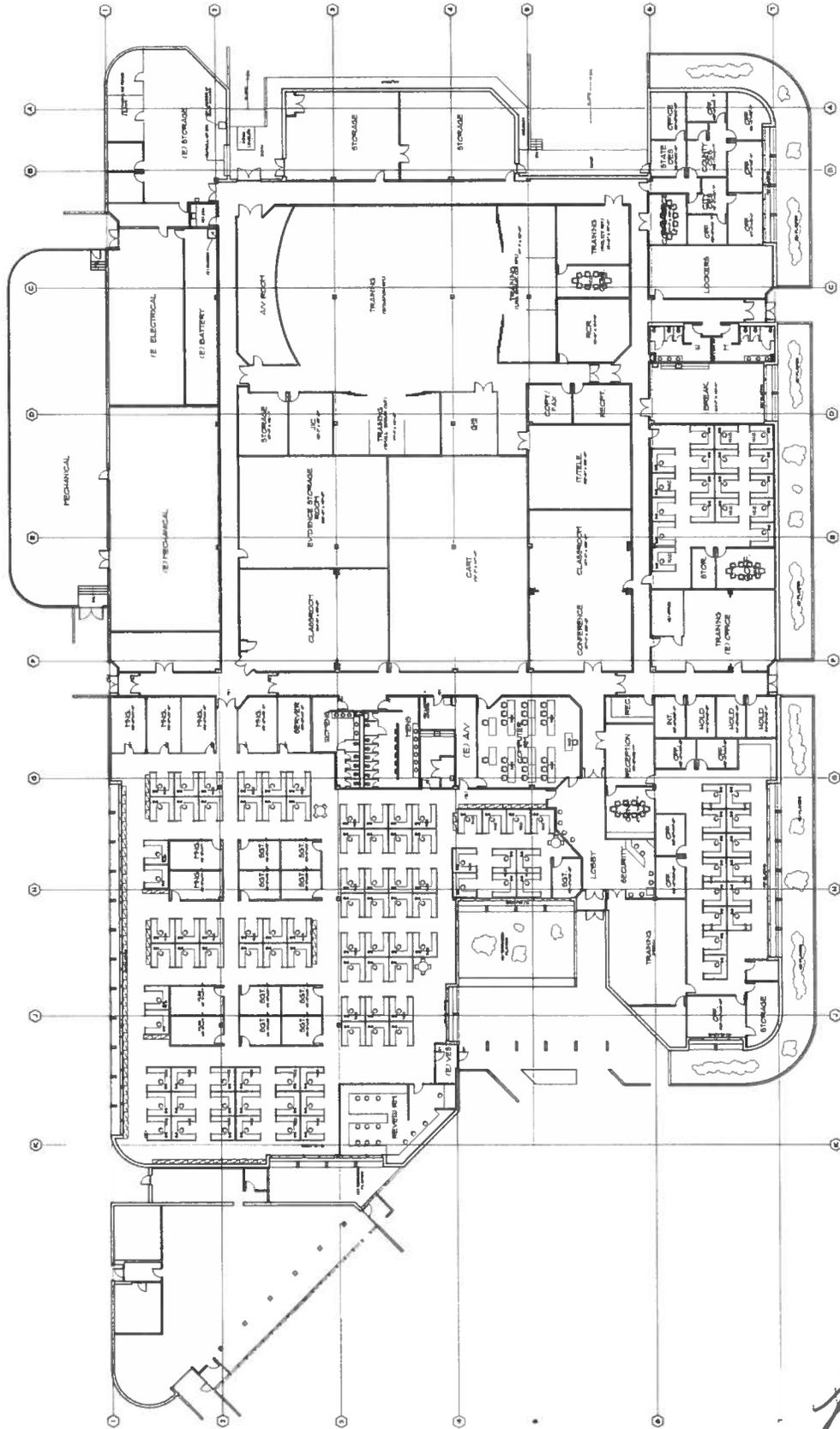


EXHIBIT A-3.1

BUILDING

EXHIBIT A-3.1
BUILDING

NORTHERN CALIFORNIA REGIONAL PUBLIC
SAFETY TRAINING COLLEGE
BUILDING 600
4300 54TH STREET, MCCLELLAN



EXHIBIT A-3.2

BUILDING 600 LAND

EXHIBIT A-3.2
BUILDING 600 LAND

NORTHERN CALIFORNIA REGIONAL PUBLIC
SAFETY TRAINING COLLEGE
BUILDING 600
4300 54TH STREET, MCCLELLAN

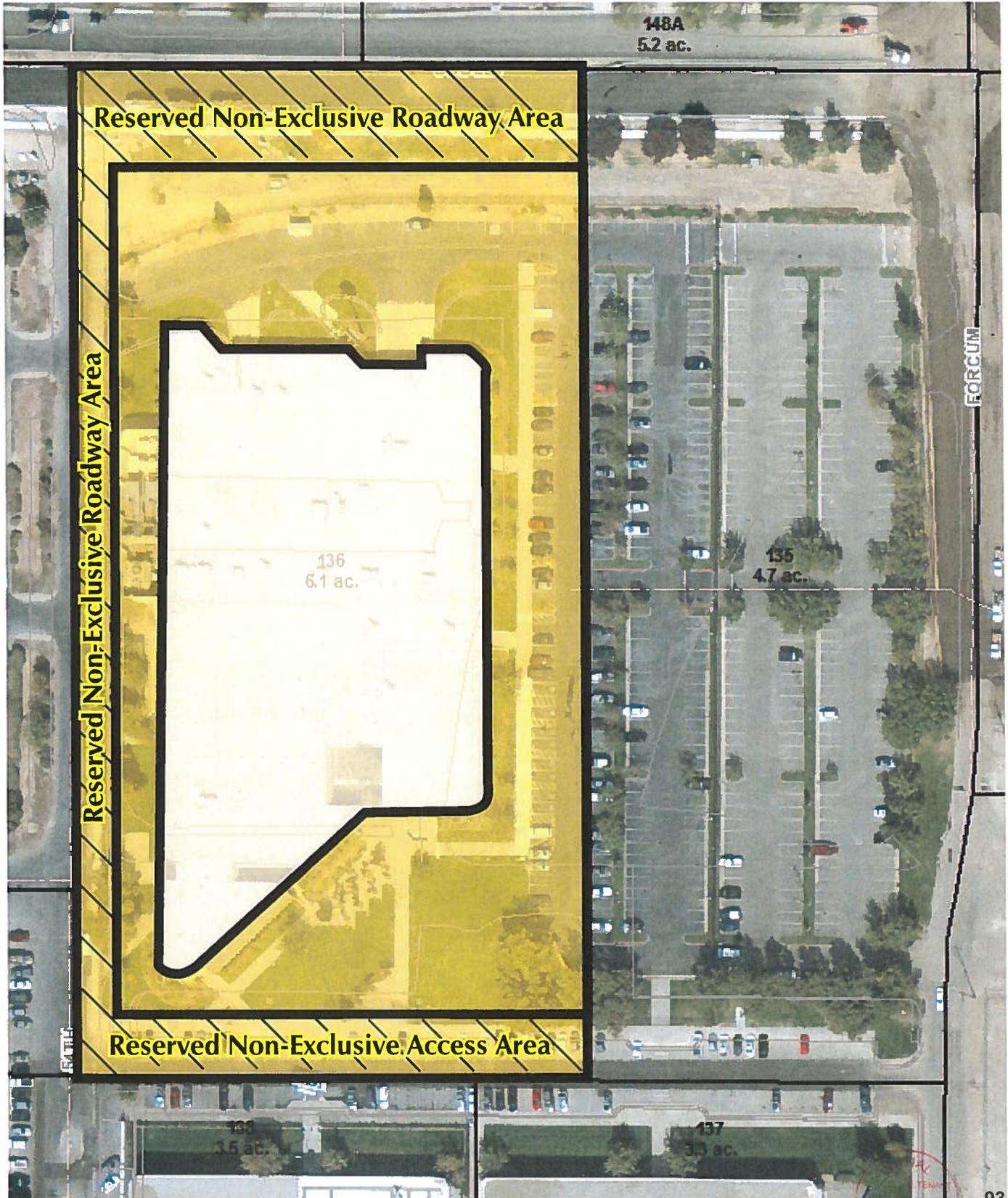


EXHIBIT A-4
ADJACENT LAND

EXHIBIT A-4
ADJACENT LAND

NORTHERN CALIFORNIA REGIONAL PUBLIC
SAFETY TRAINING COLLEGE
BUILDING 600
4300 54TH STREET, MCCLELLAN



EXHIBIT 1

LIMITATIONS ON COMMON EXPENSES

Notwithstanding anything to the contrary in the definition of "Common Expenses" as set forth in Section 6 of this Second Amendment (which modifies Section 5 of the Lease), Common Expenses shall be defined so as to exclude the following:

1. Any ground or underlying lease rental or associated cost;
2. Any management expense, or other charges attributable to on-site management fees or fees for Landlord's administration and overhead, including charges for wages, salaries and other compensation and benefits of Landlord and Landlord's employees engaged in the operation and management of the Property (such exclusion shall not affect Tenant's payment of the management fee in accordance with Section 6 of this Second Amendment);
3. Any financing or equipment leasing costs or bad debt expenses and interest, including without limitation, principal, points and fees on debts, bad debt expenses or amortization on any mortgage or other debt instrument encumbering the Building or the Property or obtained by Landlord in connection with the Property;
4. Costs of a capital nature, including, without limitation, capital repairs, capital improvement, capital equipment and capital tools, all as determined in accordance with generally accepted accounting principles ("GAAP"), consistently applied (including any such costs relating to any governmentally required improvements, alterations or repairs performed by Landlord or its employees, contractors, agents or licensees); except for the amortized portion of such capital expenditures for the Premises or Building which are either required by any Law not applicable to the Premises or Building on the Commencement Date, replacements of worn out equipment, or which reduce other Common Expenses by any annual amount exceeding the amortized cost of such capital item, in each case amortized over the useful life, as determined by GAAP, of such capital expenditures, which shall be included within the definition of Common Expenses;
5. Costs incurred by Landlord for repair of damage to the Building or the Property to the extent that Landlord is reimbursed or reasonably likely to be reimbursed by insurance proceeds or other recovery from third parties;
6. Marketing and leasing costs, including leasing commissions, attorneys' fees (in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments), space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building or the Property;
7. Cost for any renovation, improvement, painting or redecorating of any portion of the Building or the Property not made available for Tenant's exclusive or non-exclusive use, including without limitation, costs, including permit, license and inspection costs, incurred with respect to the installation of tenants' or other occupants' improvements made for tenants or other occupants in the Building, Property or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building or the Property;
8. Costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims litigation or arbitrations pertaining to Landlord and/or the Building and/or the Property;
9. Utilities/Service provided to any occupant of the Property or any space of the Property reserved for tenants; provided, however, that the foregoing shall not limit or expand the Tenant's obligations under Section 9.1 of this Lease;
10. Expenses directly resulting from the negligence, willful misconduct, or violation of any lease, law, rule, regulation, code, covenant, condition, or restriction of the Landlord, any other occupant of the Property, or their respective contractors, agents, servants, contractor or employees;
11. The expense of extraordinary services provided to other tenants in the Building or the Property and services not made available to Tenant as part of this Lease;



12. Costs associated with the formation, administration, or operation of the business of the partnership or entity which constitutes Landlord as the same are distinguished from the costs of operation of the Property or the Building, including partnership accounting and legal matters, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs of any disputes between Landlord and its employees (if any) not engaged in Building operation, disputes of Landlord with Building Management, or outside fees paid in connection with disputes with other tenants;

13. Fines, penalties, and interest;

14. Amounts paid to Landlord or its affiliates for services or materials in excess of the amounts that would reasonably be charged for such services or materials by non-affiliated third-parties.

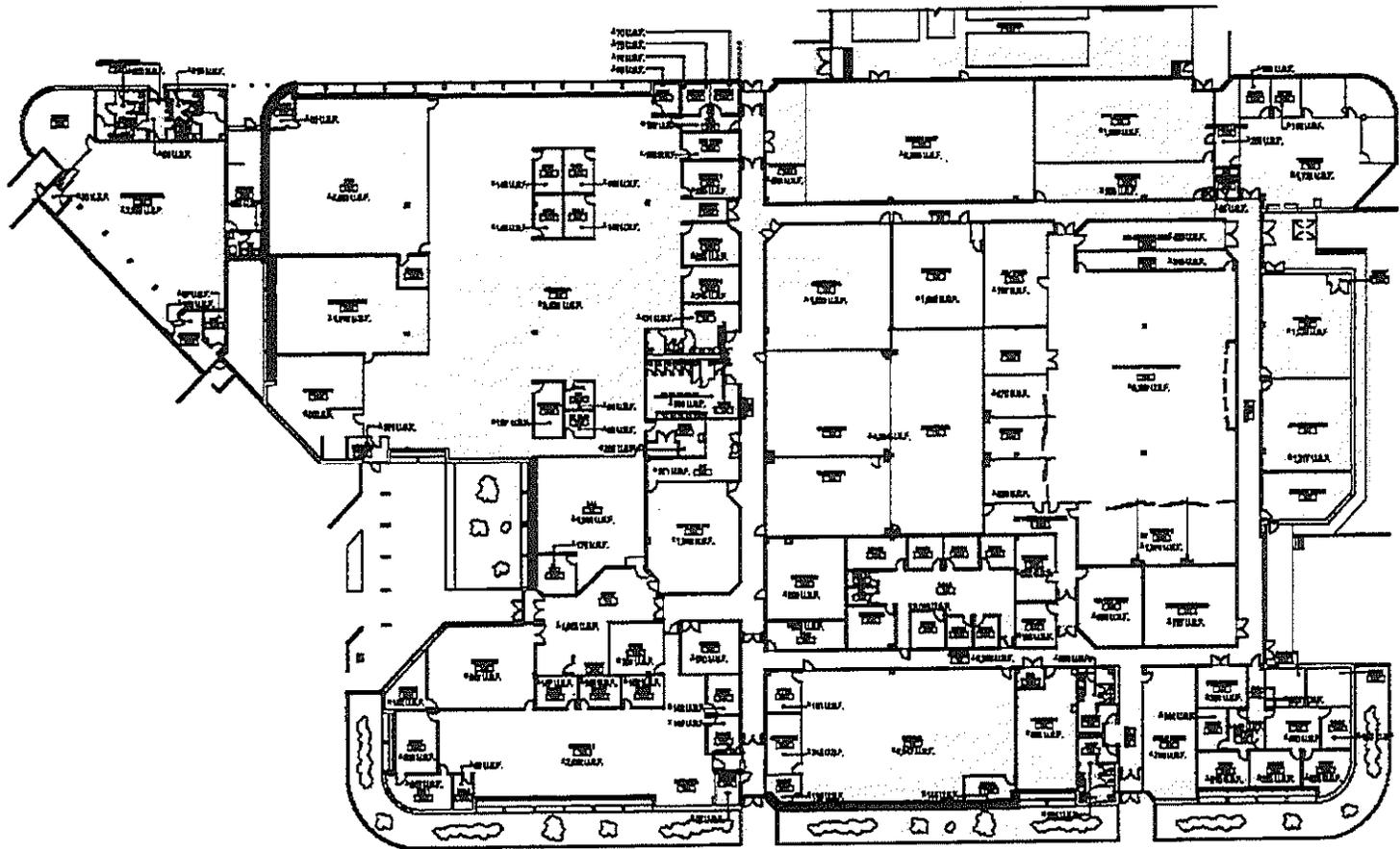
15. Costs not reimbursable as additional rent by a majority of the other occupants of the Building;

16. Advertising and promotional costs and costs for sculpture, paintings, fountains or other objects of art; and

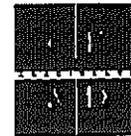
17. Common Expenses shall be reduced by all cash discounts, trade discounts, or quantity discounts received by Landlord or Landlord's managing agent in the purchase of any goods, utilities, or services in connection with the operation of the Building or the Property.

18. Any bad debt loss, rent loss, reserves for bad debt or rent loss, expenses or reserves for roof maintenance, repair or replacement, or reserves for capital improvements.

ATTACHMENT A – FLOOR PLAN



NOTE: ALL SQUARE FOOTAGES ARE
BASED ON ARCHITECTURAL
GRAPHICAL ANALYSIS



**CALPO, HOM & DONG
ARCHITECTS**

2125 28TH STREET, SUITE ONE
SACRAMENTO, CALIFORNIA 95818
TEL: 916/440-7760 FAX 916/666-0627

JOB: BLDG 600: HONOLAND SECURITY
JOB NO.: 042555.00
DATE: 11/4/2008

FLOOR PLAN

SCALE : NOT TO SCALE



RENT EXHIBIT

FEMA/Department of Homeland Security Grant

Lease Details:		
UASI office space monthly amount	\$	7,255.52
Joint Training Emergency monthly amount	\$	44,914.36
	\$	52,169.88

November 21 to November 30, 2011 (pro rate 10 days \$1,739/day)	\$ 17,390.00
December 1, 2011 to June 30, 2012 (7 months @ 52,169.88)	\$ 365,189.16
July 1, 2012 to April 30, 2013 (10 months [includes 3% increase - \$53,734.98/month])	\$ 537,349.80
TOTAL LEASE AMOUNT: November 21, 2011 to April 30, 2013	\$ 919,928.96