

June 17, 2019

Delta Conveyance Design and Construction Authority
Board of Directors

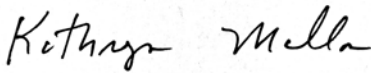
Subject: ***Materials for the June 20, 2019, Regular Board Meeting***

Members of the Board:

The next regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors is scheduled for **Thursday, June 20, 2019 at 1:30 p.m.** at the **Tsakopoulos Library Galleria, 828 I Street, East Room (1st floor), in Sacramento.**

Enclosed are the materials for the Thursday, June 20, 2019, Board meeting in a PDF file, which has been bookmarked for your convenience.

Regards,



Kathryn Mallon
DCA Executive Director

**DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY
BOARD OF DIRECTORS MEETING**

REGULAR MEETING

Thursday, June 20, 2019
1:30 p.m.

SACRAMENTO PUBLIC LIBRARY, TSAKOPOULOS LIBRARY GALLERIA
828 I Street, Sacramento, CA 95814

AGENDA

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested person must request the accommodation at least two working days in advance of the meeting by contacting the Design and Construction Authority support staff at (916) 347-0486 or info@dcdca.org.

1. CALL TO ORDER

2. ROLL CALL

3. CLOSED SESSION – OPEN SESSION TO FOLLOW AT APPROXIMATELY 2:00 P.M.

- (a) Conference with Real Property Negotiator pursuant to Gov't Code section 54956.8:
Property: 980 9th Street, Sacramento, Ca
Agency Negotiator: K. Mallon
Negotiating Party: GV/HI Park Tower Owner, LLC
Under Negotiation: Lease Price and Terms

4. OPEN SESSION AND PLEDGE OF ALLEGIANCE, APPROXIMATELY 2:00 P.M.

5. REPORT OUT OF CLOSED SESSION

6. PUBLIC COMMENT

Members of the public may address the Authority on matters that are within the Authority's jurisdiction. Speakers are limited to three minutes each. Persons wishing to speak are requested to complete speaker cards.

7. APPROVAL OF MINUTES: April 18, 2019 Regular Board Meeting and May 18, 2019 Regular Board Meeting

8. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Board of Directors and will be enacted by one motion and one vote. There will be no separate discussion of these items unless a director so requests, in which event the item will be removed from the Consent Calendar and considered separately.

- a. None

9. DISCUSSION ITEMS

- a. Consider Passing Resolution to Authorize the President to Execute an Amendment to the Joint Exercise of Powers Agreement for Planning and Environmental Services in Support of the Environmental Analysis for a Potential Delta Conveyance Project, and to Determine such Actions are Exempt from the California Environmental Quality Act
- b. Consider Passing Resolution to Revise the Scope of Services for Jacobs Engineering Group, Inc. and Authorize the Executive Director to Negotiate and Execute an Amendment to Consultant Services Agreement to Provide Engineering Design Management Services
- c. Consider Approving Budget Amendment #2 for FY 2018/19
- d. Consider Adopting the FY2019/20 Proposed Budget
- e. Consider Passing Resolution to Authorize the Executive Director to Negotiate and Execute a Lease for office space at 980 9th Street in Sacramento, Ca
- f. Consider Passing Resolution to Amend the Bylaws regarding Meeting Times and Staffing Flexibility

10. STAFF REPORTS AND ANNOUNCEMENTS

- a. Executive Director's Report
- b. General Counsel's Report
- c. Treasurer's Report
- d. Verbal Reports, if any

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

* * * * *

***Next scheduled meeting: July 20, 2019 Regular Board Meeting at 1:30 p.m. (2 p.m. open session)
in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814***

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING
Thursday, April 18, 2019
1:30PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814, at 1:30 p.m.

2. ROLL CALL

Board members in attendance were Tony Estremera, Richard Atwater, Stephen Arakawa (alternate for Steve Blois), and Doug Headrick (alternate for Sarah Palmer) constituting a quorum of the Board.

Staff members in attendance were Kathryn Mallon, Joshua Nelson, and June Skillman.

3. CLOSED SESSION

4. PLEDGE OF ALLEGIANCE

President Estremera convened the open session at approximately 2:00 p.m. and led all present in reciting the Pledge of Allegiance.

5. REPORT OUT OF CLOSED SESSION

- a. Conference with Legal Counsel - Significant exposure to litigation pursuant to Gov't Code section 54956.9(d)(2):
 - i. Food and Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California, Case No. BC720692.

Mr. Nelson reported that there were no reportable actions taken in Closed Session.

- b. Conference with Real Property Negotiator pursuant to Gov't Code section 54956.8:
 - Property: 400 R Street, Sacramento, CA
 - Agency Negotiator: K. Mallon
 - Negotiating Party: CBRE
 - Under Negotiation: Lease Price and Terms

Mr. Nelson reported that there were no reportable actions taken in Closed Session.

6. PUBLIC COMMENT

President Estremera opened Public Comment, limiting speaking time to three minutes each.

There were no verbal or written comments from the public.

President Estremera closed Public Comment.

7. APPROVAL OF MINUTES: January 17, 2019 Regular Board Meeting and January 31, 2019 Adjourned Board Meeting

Recommendation: January 17, 2019 Regular Board Meeting and January 31, 2019 Adjourned Board Meeting

Move to Approve Minutes from both meetings: Atwater

Second: Arakawa

Yeas: Estremera, Atwater, Arakawa and Headrick

Nays: None

Abstains: None

Recusals: None

Absent: None

Summary: 4 Yeas; 0 Nays; 0 Abstention; 0 Absent. (Motion passed as MO 19-04-01)

8. CONSENT CALENDAR

There were no items on this month's consent calendar.

9. DISCUSSION ITEMS:

a. Consider Passing Resolution Authorizing Award of Professional Services Contract to Parsons Transportation Group, Inc.

Recommendation: Adopt the attached resolution authorizing the Executive Director to negotiate and execute a five-year contract, in a not-to-exceed amount of \$40,000,000 dollars [\$36,000,000 dollars plus a contingency of \$4,000,000 dollars] with Parsons Transportation Group Inc., for Program Management Support Services, with spending to be managed via the issuance of Task Orders consistent with board-adopted budgets.

Ms. Kathryn Mallon, Executive Director, presented a summary of the staff recommendation to award the contract for the Program Management Support Services to Parsons Transportation Group, Inc:

- 5-year term
- NTE: \$40 million dollars (\$36 million plus \$4 million contingency), with spending to managed via the issuance of Task Orders consistent with board-adopted budgets.

This contract is for the PMMS to assist the DCA on the following during Phase 2:

- Project Management Information System Configuration and Implementation
- Policies and Procedures Development
- Cost and Schedule Controls (Including Invoice Management)
- Program Reporting

- Document Management
- General Program Administration
- Risk Management
- Value Engineering

Mr. Headrick requested clarification on the 5-year increment renewals. Ms. Mallon explained that the 5-year increments on this 15-year program allow for a firm to dedicate staff, resources, and demonstrate their performance; which is a significant investment. A 5-year contract ensures that they will dedicate the best resources they have and invest to make sure they deliver a great work product and people. Ms. Mallon, further explained, that consultant invests in a lot of tools development, recruiting highly specialized individuals, and are steeped in the program and understand the workings of it all; and limited relearning that needs to be done. The Program Manager does work across all aspects of the program delivery, in a 15-year program three five-year increments would be appropriate. Contract increments would be subject to programs needs and resources.

Move to Approve Resolution Authorizing Award of Contract to Parsons Transportation Group, Inc.,

as noted:	Atwater
Second:	Headrick
Yeas:	Estremera, Atwater, Headrick and Arakawa.
Nays:	None
Abstains:	None
Recusals:	None
Absent:	None
Summary:	4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as Resolution 19-03)

10. STAFF REPORTS AND ANNOUNCEMENTS

a. Executive Director Report

A written report was provided in the Board package. Ms. Mallon took this time to formally introduce herself to the Board and Public. The Board had no additional questions or comments.

b. General Counsel Report

A written report was provided in the Board package. Mr. Nelson gave a brief update on the Conflict of Interest Code. The Board had no additional questions or comments.

c. Treasurer's Report

A written report was provided in the Board package. Ms. Skillman highlighted that we received payment for invoice six on April 2, 2019. Board had no additional questions or comments.

d. Verbal Reports

No verbal reports provided.

11. FUTURE AGENDA ITEMS:

President Estremera would like to add for discussion:

- Formation of Environmental Committee

12. ADJOURNMENT:

President Estremera adjourned the meeting at 2:12 p.m., in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento.

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING

Thursday, May 16, 2019

1:30PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814, at 1:30 p.m.

2. ROLL CALL

Board members in attendance were Tony Estremera, Stephen Arakawa (alternate for Richard Atwater), Steve Blois, and Sarah Palmer constituting a quorum of the Board.

Staff members in attendance were Kathryn Mallon, Joshua Nelson, and June Skillman.

3. CLOSED SESSION

4. PLEDGE OF ALLEGIANCE

President Estremera convened the open session at approximately 2:15 p.m. and led all present in reciting the Pledge of Allegiance.

5. REPORT OUT OF CLOSED SESSION

a. Public Employee Performance Evaluation

i. Title: Executive Director

Mr. Nelson reported that there were no reportable actions taken in Closed Session.

b. Conference with Real Property Negotiator pursuant to Gov't Code section 54956.8:

Property: 980 9th Street, Sacramento, Ca

Agency Negotiator: K. Mallon

Negotiating Party: CBRE

Under Negotiation: Lease Price and Terms

Mr. Nelson reported that there were no reportable actions taken in Closed Session. However, in the entrance of transparency Mr. Nelson wanted to note that no final lease was approved for item 3b.

6. PUBLIC COMMENT

President Estremera opened Public Comment, limiting speaking time to three minutes each.

Ms. Deirdre Des Jardins, California Water Research, expressed approval of the pause in the Delta Conveyance Project and suggested that this time be taken to reevaluate the impacts of sea-level rise and potential levee failures north of Isleton on the Project's design life.

Mr. Dan Whaley, member of the public, expressed concern of an executed contract that was put in place to design the twin Delta tunnels and is expending approximately \$20 million per year. The Project is now changing, and Mr. Dan Whaley suggested a delay in the design contract until a Project is fully known.

7. APPROVAL OF MINUTES: April 18, 2019 Regular Board Meeting

Recommendation: April 18, 2019 Regular Board Meeting

Move to Approve Minutes from both meetings: Arakawa

Second: Estremera

Yeas: None

Nays: None

Abstains: None

Recusals: None

Absent: Blois and Palmer

Summary: President Estremera moves approval of April 18, 2019 Board Meeting minutes to next meeting, not enough attendees from previous Board Meeting for a quorum. Motion fails.

8. CONSENT CALENDAR

There were no items on this month's consent calendar.

9. DISCUSSION ITEMS:

a. Consider Passing Resolution Adopting the Delta Conveyance Design and Construction Authority Purchasing and Procurement Policy

Recommendation: Adopt Resolution approving the Purchasing and Procurement Policy.

Ms. Kathryn Mallon, Executive Director, presented a summary of the staff recommendation to approve a policy and procedure for purchasing and procurement:

- Allow \$250,000 contracting authority for the Executive Director, including change orders and construction contracts, as long as the aggregate of change orders is less than 5%.
- Allows for sole sourcing of contracts under \$75,000 for general purchasing and under \$25,000 for public works contracts.
- Allows for competitive bids for best value prequalification and low-bid solicitations.

- Allows small Disabled Veterans Business contracting and provides a preferred local programs list.
- Authorizes Executive Director to implement procedures that are consistent with policy for purchasing and procurement.

Ms. Palmer asked about part of Agenda Item 9a regarding emergency contracting and the time limit needed to inform the Board. Ms. Mallon clarified that this is an exception and in an emergency situation, she is not limited to the \$250,000 contracting limit. Ms. Palmer suggested that the Board be contacted within 7 days of the emergency regardless of when the next Board meeting was set to occur. Mr. Blois asked if there was a definition of local preference that has been developed. Ms. Mallon agreed a local preference definition that is consistent with laws and regulations is needed and more research will be required to maximize potential opportunity to benefit the Delta. Mr. Estremera also agreed that a local preference definition that is clearly defined is important.

Move to Approve Passing Resolution Adopting the Delta Conveyance Design and Construction Authority Purchasing and Procurement Policy, with change of 7 days

as noted: Blois
 Second: Palmer
 Yeas: Estremera, Arakawa, Blois, and Palmer
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion Passed as Resolution 19-04)

b. Consider Authorizing Amendment of the Professional Services Agreement with Best Best & Krieger LLP

Recommendation: Adopt Resolution authorizing the Executive Director to amend the Professional Services Agreement with Best Best & Krieger LLP to extend the contract and provide additional funds of up to \$475,000 for a new total, not-to-exceed amount of \$900,000.

Ms. Mallon requested to extend Best Best & Krieger LLP's services thru December 31, 2019 with a \$475,000.00 amendment bringing their contract total to \$900,000.00. This would be the third change order to their contract, with the first change being the reassignment of Mr. Joshua Nelson to General Counsel, and the second being the change of Agreement Administrator to Ms. Mallon.

Move to Approve Best Best & Krieger LLP amendment to extend their professional services agreement until Dec 31, 2019.

as noted: Palmer
 Second: Arakawa
 Yeas: Estremera, Arakawa, Blois, and Palmer
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion Passed as Resolution 19-05)

- c. **Consider Passing Resolution to Authorize the Executive Director to Negotiate and the President to Execute an Amendment to the Joint Exercise of Powers Agreement for Planning and Environmental Services in Support of the Environmental Analysis for a Potential Delta Conveyance Project, and to Determine such Actions are Exempt from the California Environmental Quality Act**

President Estremera indicated that public comments were submitted for this agenda item and that the public comment would be heard prior to the staff's recommendation and report.

Mr. Gary Lippner, Deputy Director of Delta Conveyance at Department of Water Resources, requested that Agenda Item 9c be moved to an informational item for the Board and that action be taken at a later date. Mr. Lippner outlined that there is misunderstanding over Agenda Item 9c and delaying action for a later date would allow the DCA, DWR, and stakeholders an opportunity to meet and clarify these misunderstandings. On May 2, DWR announced its actions to align with the Governor's single tunnel Delta Conveyance Project and provided a memo to the DCA outlining its actions and next steps. DWR will lead environmental planning with the DCA conducting engineering, design, and activities in support of environment planning. Mr. Lippner requested that the DCA advance engineering and design to address issues of concern among Delta communities and design mitigation to help reduce impacts. Mr. Lippner asked that it be clarified for the members of the public that DWR will be the lead agency for the CEQA environmental review process. Mr. Lippner noted that the DCA will play an important role in supporting this environmental planning and stakeholder engagement process by providing engineering, design, and field investigations needed to inform and advance meaningful discussions on alternatives, impacts and mitigation.

Mr. Don Nottoli, member of the Sacramento County Board of Supervisors and Delta Counties Coalition, expressed his thanks to DWR for requesting for Agenda Item 9c to be moved to an informational item to allow for further discussions amongst interested parties. Mr. Nottoli expressed that it was important for discussions to take place over the next few weeks to better understand what was embodied in Agenda Item 9c and what the intent was. Mr. Nottoli further noted that it would be very important to all parties, that any agreement structured to have action taken by this Board, be made available for public review prior to a resolution adopted the agreement.

Ms. Deirdre Des Jardins, California Water Research, requested that the Board consider not continuing the existing contracts with Jacobs and Fugro because it would be very expensive to try to do this Project with change orders to the existing Project. Ms. Des Jardins noted that a team met in 2010 to consider the location of the intakes and did not consider construction impacts because they were temporary. Ms. Des Jardins stated that this was against the Delta Reform Acts because there is a large impact on the community of Hood and Clarksburg with the current location of the intakes.

Ms. Osha Meserve, local agency representative, expressed that the confusion surrounding Agenda Item 9c may have resulted from the agenda item itself and that it was not clear what the amendment to the JEPA is and what the Executive Director is being authorized to negotiate. Ms. Meserve also stated that stakeholders would like to see this happen in a public forum, so they could understand what is being negotiate. Ms. Meserve noted that the now decertified environmental review and Project approval is the basis for the JPA's existence and there is no environmental review to cover actions by the Board. Further, adoption of piecemeal exemptions of CEQA as shown in this agenda item don't resolve this. Ms. Meserve also noted that a process

has been called by the Governor that looks at all the options to meet our water supply needs and she would like to see that happen.

Mr. Joshua Nelson, General Counsel, stated that considering Mr. Lippner's comments and other public interest in this item that the staff modifies its request for the Board to treat this as an information item and bring it back at a future Board meeting for action.

d. Discussion and potential creation of an Environmental Committee of the Board of Directors

President Estremera placed this item on the agenda to obtain feedback from the Board on the formation of the Environmental Compliance and Mitigation Committee. President Estremera read an excerpt of the Joint Powers Agreement, page 9 Article 10, that stated the formation requirement of such a committee. President Estremera noted that the Environmental Compliance and Mitigation Committee should be chaired by the Kern County Water Agency representative and vice-chaired by the State Water Contractors representative, Ms. Palmer. Since the Board does not have a Kern County Water Agency representative, President Estremera suggested that the chair of the Environmental Compliance and Mitigation Committee be Ms. Palmer, representing the State Water Contractors at large and vice-chaired by the Santa Clara Valley Water District representative, President Estremera. President Estremera indicated that the Board needs to consider who should be on the committee, how many people, and how they should be appointed in order to work towards an environmental work plan that will outline activities and policies for the Board to review and approve. Ms. Palmer asked how many people were being considered, President Estremera thought that a good number would be 12 but it was open for discussion and input. Ms. Palmer also asked if the makeup of the committee would be similar to the Finance Committee. To which President Estremera replied, it could include staff, employees, members of the public, etc. as long as they are qualified to serve. Mr. Blois stated that he thought 3 appointees per Board member was too many, 2 appointees would be his recommendation. Mr. Arakawa stated that he agreed with the formulation of the committee and the recommendation of the officers (chair and vice-chair) of the committee. Mr. Arakawa noted that further discussion is needed on the makeup of the committee and who participates. President Estremera acknowledged more discussion and input was needed from Board members and from community members, this item will appear again on the agenda for future discussion and action.

10. STAFF REPORTS AND ANNOUNCEMENTS:

a. Executive Director Report

A written report was provided in the Board package. Ms. Mallon gave a brief highlight of the close collaboration that has been occurring with Gary Lippner, DCO DWR, after the Governor's pivot to the single tunnel Delta Conveyance Project. Ms. Mallon also provided an update on Parson's final task order for project management support services, budget information as well as collaboration of additional engineering staff, has been included in the written report.

b. General Counsel Report

A written report was provided in the Board package. Mr. Nelson gave a brief update of the purchasing policy and thanked the Board for approving Agenda Item 9a.

c. Treasurer's Report

A written report was provided in the Board package. Ms. Skillman had nothing to add and there were no additional questions or comments.

d. Verbal Reports

No verbal reports were provided.

11. FUTURE AGENDA ITEMS:

Ms. Palmer would like to add the DCA website update to a future agenda discussion. The DCA's web site needs to be updated with the changes occurring in the program, provide more transparent and relevant information (e.g., Governor's Executive Orders) to inform stakeholders and the general public.

12. ADJOURNMENT:

President Estremera adjourned the meeting at 2:58 p.m., in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento.

Board Memo

Contact: Kathryn Mallon, Executive Director

Date: June 20, 2019 Board Meeting

Item No. 9a

Subject:

Consider Adopting Resolution to Authorize the President to Execute an Amendment to the Joint Exercise of Powers Agreement for Planning and Environmental Services in Support of the Environmental Analysis for a Potential Delta Conveyance Project, and to Adopt the CEQA Determination for Such Action.

Executive Summary:

Staff recommends that the Board adopt the enclosed Resolution to Authorize the President to Execute an Amendment to the Joint Exercise of Powers Agreement for Planning and Environmental Services in Support of the Environmental Analysis for a Potential Delta Conveyance Project, and Adopt Related CEQA Determination.

Detailed Report:

On May 2, 2019, DWR withdrew its approval of the California WaterFix project and rescinded its notice of determination under CEQA. In the enclosed letter to the DCA and related correspondence, DWR further indicated its intent to develop a Notice of Preparation (NOP) under CEQA. The NOP will emphasize proposals to address climate change resiliency and protect the State Water Project Delta conveyance from earthquake risk, in consideration of a one-tunnel conveyance facility consistent with Executive Order N-10-19. In its May 2, 2019 letter, DWR identified engineering, design, and other work that the DCA is uniquely situated to provide as DWR moves through the planning and CEQA process.

At its May 16, 2019 meeting, the Board of Directors considered an agenda item to authorize the approval of an Amendment to the Joint Exercise of Powers Agreement (JEPA). This Amendment will allow the DCA to provide planning and environmental services to DWR to assist the CEQA process. Due to some confusion regarding the identity of the lead agency under any potential project, the role of the DCA, and the scope of provided services, Gary Lippner, DWR Deputy Director of Delta Conveyance, spoke during public comment and requested that the DCA Board treat the Amendment as an informational item to allow DWR, DCA, and stakeholders an opportunity to meet and clarify these misunderstandings. The Board did so, and significant stakeholder outreach has occurred. This outreach clarified that DWR, as lead agency, will remain responsible for consideration and approval of any potential project.

The DCA will assist DWR by providing planning, engineering and outreach services as appropriate, and the parties expect that the DCA's expertise and engineering resources will help improve the environmental process. As an example, the conceptual engineering services that the DCA anticipates providing should help DWR address mitigation for issues raised by Delta interests, including traffic, noise and recreation impacts. Therefore, DCA assistance will

help ensure that DWR can carefully consider a potential single tunnel and alternatives in a way that minimizes impacts to the Delta and other stakeholders.

As noted in the attached resolution and consistent with Section 1.c of the Amendment, approval of the Amendment and the authorized services are exempt from CEQA.

Recommended Action:

Adopt the attached Resolution to Authorize the President to Execute an Amendment to the Joint Exercise of Powers Agreement, and to Adopt CEQA Determination for Such Actions.

Attachments:

Attachment 1 - Draft Resolution 19-xx

Attachment 2 - May 2, 2019 DWR Letter to DCA

**BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY**

RESOLUTION NO. 19-XX

Introduced by Director xxxx

Seconded by Director xxxx

**AUTHORIZE THE PRESIDENT TO EXECUTE AN AMENDMENT TO THE JOINT EXERCISE OF
POWERS AGREEMENT AND ADOPT RELATED CEQA DETERMINATION**

Whereas, consistent with Governor Newsom’s Executive Order N-10-19, the Department of Water Resources (DWR) withdrew its approval of the California WaterFix project;

Whereas, DWR further indicated its intent to develop a Notice of Preparation (NOP) under CEQA, which will emphasize proposals to address climate change resiliency and protect the State Water Project Delta conveyance from earthquake risk, in consideration of a one-tunnel conveyance facility; and

Whereas, DWR has indicated that the DCA is uniquely situated to provide engineering, design, geotechnical and other work in conjunction with developing a potential Delta conveyance project and the CEQA process; and

Whereas, DWR and the DCA will incorporate the DCA’s assistance to this process through an amendment to the Joint Exercise of Powers Agreement (JEPA) between the parties; and

Whereas, the approval of the amendment to the JEPA and the authorized services are exempt from CEQA; and

Now, therefore, be it resolved that the DCA Board hereby authorizes the President to execute the Amendment No. 1 to the Joint Exercise of Powers Agreement (“Amendment”), attached to this Resolution as Exhibit A and incorporated by this reference. The Amendment permits the DCA to provide engineering, design, geotechnical, environmental and similar services in support of the environmental analysis for a potential Delta conveyance project as set forth in Exhibit A.

Therefore, be it further resolved that the approval of the Amendment and the authorized services are exempt from CEQA as information collection activities (CEQA Guidelines, § 15306) as well as feasibility and planning studies. (CEQA Guidelines, § 15262.) Such approval and activities are further exempt from CEQA as they will have no significant effect on the environment as defined in Public Resources Code section 21068 and CEQA Guidelines section 15382. Lastly, the approval and activities are not “projects” under CEQA. (CEQA Guidelines, § 15378.)

* * * * *

This Resolution was passed and adopted this 20th day of June 2019, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Tony Estremera, Board President

Attest:

Sarah Palmer, Board Secretary

EXHIBIT A

JEPA Amendment No. 1

[attached behind this page]

**AMENDMENT NO. 1
TO
AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT
BETWEEN THE
DEPARTMENT OF WATER RESOURCES, STATE OF CALIFORNIA
AND THE
AUTHORITY**

This Amendment No. 1 to the October 26, 2018 Amended and Restated Joint Exercise of Powers Agreement Between the Department of Water Resources of the State of California (“DWR”) and the Delta Conveyance Design and Construction Joint Powers Authority (“Authority”) is entered into and effective as of the last date set forth on a signature page hereto.

RECITALS

WHEREAS, in May 2018 DWR and the Authority (collectively “the Parties”) entered into a Joint Exercise of Powers Agreement and in October 2018 into an Amended and Restated Joint Exercise of Powers Agreement (“Agreement”), whereby the Authority has been retained by DWR to manage the design and construction of California WaterFix under DWR’s ultimate control and oversight; and

WHEREAS, the Authority has since been engaged in start-up activities of establishing its internal structure, retaining experts, implementing systems and procedures, and other actions necessary before commencing its core function of design and construction activities for the approved project; and

WHEREAS, the State has set a new water policy for California and on May 2, 2019 DWR withdrew its approval of the California WaterFix project and announced it will embark on new planning and environmental documentation for Delta conveyance; and

WHEREAS, the Authority has acquired expertise and resources to provide design and site investigative services to support DWR's needed new planning and environmental work during the start-up phase; and

WHEREAS, the Parties desire to amend the Agreement to provide for the Authority's services to DWR in support of the new planning and engineering work; and

NOW THEREFORE, in consideration of the mutual covenants contained in the Agreement and this Amendment No. 1, the Parties hereby agree to amend the Agreement as follows:

Amendment

1. Section 0, "Planning and Environmental Support Services" is added as follows:
 - a. During the Planning Phase, as defined below, DWR will develop a Notice of Preparation ("NOP") under the California Environmental Quality Act ("CEQA"), will thereafter lead a new environmental review process in compliance with CEQA, and will pursue permitting. The NOP will identify a proposed project and request input on proposals to address climate change resiliency and protect the State Water Project Delta conveyance from earthquake risk, in consideration of a one tunnel conveyance facility, while meeting the underlying objectives of water supply reliability and ecosystem health. During the Planning Phase, Authority shall perform design, engineering and field work (together, the "Work") in support of DWR. The Work is anticipated to include production of conceptual engineering report(s), development of conveyance alternatives, geotechnical surveys, development of mitigation measures, power supply design and related coordination, and

other field work and technical support as requested in writing by DWR from time to time. Additional ancillary activities related to the Work may also be performed by Authority in coordination with DWR and include stakeholder engagement and facilitation, preliminary right of way services, scheduling and cost controls.

- b. For purposes of this Section 0, “Planning Phase” means the period of time beginning on May 2, 2019 and ending upon (i) completion of the environmental review process under CEQA and, if appropriate after CEQA review, approval of a Delta conveyance project, or (ii) any other subsequent date mutually agreed in writing by the Parties.
 - c. The action to amend this Agreement by DWR and the Authority is considered an action to fund and otherwise support appropriate feasibility and planning studies, as that term is used in Public Resources Code Section 21102 and 21150 and the CEQA Guidelines Section 15262, for possible future actions which DWR and the Authority has not approved, adopted, or funded. Nothing in the Agreement shall be construed to predetermine DWR’s decision after completion of the CEQA process and DWR may determine, consistent with the completed analysis under CEQA, that no conveyance project shall be approved.
2. The following sections of the Agreement are deleted in their entirety and shall be replaced by DWR and Authority on or before completion of the Work described in Section 0:
- a. Section 5, “Permits, Environmental Compliance”

- b. Section 7, “Project Design”
- 3. Pending completion of the Work described in Section 0, the following sections of the Agreement shall be suspended and replaced with the text provided herein:
 - a. Section 2, “Specifications,” is replaced as follows:

Section 2(a) “Conveyance Project”

For the purposes of the Planning Phase, “Conveyance Project” shall mean the planning, environmental documentation, permitting, and other preconstruction activities associated with the evaluation and development of a proposal and, as appropriate, alternatives for new Delta water conveyance facilities to be owned and operated by DWR, that would convey water from the Sacramento River north of the Delta directly to the existing SWP and, potentially, CVP pumping plants located in the south Delta.

- 4. DWR will initially contribute up to \$19.7 million (“Initial DWR Contribution”) for Authority invoices attributable to Work described in new Section 0 of the Agreement and such amount shall be deemed “available funding” for purposes of Section 10 of the Agreement. The Initial DWR Contribution is for the payment of Authority invoices for costs of the Work. The actual amount of Initial DWR Contribution funds expended shall be recovered in full by DWR as soon as practicable but in any event not later than December 15, 2019, from funds authorized to be contributed to DWR by Authority member agencies and other State Water Project contractors for the purpose of funding the Work described herein (“Contractor Contributed Funds”). The signatures of authorized representatives of DWR and Authority, respectively, on a letter setting forth a

different date for the recovery of funds by DWR shall be evidence of the Parties' intent and constitute their agreement with respect to such change.

5. Prior to undertaking preliminary right of way services to which Section 8 of the Agreement or Exhibits D or E would be applicable ("Subject ROW Work"), if any, DWR and Authority shall meet and confer regarding necessary or desirable revisions thereto and no Subject ROW Work will be conducted before revised Exhibits D and E are mutually agreed and approved by the Parties. The signatures of authorized representatives of DWR and Authority, respectively, on a revised Exhibit shall be evidence of approval of such Exhibit and no further action shall be required to make said Exhibit effective and a part of the Agreement.
6. Exhibit B – Budget and Schedule is hereby deleted in its entirety and replaced with revised Exhibit B – Planning Budget and Schedule attached hereto. For purposes of Section 9 of the Agreement execution of this Amendment constitutes approval of the attached Budget and Schedule by DWR and Authority. Exhibit B may be revised as mutually agreed and approved by the Parties. The signatures of authorized representatives of DWR and Authority, respectively, on a revised Exhibit B shall be evidence of approval of such Exhibit B and no further action shall be required to make said Exhibit B effective and a part of the Agreement. Section 9 of the Agreement shall continue in full force and effect according to its terms.
7. The following exhibits are deleted in their entirety and may be replaced upon completion of the Work described in Section 0:

- a. Exhibit A – Performance Standards
 - b. Exhibit C – Permits and Regulatory Approval Table
8. This Amendment may be executed in one or more counterparts all of which shall constitute a single agreement.

Except as hereby amended, the Agreement shall remain in full force and effect.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties have hereunto affixed their names as of the day and year hereinabove written.

**STATE OF CALIFORNIA
DEPARTMENT OF WATER
RESOURCES**

**DELTA CONVEYANCE DESIGN AND
CONSTRUCTION AUTHORITY**

By: _____
Karla A. Nemeth
Director of Water Resources

By: _____
Kathryn Mallon
Executive Director

Approved as to legal form and consistency

Approved as to legal form and consistency

By: _____
Spencer Kenner
Chief Counsel

By: _____
Joshua Nelson
General Counsel

EXHIBIT B**Planning Budget and Schedule**

Below is the preliminary budget and schedule for the Planning Phase. As DWR has not developed an NOP, it is based on the Parties' initial budget and planning projections. The Planning Phase may continue into FY 2022-2023 or beyond and would be subject to an amended budget and schedule for those fiscal years. The preliminary budget and schedule for the Planning Phase may be amended as set forth in Section 6.

**DCA PLANNING BUDGET AND SCHEDULE**

May 2019 thru June 2022

Item	Year 1 (14 Mo)	Year 2	Year 3	Totals
Program Management	\$9,500,000	\$9,800,000	\$10,000,000	\$29,300,000
Project Controls	\$6,300,000	\$4,200,000	\$5,400,000	\$15,900,000
Engineering	\$43,000,000	\$77,000,000	\$53,200,000	\$173,200,000
Field Work	\$25,000,000	\$22,000,000	\$9,000,000	\$56,000,000
Property Access and Acquisition Services	\$4,900,000	\$5,000,000	\$10,000,000	\$19,900,000
Power, Roads and Utilities		\$6,100,000	\$24,500,000	\$30,600,000
Stakeholder Engagement	\$4,800,000	\$3,500,000	\$2,500,000	\$10,800,000
Office Administration	\$8,100,000	\$2,100,000	\$2,200,000	\$12,400,000
TOTAL	\$101,600,000	\$129,700,000	\$116,800,000	\$348,100,000

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



May 2, 2019

Ms. Kathryn Mallon
Executive Director
Delta Conveyance Design and Construction Authority
1121 L Street, Suite 1045
Sacramento, California 95814

Subject: 19-08 DWR direction to DCA on activities supporting Delta conveyance project

Dear Ms. Mallon:

Today Director Nemeth issued a memo to Department of Water Resources (Department) staff that withdraws the approval of the California WaterFix Project and rescinds the accompanying notice of determination (NOD) that was filed pursuant to the requirements of the California Environmental Quality Act (CEQA) with the State Clearinghouse on July 21, 2017. Because of the withdrawal of the WaterFix Project approval and rescinding the NOD, all other DWR approvals related to the California WaterFix Project, based on the NOD filed on July 21, 2017, were also rescinded.

The project memorandum also announces that DWR will develop a Notice of Preparation (NOP) under CEQA to begin a new transparent environmental review process in compliance with CEQA. The NOP will emphasize proposals to address climate change resiliency and protect the State Water Project Delta conveyance from earthquake risk, in consideration of a one-tunnel conveyance facility consistent with Governor Newsom's Executive Order N-10-19.

As the Department embarks on a new environmental review process and pursues new environmental permits, it will do this in tandem with design and engineering work needed. This work will occur in close partnership with the State Water Project Contractors funding the project. This approach provides the greatest opportunity to deliver a project ready for construction with minimal delay. It also allows for a more realistic understanding of potential impacts and mitigation that can be incorporated through careful project planning and design, consistent with CEQA.

While a new planning effort may make use of past studies and analyses, new conceptual engineering and other planning activities will be needed to adequately define a Delta conveyance project that will be evaluated in the new environmental documentation, including certain field work and site investigations. Some of these investigations, such as additional geotechnical work, were already planned for California WaterFix and will still be needed for the environmental analysis and engineering and design of alternatives for a new Delta conveyance project, as those are necessary regardless of the specific configuration. As appropriate, these investigations will continue and, subject to further discussion and agreement, may be implemented by the Delta Conveyance Design and Construction Authority (DCA).

Ms. Kathryn Mallon
May 2, 2019
Page 2

The DCA was established to implement the California WaterFix project in partnership with and under the supervision of the Department. The Department's new direction announced by Director Nemeth today means the DCA's expertise can be re-deployed to support DWR's new planning efforts. The Department therefore requests that DCA coordinate with the Department as soon as practicable to establish the scope, budget and funding, schedule, and other appurtenant matters for DCA support of the Department as it moves forward with the Governor's vision.

If you have any questions, please contact me or Hong Lin, my Advisor, at (916) 651-0762 or by e-mail at Hong.Lin@water.ca.gov.

Sincerely,



Gary Lippner, Deputy Director
Delta Conveyance

cc: Karla A. Nemeth, Director, Department of Water Resources
Kenneth M. Bogdan, Office of Chief Counsel, Department of Water Resources
Josh Nelson, Counsel, Delta Conveyance Design and Construction Authority

Board Memo

Contact: Kathryn Mallon, Executive Director

Date: June 20, 2019 Board Meeting

Item No. 9b

Subject:

Consider Passing a Resolution to revise the Scope of Services for Jacobs Engineering Group, Inc., and authorize the Executive Director to negotiate and execute an Amendment to Consultant Services Agreement to Provide Engineering Design Management Services.

Executive Summary:

Consider Passing Resolution to revise the Scope of Services for Jacobs Engineering Group, Inc., and authorize the Executive Director to negotiate and execute an Amendment to Consultant Services Agreement to Provide Engineering Design Management Services (Amendment). This Amendment will allow Jacobs to provide services to assist DCA as it provides environmental, planning and similar services to DWR in accordance with Amendment No. 1 to the Joint Exercise of Powers Agreement. Staff will also provide a presentation on Jacobs's activities for Fiscal Year 2018/19.

Detailed Report:

At its November 15, 2018 meeting, the Board authorized the negotiation and execution of an agreement with Jacobs for engineering design management services for the California WaterFix. On May 2, 2019, DWR withdrew its approval of the California WaterFix project and rescinded its notice of determination under CEQA. In doing so, DWR indicated its intent to develop a Notice of Preparation (NOP) under CEQA.

As explained in more detail in the Board Memo for Agenda Item 9a, DWR has requested the DCA's assistance in this process. Specifically, DWR has requested that the DCA provide planning, engineering, and outreach services to assist DWR's environmental process. These services are set forth in the proposed Amendment No. 1 to the JEPA.

Assuming Board approval of the Amendment No. 1, staff recommends that the Board authorize the Executive Director to negotiate and execute an Amendment to the Jacobs agreement consistent with this modified direction. The services and expertise of Jacobs will be instrumental in conducting the planning and environmental services anticipated under the amended JEPA. This will include:

- Program Management Support
- Engineering, including developing Alternatives Analysis and Concept Engineering Reports
- Field Work Coordination and Management
- Stakeholder Engagement Support

The expected budget for these services is \$38,615,760. Approval of the Amendment is exempt from CEQA consistent with anticipated Board action approving Amendment No. 1 to the JEPA.

In addition to seeking approval for the modified scope of services, staff wished to provide an update to the Board regarding Jacobs's activities for Fiscal Year 2018/19. A copy of this presentation is included in the agenda packet.

Recommended Action:

Consider Passing Resolution to revise the Scope of Services for Jacobs Engineering Group, Inc., and authorize the Executive Director to negotiate and execute an Amendment to Consultant Services Agreement to Provide Engineering Design Management Services.

Attachments:

Attachment 1 - Draft Resolution 19-xx

Attachment 2 - 2019-06-20 Jacobs Presentation

**BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY
RESOLUTION NO. 19-XX**

Introduced by Director xxxx

Seconded by Director xxxx

**APPROVE AMENDMENT TO CONSULTANT SERVICES AGREEMENT FOR ENGINEERING
DESIGN MANAGEMENT (EDM)**

Whereas, the DCA previously executed a Consultant Services Agreement (Agreement) for Engineering Design Management (EDM) services with Jacobs Engineering Group, Inc.; and

Whereas, the DCA wishes to approve a modified scope of services for the Agreement as set forth in this Resolution;

Now, therefore, be it resolved that the DCA Board hereby authorizes the Executive Director to negotiate and execute an amendment to the professional services agreement with Jacobs Engineering Group, Inc., to reflect a modified scope of services as set forth in the attached Exhibit A, incorporated by this reference; and

Be it further resolved that the DCA Board directs the Executive Director to issue Task Orders as and when needed to direct the progress of work and expenditures, consistent with Board-adopted budgets and expenditure limitations for the Agreement; and

Be it further resolved that, as set forth in Resolution No. _____, approval of the Amendment is exempt from CEQA as information collection activities (CEQA Guidelines, § 15306) as well as feasibility and planning studies. (CEQA Guidelines, § 15262.) Such approval is further exempt from CEQA as it will have no significant effect on the environment as defined in Public Resources Code section 21068 and CEQA Guidelines section 15382. Lastly, the approval is not a “project” under CEQA. (CEQA Guidelines, § 15378.).

* * * * *

This Resolution was passed and adopted this 20th day of June 2019, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Tony Estremera, Board President

Attest:

Sarah Palmer, Board Secretary

EXHIBIT A

Jacobs Revised Scope of Services

Task Order No. 2 Summary Scope of Work

[attached behind this page]

Task Order No. 2 Summary Scope of Work

The scope of work for this task order consists of the following main work tasks:

Task 1 Program Management

Policy and Procedure
Small / Local Business Outreach
Engineering Program Manager

Task 2 Project Controls

Project Control Support

Task 3 Engineering

Environmental Coordination
Conceptual Engineering & Support
Project Support / Admin

Task 4 Field Work

Field Work Coordination

Task 5 Stakeholder Engagement

Stakeholder Engagement Support
Stakeholder Facilitation
Graphics Support

Task 6 Property Access & Acquisition Services

Property Access Coordination



DCA

DELTA CONVEYANCE **DESIGN**
& **CONSTRUCTION AUTHORITY**

EDM SERVICES – MODIFIED SCOPE

Agenda Item 9b | Attachment 2

June 20, 2019

HISTORY OF EDM CONTRACT

Previous History

- **Nov 2018.** Board approved selection of Jacobs Engineering and award of \$93Mil contract over 5 year period.
- **Jan 2019.** Task Order No. 1 approved for \$7.1Mil for Start-up Services
- **Mar 2019.** Task Order No. 1 Rev. 1 placed hold on services in Task Order 1 on hold and added task to assess impacts of single tunnel

Current Action

- **Jun 2019.** Task Order No. 1 Rev. 2 reconciles all services for Jacobs for FY18/19
- **Jun 2019.** Task Order No. 2 for planned services in FY19/20



FY 2018/19 SERVICES

Task	Task Order No. 1 Original Budget	TO #1 Revision 1 Budget	TO #1 Revision 2 Budget
Task 1 - Mobilize & Initiate Project	\$ 956,633	\$ 500,000	\$ 250,000
Task 2 - Develop Project Standards	\$ 1,484,753	\$ 1,400,000	\$ 500,000
Task 3 - Establish Project Baseline	\$ 956,633	\$ 400,000	\$ 450,000
Task 4 - Initiate Early Actions	\$ 1,549,164	\$ 300,000	\$ 500,000
Task 5 - Perform Early Conc Design	\$ 1,209,953	\$ 500,000	\$ 150,000
Task 6 - Provide Management & Admin	\$ 714,552	\$ 775,000	\$ 350,000
Task 7 - Assess Single Tunnel Scheme	\$ -	\$ 3,000,000	\$ 2,900,000
Subtotal	\$ 6,871,688	\$ 6,875,000	\$ 5,100,000
Mark-up on Subs	\$ 81,070	\$ 81,070	\$ 78,820
Travel	\$ 97,032	\$ 93,720	\$ 85,000
ODCs	\$ 17,000	\$ 17,000	\$ 15,000
Total	\$ 7,066,790	\$ 7,066,790	\$ 5,278,820



NEW SCOPE REFLECTS “RESET” OF ENVIRONMENTAL PLANNING WORK

1. Program Management Support
 - Schedule, Risk and Document Controls Support
2. Engineering
 - Alternatives Analysis and Concept Engineering Report(s)
 - Environmental Planning Liaison
3. Field Work Coordination and Management
4. Stakeholder Engagement Support
 - Engineering Liaison
 - Facilitation Support
 - Presentation Graphics Support



FY 2019/2020 JACOBS EDM (TASK ORDER NO. 2 REV. 0)

Task	Item	Hours	Estimated Costs
Task 1	Program Management	5,190	\$ 1,415,000
Task 2	Project Controls	2,076	\$ 560,520
Task 3	Engineering	113,799	\$ 32,015,200
Task 4	Field Work	4,152	\$ 1,121,040
Task 5	Stakeholder Engagement	9,861	\$ 2,664,000
Task 6	Property Access & Acquisition Services	3,114	\$ 840,000
Grand Total		138,192	\$ 38,615,760

STAFF RECOMMENDATION

- Consider Passing Resolution to revise the Scope of Services for Jacobs Engineering Group, Inc., and authorize the Executive Director to negotiate and execute an Amendment to Consultant Services Agreement to Provide Engineering Design Management Services.

Board Memo

Contact: Kathryn Mallon, Executive Director

Date: June 20, 2019 Board Meeting

Item No. 9c

Subject:

Consider Approving Budget Amendment 2 for FY 2018/19

Executive Summary:

The strategic objectives for the proposed fiscal year (FY) 2018/19 Budget for the Design & Construction Authority (DCA) were to establish the DCA and initiate critical path activities to ramp up the engineering services. Budgeted expenditures for FY 2018/19 were estimated at \$91.17 million, with a contingency of \$42.40 million. Subsequently, a delay in permit approvals and procurement of the Engineering Design Manager required an amendment to our originally approved budget. Amendment No. 1 reduced our annual budget to approximately \$61.88Mil.

In February, the Governor announced a change in the program to reduce the scope from twin tunnels to a single tunnel and the program was placed on hold until the ramifications of this announcement could be assessed. In May, the DWR rescinded the CEQA certification and a new plan was developed to re-start the environmental planning process. Additionally, DWR requested that the DCA provide engineering support in the upcoming planning process.

This Board Memo recommends a second amendment of the forecast for FY 2018/19 reducing the budget to \$14.24 million to reflect changes in DCA services.

Detailed Report:

Amendment 2 addresses the directed slowdown in progress from the Governor's order and ramp-up for new environmental planning efforts. The detailed breakdown of Amendment 2 FY 2018/19 Budget is provided in the attached presentation.

Recommended Action:

Adopt the Amendment 2 for FY 2018/19 Budget by Minute Order.

Attachments:

Attachment 1 – DCA FY 18/19 Budget Presentation



DCA

DELTA CONVEYANCE **DESIGN**
& **CONSTRUCTION AUTHORITY**

CONSIDER APPROVING BUDGET AMENDMENT#2 FOR FY 2018-19

Agenda Item 9c | Attachment 1

June 20, 2019



HISTORY OF FY2018/19 BUDGET APPROVAL REQUESTS

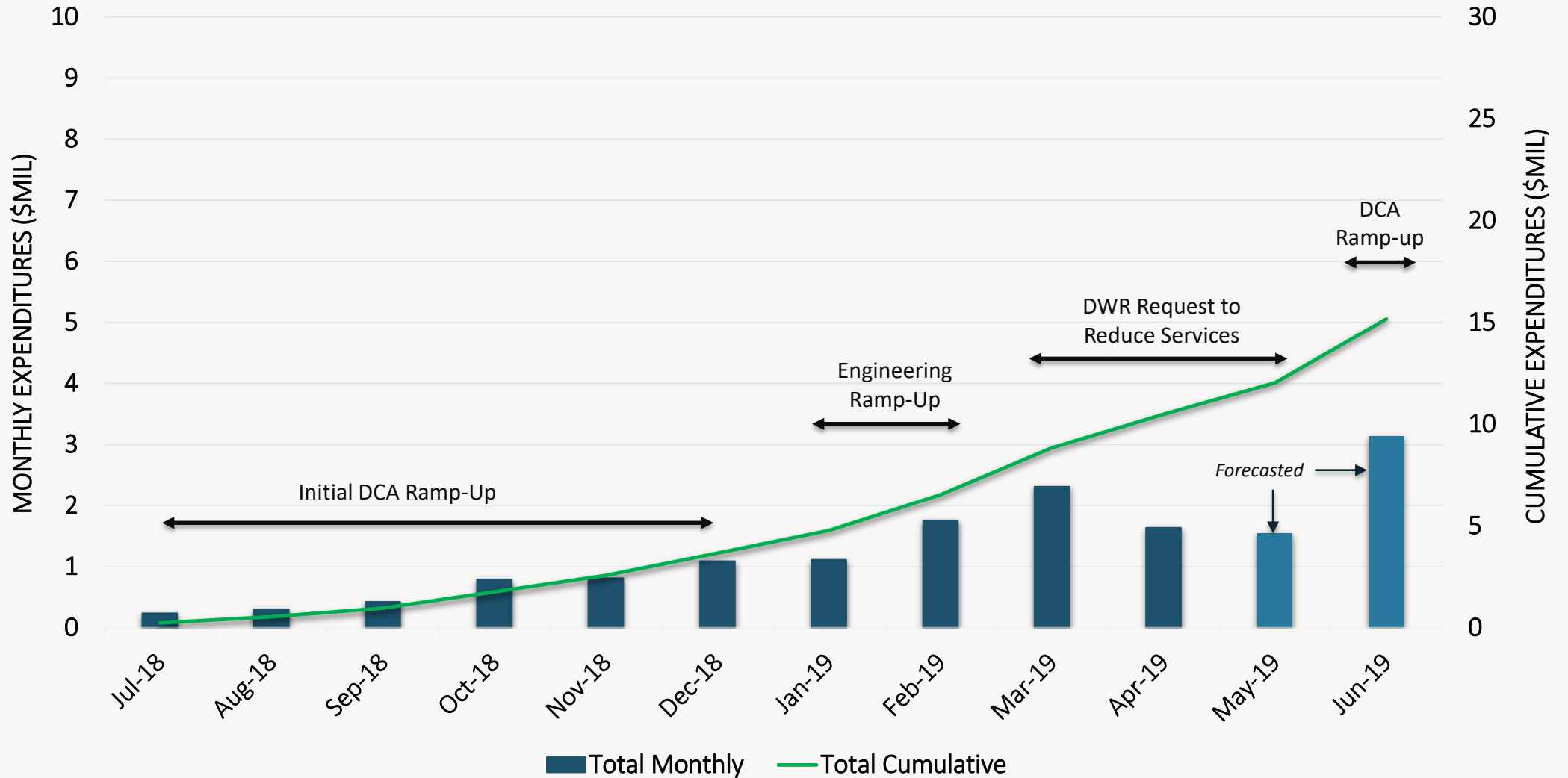
- DCA has experienced several shifts in direction
- **Original Budget.** Anticipated a significant ramp up in program and engineering services - **\$133.57Mil**
- **Amendment 1.** Addressed delays in permitting and slow ramp-up progress - **\$61.38Mil**
- **Amendment 2.** Addresses the directed slow down in progress from Governor's order and ramp-up for new environmental planning effort - **\$14.24Mil**



FY 2018-19 ADOPTED BUDGET & AMENDMENT #2 FORECAST

Item	Activity	Adopted FY 2018-19 Budget (Millions \$)	Amendment #1 FY 2018-19 Forecast (Millions \$)	Amendment #2 FY 2018-19 Forecast (Millions \$)
1	Program Management	\$ 21.97	\$ 17.30	\$ 5.99
2	Environmental	\$ 6.92	\$ 4.27	\$ 1.77
3	Engineering Management	\$ 46.74	\$ 40.31	\$ 6.48
4	Construction	\$ 14.55	\$ 0.00	\$ 0.00
5	Land Acquisition	\$ 1.00	\$ 0.00	\$ 0.00
6	Mitigation	\$ 0.00	\$ 0.00	\$ 0.00
7	Contingency	\$ 42.40	\$ 0.00	\$ 0.00
Total		\$ 133.57	\$ 61.88	\$ 14.24

DCA FY 2018/2019 ACCRUALS AND FORECAST





BUDGET

Item	Accrued to Date		Forecast to Spend		Budget Request	
	(July 2018 – April 2019)		(May – June 2019)		(July 2018 – June 2019)	
Program Management	\$	4,546,000	\$	1,450,000	\$	5,996,000
Engineering Management	\$	4,167,000	\$	2,310,000	\$	6,477,000
Environmental	\$	1,767,000	\$	0	\$	1,767,000
Total	\$	10,480,000	\$	3,760,000	\$	14,240,000



STAFF RECOMMENDATION

- Adopt the budget true-up Amendment #2 to the FY 2018/19 Budget by Minute Order

Board Memo

Contact: Kathryn Mallon, Executive Director

Date: June 20, 2018 Board Meeting

Item No. 9d

Subject:

Consider Adopting the Fiscal Year 2019/20 Proposed Budget

Executive Summary:

The strategic objectives for the proposed fiscal year (FY) 2019/20 Budget for the DCA are to establish our Program Governance including project controls and reporting; and advance the engineering evaluation of alternatives identified during the upcoming DWR Environmental Planning process. Engineering work will focus on filling gaps in previous work, expanding our understanding of underground conditions and participating in the stakeholder engagement process.

Planned expenditures for FY 2019/20 are estimated at \$97.8 million, and include seven major categories: 1) program management, 2) project controls, 3) engineering, 4) field work, 5) property access and acquisition, 6) stakeholder engagement, and (7) office administration. Detailed discussions of each of these Budget categories are provided in the attached presentation. At this time, the FY 2019/20 Budget includes a contingency of \$16.8 million between planned expenditures and available funds. As appropriate, staff will return to the Board to recommend adjusting the FY 2019/20 Budget to include the use of contingency based on opportunities provided that would benefit of the program.

Detailed Report:

Discussions of each of the Budget categories are provided in the attached presentation, which include a detailed outline of key activities for FY 19/20.

Recommended Action:

Adopt the Budget Revision for FY 2019/20 by Minute Order.

Attachments:

Attachment 1 – DCA FY 19/20 Budget Presentation



DCA

**DELTA CONVEYANCE DESIGN
& CONSTRUCTION AUTHORITY**

ANNUAL BUDGET APPROVAL FY 2019/2020

Agenda Item 9d | Attachment 1
June 20, 2019



KEY ACTIVITIES OF FY2019/2020

1. Establish Governance of the DCA

- a) Prepare Program Management Plan
- b) Prepare Policies and Procedures
- c) Train staff on compliance

2. Build Project Controls and Reporting Capacity

- a) Build master schedule and budget for Environmental Planning Phase and monitor cost and schedule progress
- b) Build risk management, document management, payments, and procurement groups
- c) Develop and distribute routine progress reports

3. Serve as Engineering Support to DWR Environmental Planning Process

- a) Conduct field work and engineering analyses necessary to identify, assess and minimize environmental impacts

- b) Evaluate alternatives and identify all impacts and potential mitigation measures
- c) Prepare Concept Engineering Report(s) for Draft EIR/EIS Documents
- d) Coordinate with DWR and SWC on review and comment of work products

4. Support DWR Stakeholder Engagement for Environmental Planning Phase

- a) Prepare technical information in support of, and attend engagement meetings
- b) Investigate feasibility of input and incorporate as appropriate in technical documents
- c) Record all pertinent issues, questions, concerns and document response.



SUMMARY BUDGET FOR FY 2019/2020

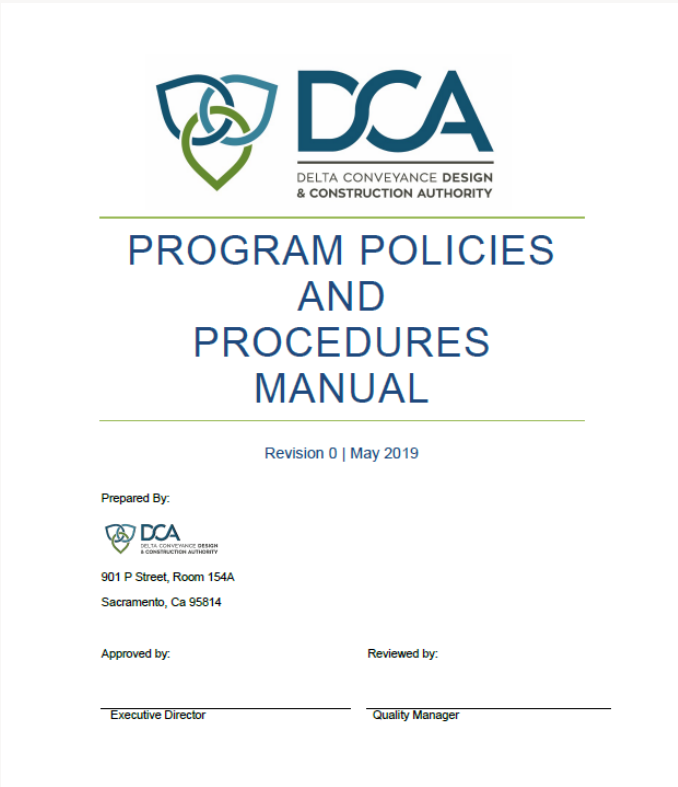
Item	Budget		Contingency		Total
Program Management	\$	7,500,000	\$	1,600,000	\$ 9,100,000
Project Controls	\$	5,200,000	\$	700,000	\$ 5,900,000
Engineering	\$	35,000,000	\$	5,800,000	\$ 40,800,000
Field Work	\$	20,000,000	\$	4,900,000	\$ 24,900,000
Property Access and Acquisition	\$	4,300,000	\$	600,000	\$ 4,900,000
Stakeholder Engagement	\$	4,000,000	\$	700,000	\$ 4,700,000
Office Administration	\$	6,000,000	\$	1,500,000	\$ 7,500,000
TOTAL		\$ 82,000,000	\$	16,800,000	\$ 97,800,000



PROGRAM MANAGEMENT

Item	Budget	Contingency	Total
Program Management	\$7,500,000	\$1,600,000	\$9,100,000

- Executive Director’s Office
- Program Governance Implementation
- Legal Counsel
- Treasury
- Insurance
- Annual Audit





DCA

PROGRAM CONTROLS

Item	Budget	Contingency	Total
Program Controls	\$5,200,000	\$700,000	\$5,900,000

- Schedule Management
- Budget/Cost Management
- Risk Management
- Program Reporting
- Payment Audits
- Document Controls
- Procurement Management
- Project Management Information System (PMIS) Implementation

Cost Summary For ***CU-1765 New Student Center

Financial Summary Expand All | Collapse All | Layout: Pending-Projected | Group By: Category

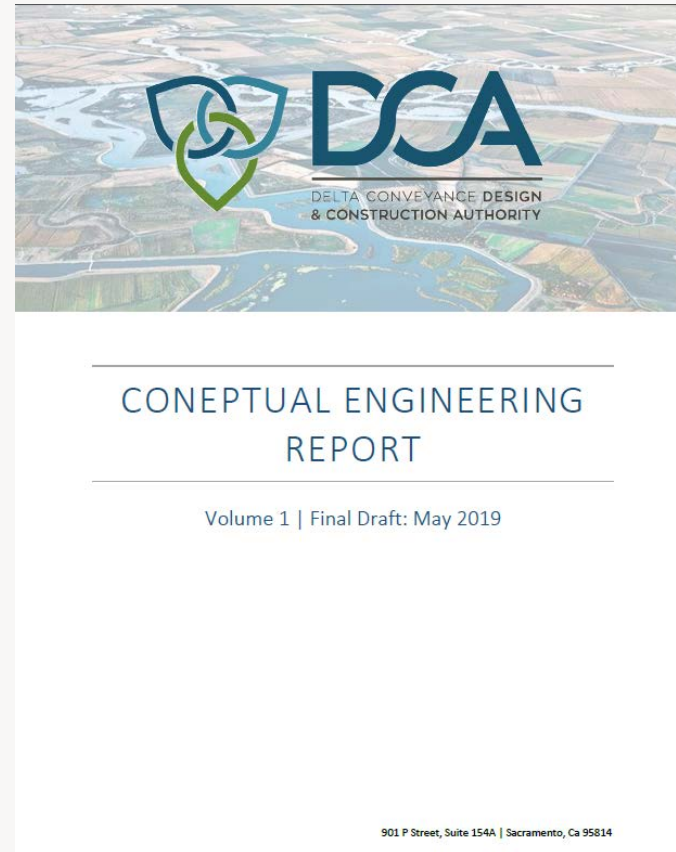
Line Item	Description	A Original Budget *	B Pending Budget Changes *	C Projected Budget Changes *	D Current Commitments *	E Pending Commit Changes *	F Projected Commit Changes *	G Actuals Received *
0001	Legal & Administration	511,000.00	0.00	2,000.00	0.00	0.00	0.00	0.0
0001.0111	Legal Fees	220,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0001.0112	Administrative Fees	216,000.00	0.00	2,000.00	0.00	0.00	0.00	0.0
0001.0113	Printing and Shipping	75,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0002	Pre-Construction Services	22,490,000.00	0.00	0.00	1,682,000.00	0.00	0.00	0.0
0002.0200	Feasibility	18,500,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0002.0201	Survey and Mapping	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0002.0202	Pre-Construction Consultant	990,000.00	0.00	0.00	1,682,000.00	0.00	0.00	0.0
0002.0203	Entitlement	1,800,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0003	Design Services	1,785,000.00	0.00	0.00	1,790,500.00	20,000.00	0.00	171,767.4
0003.0300	Conceptual Design Fees	505,000.00	0.00	0.00	505,500.00	0.00	0.00	29,344.4
0003.0301	Design Fees	900,000.00	0.00	0.00	905,000.00	0.00	0.00	15,000.0
0003.0302	Design Reimbursables	1,400,000.00	0.00	0.00	1,400,000.00	0.00	0.00	84,000.0
0003.0303	Design Consultant	240,000.00	0.00	0.00	240,000.00	20,000.00	0.00	22,423.0
0004	Construction	90,730,000.00	0.00	0.00	24,714,764.20	0.00	28,300.00	2,140,837.2
0004.1001	General Construction	90,650,000.00	0.00	0.00	24,386,764.20	0.00	28,300.00	2,137,757.2
0004.1002	Project Management Charges	80,000.00	0.00	0.00	328,000.00	0.00	0.00	3,100.0
0005	Site Conditions	26,900,000.00	0.00	0.00	25,000.00	15,000.00	500.00	3,500.0
0005.5050	Basic Metal Materials and Methods	25,000,000.00	0.00	0.00	25,000.00	15,000.00	500.00	3,500.0
0005.5800	Expansion Control	1,900,000.00	0.00	0.00	0.00	0.00	0.00	0.0
0007	Environmental Services	495,000.00	0.00	0.00	15,000.00	0.00	0.00	4,500.0
Totals		159,028,200.00	0.00	2,000.00	29,777,264.20	45,000.00	28,800.00	2,462,624.2



ENGINEERING

Item	Budget	Contingency	Total
Engineering	\$35,000,000	\$5,800,000	\$40,800,000

- Chief Engineer’s Office
- Alternatives Analyses
- Concept Engineering Reports



FIELD WORK

Item	Budget	Contingency	Total
Field Work	\$20,000,000	\$4,900,000	\$24,900,000

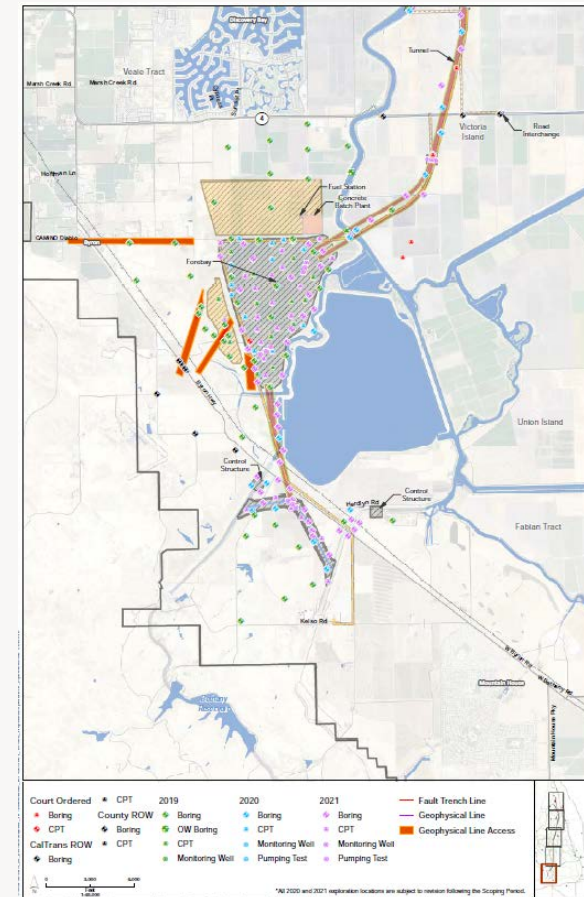
- Field Work Coordination
- Geotechnical Engineering
- Soil/Underground Exploration
- Laboratory Analysis
- Survey and Mapping



PROPERTY ACCESS AND ACQUISITION

Item	Budget	Contingency	Total
Property Access and Acquisition*	\$4,300,000	\$600,000	\$4,900,000

- Property Manager
- Property Owner Outreach Support
- Temporary Access Permissions and Permits
- Real Estate Support



*No properties are being acquired this fiscal year

STAKEHOLDER ENGAGEMENT

Item	Budget	Contingency	Total
Stakeholder Engagement	\$4,000,000	\$700,000	\$4,700,000

- Communications Manager
- Facilitation Services
- Visual Support Services (Graphics, Renders, Videos, etc.)
- Engineering Support
- Meeting Support (Space, Equipment, etc.)





DCA

OFFICE ADMINISTRATION

Item	Budget	Contingency	Total
Office Administration	\$6,000,000	\$1,500,000	\$7,500,000

- Relocation Office Space Tenant Improvements
- Office Lease
- Office Supplies
- Human Resource Support
- IT Support and Software





STAFF RECOMMENDATION

- Adopt the Budget for FY 2019/2020 by Minute Order

Board Memo

Contacts: Kathryn Mallon, Executive Director

Date: June 20, 2019 Board Meeting

Item No. 9e

Subject:

Consider Passing Resolution to Authorize the Executive Director to Negotiate and Execute a Lease for office space at 980 9th Street in Sacramento, Ca.

Executive Summary:

The Delta Conveyance Design and Construction Authority (DCA) was previously directed by DWR to tightly control expenditures, minimize unnecessary delays and move forward in support of the environmental planning efforts for a potential single tunnel Delta Conveyance project. As part of this process, the DCA and Delta Conveyance Office (DCO) staff require functional and cost-effective office space to carry out necessary duties during the estimated 15-year planning, design and construction phases (if a single tunnel project is ultimately approved).

Detailed Report:

DCA identified its office space needs as follows:

- Adequate to accommodate approximately 150 people;
- Approximately +/-26,000 rentable square feet;
- Space available for the duration of the project; and
- Access good for visitors walking downtown and inter agency collaboration.

Extensive research was conducted for both available office lease space and lease-to-purchase options, including market/rent studies, six requests for proposals (RFP's), weighted site selection worksheet matrix, comparative financial analyses, office space calculator, timeline and a lease vs. buy analyses resulting in site tours of over twenty office buildings. Each of the buildings was carefully reviewed to consider the availability, physicality, location, financial and non-financial criteria fitness. After an exhaustive search, two proposed buildings were selected located at 980 9th Street and 400 R Street, Sacramento, California. The DCA space plans, pricing, and draft contractor bids were completed at the building owners' cost for both options. Both buildings were considered, and 980 9th Street was rated higher and significantly more cost effective and efficient with an expected occupancy timeline to be five months after the lease is fully executed.

The 980 9th Street proposal has a basic term of eighty-nine (89) months with five months free rent and two five-year options to renew for an initial rate of \$3.40 per square foot monthly at a

total estimated cost of \$9,990,349, which includes estimated annual operating expense increases over the initial lease term. The Tenant Improvement (TI) estimates are still fluid as the build-out and design concept are being finalized, current estimate is at approximately \$80 per rentable square foot range including architectural, permits, fees, and Landlord supervision fees fully loaded. The TI allowance that is paid for by landlord is equal to \$60 per rsf; which, approximately \$20 per RSF is the overage. The landlord also agreed to a \$5.00 per square foot TI allowance to be amortized over the lease term at 10% per annum and also applying any cost savings in bids toward cabling, video, and audio visual. Cash payment from Tenant for actual overage is estimated to be \$15.00 per rsf. Actual Tenant Improvement Cost will be confirmed upon Tenant and Landlord's review of three contractor bids and final contractor selection. The current plan excludes costs for moving, modular/free standing furniture, security, cabling, audio visual, and IT/phone and related incidentals; however has been accounted for in the Office Administration budget for FY 2019/20.

Overall, based on the market rent comparable research conducted, staff negotiated a favorable lease and optimal TI commitments at Landlord's sole cost. Below are a few of the salient benefits that reflect the favorable deal points for each option.

Description	Local Market Range	980 9th Street
Rent	\$2.85 - \$3.55	\$3.40 (Fully Serviced)
Free Rent	1 month to 12 months	5 months
Annual Rent Increase	1.0- 3.0%	2.5%

The lease is still currently being finalized with the Landlord and its counsel. As such, the latest draft is enclosed with this Board memo. Staff anticipates providing a final version for Board consideration and potential approval at the meeting.

Recommended Action:

Staff recommends the DCA Board adopt a Resolution to authorize the Executive Director to negotiate and execute an eighty-nine month office lease with two five-year options on the 980 9th Street building located in Sacramento, California.

Attachments:

Attachment 1 – Draft Resolution 19-XX

Attachment 2 – Draft 980 9th Street Lease

BOARD OF DIRECTORS OF THE DELTA CONVEYANCE

DESIGN AND CONSTRUCTION AUTHORITY

RESOLUTION NO. 19-XX

Introduced by Director xxxx

Seconded by Director xxxx

APPROVE THE LEASE AGREEMENT FOR 980 9TH STREET

Whereas, the DCA requires functional and cost-effective office space to carry out mandated duties during the estimated 15-year planning, design and construction phases; and

Whereas, the DCA has identified potential space at 980 9th Street in Sacramento, CA for the DCA's purposes;

Now, therefore, be it resolved that the DCA Board hereby authorizes the Executive Director to negotiate and execute the Lease Agreement with GV/HI Park Tower Owner, LLC in substantially the form set forth in Exhibit A to this Resolution, incorporated by this reference.

This Resolution was passed and adopted this 20th day of June 2019, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Tony Estremera, Board President

Attest:

Sarah Palmer, Secretary

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**Basic Lease
Information**

Date: **May 28, 2019**

Tenant: Delta Conveyance Design and Construction Joint Powers Authority, a separate public agency organized pursuant to the Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.) under a joint powers agreement with the California Department of Water Resources **[TO BE CONFIRMED]**

Tenant's Address: 980 9th Street, Suite 2400
Sacramento, California 95814

Tenant's Notice Address: 980 9th Street, Suite 2400
Sacramento, California 95814
Attn: General Counsel

With a copy to:
Best Best & Krieger LLP
1700 Capitol Mall, Suite 1700
Sacramento CA 95812
Attn: Joshua Nelson, Esq

Landlord: GV/HI Park Tower Owner, LLC, a Delaware limited liability company

Landlord's Address: c/o Property Manager
980 9th Street, Suite 260
Sacramento, California 95814

Leased Premises: Suites 100, 2350, 2380 and 2400, constituting portion of the 1st, 23rd and 24th floors of the Building, as shown on Exhibit A attached hereto

Net Rentable Area: Approximately 26,199 square feet of Net Rentable Area

Scheduled Term Commencement Date: November 1, 2019

Term Expiration Date: The last day of the eighty-ninth (89th) full calendar month following the Term Commencement Date.

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Base Rent: See Section [3.03](#)

Base Year: The calendar year of 2020

Security Deposit: **Eight Hundred Forty-seven Thousand Seventy-two and 72/100ths Dollars (\$847,072.72)**, to be paid in two (2) separate payments, the first of which shall be a sum equal to Two Hundred Eleven Thousand Seven Hundred Sixty-eight and 18/100ths Dollars (\$211,768.18) (the “Good Faith Deposit”), and the second of which shall be a sum equal to Six Hundred Thirty-five Thousand Three Hundred Four and 54/100ths Dollars (\$635,304.54) (the “Security Deposit Balance”).

Tenant’s Broker: Corporate Advisory Group dba Cresa Sacramento

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease”) is made and entered into as of the date specified in the Basic Lease Information Sheet attached hereto and incorporated herein by this reference, by and between the Landlord identified on the Basic Lease Information Sheet and the Tenant identified in the Basic Lease Information Sheet.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS CONTAINED IN THIS LEASE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1 **Definitions**

Certain terms used in this Lease and the Exhibits hereto shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth elsewhere in this Lease and the Exhibits hereto.

1.01 “Additional Rent” shall mean all obligations of Tenant hereunder other than the obligation for payment of Gross Rent.

1.02 “Affiliate” shall mean any corporation, partnership or limited liability company which directly or indirectly controls or is controlled by or is under common control with Tenant (for this purpose, “control” shall mean the possession, directly or indirectly, of both the power to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting securities or partnership shares or by contract or otherwise, when combined with the ownership, directly or indirectly, of not less than fifty percent (50%) of all classes of the then outstanding stock, if the entity is a corporation, or of fifty percent (50%) of all classes of the profit interests, if the entity is a partnership or a limited liability company). For purposes of the original Tenant, a joint powers authority, an “Affiliate” shall mean any of the member agencies which is a member of the joint powers authority as of the JPA formation or which member joins subsequent to JPA formation.

1.03 “Alterations” shall mean those alterations, additions or improvements in or to the Leased Premises described in Section 5.07.

1.04 “Assignment or Sublease Profit” shall have the meaning given that term in Section 5.06(d).

1.05 “Base Rent” shall mean the basic monthly rent payable by Tenant to Landlord pursuant to the provisions of this Lease.

1.06 “Base Year” shall mean the calendar year identified as the “Base Year” on the Basic Lease Information Sheet.

1.07 “Base Year Basic Operating Cost” shall mean the Basic Operating Cost for the Base Year.

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1.08 “Basic Operating Cost” shall mean the expenses and costs described in Paragraph 2(a) of Exhibit C, subject to the exclusions described in Paragraph 2(b) of Exhibit C and subject to any adjustments made to Basic Operating Cost pursuant to Paragraphs 2(c) and/or 2(d) of Exhibit C.

1.09 “Basic Operating Cost Adjustment” shall mean, for each calendar year during the Term after the Base Year, the difference, if any, between Basic Operating Cost Excess for that calendar year and Estimated Basic Operating Cost Excess for that calendar year.

1.10 “Basic Operating Cost Excess” shall mean, for each calendar year during the Term after the Base Year, the positive difference, if any, resulting from the subtraction of Base Year Basic Operating Cost from Basic Operating Cost for that calendar year.

1.11 “Basic Services” shall mean the services provided pursuant to Section 4.01.

1.12 “Building” shall mean the office building located at 980 9th Street, in the City and County of Sacramento, California, commonly known as the “Park Tower”.

1.13 “Building Hours” shall mean 7:00 A.M. to 6:00 P.M. Monday through Friday, and 8:00 A.M. to 1:00 P.M. on Saturday, all excluding legal holidays recognized by the State of California under Section 19853 of California Government Code (or any successor provision thereto).

1.14 “Building Standard Improvements” shall mean those improvements of the Leased Premises that are so defined in Exhibit B-1, or their equivalent.

1.15 “Commencement Letter” shall have the meaning given that term in Section 3.01.

1.16 “Common Areas” shall mean the total square footage of areas of the Building devoted to non-exclusive uses such as lobbies, fire vestibules, rest rooms, mechanical areas, tenant and ground floor corridors, elevator foyers, electrical and janitorial closets, ground floor lobbies, telephone and equipment rooms, and other similar facilities maintained for the benefit of Building tenants and invitees, but shall not mean Major Vertical Penetrations.

1.17 “Cost Pools” shall have the meaning given that term in Paragraph 2(d) of Exhibit C hereto.

1.18 “Estimated Basic Operating Cost Excess” shall mean, for each calendar year during the Term after the Base Year, Landlord’s reasonable estimate of Basic Operating Cost Excess for that calendar year.

1.19 “Event of Default” shall mean the occurrence of any of the circumstances referred to in Section 7.09(a).

1.20 “Fair Market Rent” shall mean the rate being charged by Landlord (or by a subtenant or assignee of space in the Building in the event the determination of Fair Market Rent is being made in connection with a proposed sublease or assignment transaction) in the Building

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for comparable space (or comparable space in non-equity transactions in comparable top-tier commercial office buildings in the City of Sacramento), taking into consideration all relevant terms or conditions. The foregoing notwithstanding; (i) costs which are incurred by a landlord in connection with the negotiation and documentation of a lease transaction, and other costs incurred by a landlord which are not paid to or for the direct benefit of the tenant, shall not be considered; (ii) comparable transactions in which the rent for a renewal was discounted to a rate below the fair market rate, whether by the application of a percentage to the fair market rate or otherwise, shall be adjusted to reflect the fair market rate before the discount was applied; and (iii) renewal transactions in which the rent was either established at a pre-determined amount by reason of the exercise by the tenant of an option to renew or extend at a fixed rental rate or was established due to the operation of a pre-determined minimum or maximum amount shall not be regarded as comparable transactions.

1.21 “Gross Rent” shall mean the total of Base Rent and Tenant’s Proportionate Share of Estimated Basic Operating Cost Excess.

1.22 “Hazardous Material” shall mean any (a) oil or other petrochemical hydrocarbons, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Hazardous Materials Laws; (b) asbestos in any form, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) chemical, material or substance defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous waste”, “restricted hazardous waste”, or “toxic substances” or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Hazardous Materials Transportation Uniform Safety Act, as amended, 49 U.S.C. §5101, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq.; Sections 25115, 25117, 25122.7, 25140, 25249.8, 25281, 25316, 25501, and 25316 of the California Health and Safety Code; and Article 9 or Article 11 of Title 22 of the Administrative Code, Division 4, Chapter 20; (d) other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; and (e) other chemicals, materials or substances which may or could pose a hazard to the environment.

1.23 “Hazardous Materials Claims” shall mean any enforcement, cleanup, removal, remedial or other governmental or regulatory actions, agreements or orders instituted pursuant to any Hazardous Materials Laws; and any claims made by any third party against Landlord, Tenant or the Project relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, release or discharge of any Hazardous Materials.

1.24 “Hazardous Materials Laws” shall mean any federal, state or local laws, ordinances, regulations or policies relating to the environment, health and safety, and Hazardous

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Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) or to industrial hygiene or the environmental conditions on, under or about the Project, including, without limitation, soil, groundwater and indoor and ambient air conditions.

1.25 “Lease Month” shall mean a period commencing as of a particular date and continuing to and including the date immediately preceding the same date of the next calendar month (or, if the next calendar month does not contain such a same date due to it being shorter in duration, then continuing to and including the last day of such next calendar month). The First Lease Month shall commence as of the Term Commencement Date, and successive Lease Months shall be consecutively numbered.

1.26 “Leased Premises” shall mean the floor area more particularly shown on the Exhibit A floor plan attached hereto, containing the Net Rentable Area specified on the Basic Lease Information Sheet.

1.27 “Major Vertical Penetrations” shall mean the area or areas within Building stairs (including the landing at each floor), elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts and the like, that service more than one floor of the Building. The area with Major Vertical Penetrations shall be bounded and defined by the exterior surface of the perimeter walls thereof (or the extended plane of such walls over areas that are not enclosed). Major Vertical Penetrations shall exclude, however, areas for the specific use of Tenant or installed at the request of Tenant, such as special stairs or elevators.

1.28 “Net Rentable Area” shall (i) with respect to the Leased Premises, mean the square footage stated on the Basic Lease Information Sheet, and (ii) with respect to the Building, mean the “Rentable Area” of space within the Building determined in accordance with the “Standard Method for Measuring Floor Area in Office Buildings,” approved as of June 7, 1996 by the American National Standards Institute, Inc., subject to adjustment by Landlord from time to time as a result of any additions and/or deletions to the Building as permitted under Section 6.02 below.

1.29 “Parent Entity” shall mean any corporation, partnership or limited liability company owning, directly or indirectly, not less than fifty percent (50%) of all classes of the then outstanding stock of Tenant, if Tenant is a corporation, or fifty percent (50%) of all classes of the profit interests in Tenant, if Tenant is a partnership or a limited liability company.

1.30 “Permitted Hazardous Materials” shall mean Hazardous Materials which are contained in ordinary office supplies of a type and in quantities typically used in the ordinary course of business within executive offices of similar size and quality in the City of Sacramento, California, but only if and to the extent that such supplies are transported, stored and used in full compliance with all applicable laws, ordinances, orders, rules and regulations and otherwise in a safe and prudent manner. Hazardous Materials which are contained in ordinary office supplies but which are transported, stored and used in a manner which is not in full compliance with all applicable laws, ordinances, orders, rules and regulations or which is not in any respect safe and prudent shall not be deemed to be “Permitted Hazardous Materials” for the purposes of this Lease.

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1.31 “Permitted Use” shall mean general office use and any other legal use consistent with a first-class office building; provided, however, that for the purpose of limiting the type of use permitted by Tenant, or an assignee of Tenant, but without limiting Landlord’s right to lease any portion of the Building to a tenant of Landlord’s choice, “Permitted Use,” shall not include (i) offices or agencies of any foreign government or political subdivision thereof; (ii) offices of any health care professionals or service organization, except for administrative offices where no diagnostic, treatment or laboratory services are performed; (iii) schools or other training facilities that are not ancillary to executive, professional or corporate administrative office use; (iv) retail or restaurant uses; (v) broadcast studios or other broadcast production facilities, such as radio and/or television stations; (vi) product display or demonstration facilities; (vii) offices at which deposits or bills are regularly paid in person by customers; (viii) personnel agencies, except offices of executive search firms; (ix) research or testing laboratories; (x) executive suite uses or other uses which license or lease office space for use by others as a primary business purpose; (xi) any use that would negatively affect the Building’s image or the public’s perception of the Building, and (xii) any use that encourages significant public visitation to the Leased Premises.

1.32 “Project” shall mean the Building, the real property upon which the Building is located and all other improvements thereon or used and maintained by Landlord in connection therewith, together with all other buildings, improvements, facilities and other improved or unimproved real property now or hereafter added to or designated as part of the Project as permitted under Section 6.02 below.

1.33 “Real Property Taxes” shall mean those taxes described in Paragraph 2(a)(10) of Exhibit C.

1.34 “Rent” shall mean Gross Rent plus Additional Rent comprising all of Tenant’s monetary obligations arising under this Lease.

1.35 “Scheduled Term Commencement Date” shall mean the parties’ estimate of the Term Commencement Date, which shall be the date stated on the Basic Lease Information Sheet.

1.36 “Security Deposit” shall mean the amount specified on the Basic Lease Information Sheet paid by Tenant to Landlord to be held pursuant to Section 5.14.

1.37 “Substantial Completion” shall mean (and the Leased Premises shall be deemed “Substantially Complete”) when (i) installation of the Tenant Improvements to be installed by Landlord’s contractor or subcontractors has occurred, (ii) Tenant has direct access from the street to the elevator lobby on the floor (or floors) where the Leased Premises are located, (iii) Basic Services are available to the Leased Premises, and (iv) appropriate governmental authorities have signed the permit card or otherwise indicated clearance for temporary or permanent occupancy of the Leased Premises (unless the issuance of such clearance is delayed by acts or omissions of Tenant or its agents or contractors, in which event Substantial Completion shall be deemed to have occurred notwithstanding that such a clearance has not been issued). Substantial Completion shall be deemed to have occurred notwithstanding a requirement to complete “punchlist” or similar corrective work. As used in this Section 1.37, the term “punchlist” shall mean minor items of incomplete or defective work or materials or mechanical maladjustments that are of such a nature that they do not materially interfere with Tenant’s use of the Leased

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Premises. Any such items shall be completed as soon as practicable but in no event later than 30 days after such punchlist has been prepared and agreed to by the parties. No portion of any work to be performed by Tenant shall be taken into account in determining whether or not the Leased Premises are Substantially Complete.

1.38 “Successor” shall mean: (i) a corporation into which or with which Tenant, its corporate successors or assigns, is merged or consolidated in accordance with the applicable statutory provisions for merger or consolidation of corporations, but only if, by operation of law or by effective provisions contained in the instruments of merger or consolidation, the liabilities of the corporations participating in such merger or consolidation are assumed by the corporation surviving the merger or created by such consolidation; (ii) any partnership or limited liability company into which Tenant is merged in accordance with the applicable statutory provisions for the merger of partnerships or limited liability companies, but only if the surviving entity agrees in writing that it has unconditionally assumed for the benefit of Landlord all of the obligations and liabilities of Tenant under this Lease; (iii) any corporation, partnership or limited liability company acquiring the leasehold interest of Tenant under this Lease and substantially all of the other property and assets of Tenant or its Successor, but only if such entity agrees in writing that it has unconditionally assumed for the benefit of Landlord all of the obligations and liabilities of Tenant under this Lease; and (iv) any member agency or successor agency acquiring the leasehold interest of Tenant under this Lease and substantially all of the other property and assets of Tenant or its Successor, but only if such entity agrees in writing that it has unconditionally assumed for the benefit of Landlord all of the obligations and liabilities of Tenant under this Lease. Acquisition by Tenant or its successors of substantially all of the assets, together with the assumption of all or substantially all of the obligations and liabilities of any corporation, shall be deemed a merger of such corporation into Tenant for purposes of this Lease.

1.39 “Tenant Extra Improvements” shall mean the extent to which the existing and future alterations, additions and improvements in, on or to the Leased Premises exceed or would exceed in quality or quantity the Building Standard Improvements. In instances where this Lease refers to Tenant Extra Improvements as a standard for the provision of services, maintenance, repair or replacement by Tenant or Landlord, such reference shall be to the difference in required services, maintenance, repairs or replacements between the Tenant Improvements as constructed in the Leased Premises and the Building Standard Improvements, had the Building Standard Improvements been constructed in the Leased Premises.

1.40 “Tenant Improvements” shall mean the Building Standard Improvements (if any) and Tenant Extra Improvements (if any) installed or to be installed for Tenant as approved by Landlord pursuant to Exhibit B.

1.41 “Tenant’s Broker” shall mean Tenant’s broker stated on the Basic Lease Information Sheet.

1.42 [Intentionally omitted.]

1.43 “Tenant’s Proportionate Share” is based on the percentage that the Net Rentable Area of the Leased Premises bears to one-hundred percent (100%) of the total Net Rentable Area of the Building or to the total Net Rentable Area leased in the Building (if such

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total is greater than one-hundred percent (100%) of the total Net Rentable Area of the Building) as calculated for each calendar year of the Term.

1.44 “Term” shall mean the period from the Term Commencement Date and ending on the Term Expiration Date, unless sooner terminated pursuant to the terms of this Lease.

1.45 “Term Commencement Date” shall mean the date when the Term commences as determined pursuant to Section 3.01 hereof.

1.46 “Term Expiration Date” shall mean the date stated on the Basic Lease Information Sheet. Except to the extent and in the manner, if any, otherwise expressly provided in this Lease, Tenant shall not have any right to extend the Term.

ARTICLE 2 **Leased Premises**

2.01 Lease. Landlord leases to Tenant and Tenant leases from Landlord the Leased Premises upon all of the terms, covenants and conditions set forth herein.

2.02 Access to the Leased Premises. Tenant shall be granted access to the Leased Premises twenty-four (24) hours per day, every day of the year, provided that such access shall: (i) be in accordance with all reasonable security measures as may be imposed by Landlord from time to time and as are generally applicable to tenants of the Building and their invitees; and, (ii) be subject to restrictions on access imposed or recommended as a result of an emergency.

2.03 Landlord’s Reserved Rights. Landlord reserves from the leasehold estate hereunder, in addition to all other rights reserved by Landlord under this Lease: (i) all exterior walls and windows bounding the Leased Premises, and all space located within the Leased Premises for Major Vertical Penetrations, conduits, electric and all other utilities, air-conditioning, sinks or other Building facilities that do not constitute Tenant Extra Improvements, the use thereof and access thereto through the Leased Premises for operation, maintenance, repair or replacement thereof, and (ii) the right from time to time, without unreasonable interference with Tenant’s use of and access to the Leased Premises, to install, remove or relocate any of the foregoing for service to any part of the Building, to make alterations or additions to and to build additional stories on the Building, to alter or relocate any other Common Area facility or any other common facility to make changes or alterations therein or enlargements thereof, and to restrict access to portions of the Common Areas. Landlord shall have the sole and exclusive right to possession and control of the Common Areas and all other areas of the Project outside the Leased Premises, provided that Tenant shall have the right to the non-exclusive use of those portions of the Common Areas necessary for reasonable access to the Leased Premises or otherwise designated by Landlord from time to time for the non-exclusive use of Tenant.

ARTICLE 3 **Base Rent, Term and Use**

3.01 Term. Except as otherwise provided herein, the Term shall commence upon Substantial Completion of the Leased Premises (as such date may be adjusted pursuant to the

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provisions of Exhibit B to this Lease) and shall continue in full force for the Term. If the Leased Premises are not Substantially Complete by the Scheduled Term Commencement Date for any reason, Landlord shall not be liable for any claims, damages or liabilities by reason thereof, but the Term Commencement Date shall be the day when the Leased Premises are Substantially Complete (as such date may be adjusted pursuant to the provisions of Exhibit B to this Lease). The foregoing notwithstanding, Landlord shall use commercially reasonable efforts to achieve Substantial Completion by the Scheduled Term Commencement Date. Landlord shall provide Tenant as much notice as circumstances allow of the date when Landlord expects to achieve Substantial Completion, based upon the progress of the work. At Landlord's option, promptly after the determination of the Term Commencement Date, Landlord and Tenant shall execute and deliver a commencement letter in the form attached as Exhibit G (the "Commencement Letter"). Tenant shall return the Commencement Letter, or to provide written objection to the statements contained in the Commencement Letter, within thirty (30) days after the date such Commencement Letter is delivered to Tenant. Tenant's obligation to pay Rent and its other obligations under this Lease shall commence upon the Term Commencement Date (except as expressly otherwise provided herein with respect to obligations arising earlier).

3.02 Use. Tenant shall use the Leased Premises solely for the Permitted Use and for no other use or purpose.

3.03 Payment of Base Rent. Tenant shall pay the Base Rent with adjustments and in the manner hereinafter set forth:

(a) Base Rent shall commence on and as of the Term Commencement Date and shall be payable during the Term at the following rates:

Lease Months	Annual Rate per Square Foot of Net Rentable Area	Monthly Base Rent
1 through 12	\$40.80	\$89,076.60
13 through 24	\$41.88 (approx.)	\$91,303.52
25 through 36	\$42.84 (approx.)	\$93,586.11
37 through 48	\$43.92 (approx.)	\$95,925.76
49 through 60	\$45.00 (approx.)	\$98,323.90
61 through 72	\$46.20 (approx.)	\$100,782.00
73 through 84	\$47.28 (approx.)	\$103,301.56
85 through 89	\$48.48 (approx.)	\$105,884.09

(b) Provided no Event of Default exists under this Lease and subject to the provisions of this Section 3.03(b), Tenant shall not be required to pay Base Rent, commencing as of the Term Commencement Date and continuing through and including the last day of the Fifth (5th) Lease Month following the Term Commencement Date (the "Base Rent Forgiveness Period"). Tenant, in its sole discretion and provided no Event of Default then exists under this Lease, may elect to apply up to two (2) months of such abated Base Rent, dollar for dollar, to Estimated Excess Cost (as defined in Exhibit B). Tenant shall make such election, if at all, within thirty (30) days of receipt of the Estimated Excess Cost from Landlord. The other provisions of this Section notwithstanding, Landlord and Tenant acknowledge that Base Rent for the Base Rent Forgiveness Period would be the sum of Eighty-nine Thousand

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Seventy-six and 60/100ths Dollars (\$89,076.60) per month, and a total of Four Hundred Forty-five Thousand Three Hundred Eighty-three and 00/100ths Dollars (\$445,383.00) (the “Total Base Rent Forgiveness Amount”), in the absence of the forgiveness of the Base Rent for such period, and that such forgiveness is expressly conditioned on the absence of any Event of Default existing under the Lease. In the event of the occurrence of any such Event of Default, (i) such forgiveness shall terminate; and (ii) the Total Base Rent Forgiveness Amount shall immediately become due and payable. Landlord and Tenant hereby acknowledge and agree that the requirement of the payment of such Base Rent does not constitute a penalty or forfeiture, but rather only the reinstatement of Base Rent otherwise due.

(c) Base Rent for the first Lease Month following the Base Rent Forgiveness Period shall be paid within forty-five (45) days of execution of this Lease, provided that Landlord has provided Tenant with a written invoice of the amount due (the “First Base Rent Invoice”). Base Rent for the portion of the first full calendar month of the Term contained between the last day of the Base Rent Forgiveness Period and the first day of the following calendar month shall be prorated and the prorated installment shall be paid not later than sixty (60) days after the first day of the last calendar month of the Base Rent Forgiveness Period, provided that the amount due is reflected in a Monthly Base Rent Invoice (as defined below) for such calendar month. Thereafter, Tenant shall pay Base Rent not later than sixty (60) days after the first day of each calendar month during the Term and any extensions or renewals thereof, in arrears and subject to receipt of a written invoice therefor delivered on or about such first day (the “Monthly Base Rent Invoice”), without reduction, abatement, counterclaim or setoff, at the address specified on the Basic Lease Information Sheet or at such other address as may be designated by Landlord in the manner provided for giving notice under Section 7.19 hereof. If the last day of the final full Lease Month of the initial Term of this Lease is not the last day of a calendar month, Base Rent for the portion of the Term following the last day of such final full Lease Month and continuing to and including the last day of the initial Term of this Lease shall be payable at the same rate as the Base Rent rate set forth herein for such final full Lease Month.

(d) If the Term terminates on other than the last day of a calendar month, then Base Rent provided for such partial calendar month shall be prorated and the prorated installment shall be paid on the first day of the calendar month next preceding the date of termination. If the rate at which Base Rent is payable under this Lease changes on a day other than the first day of a calendar month, then the Base Rent for such partial calendar month shall be prorated on a daily basis to take such change into account, and any additional amount due as a result of such proration shall be paid on the first day of the calendar month for which the proration occurs.

ARTICLE 4

Landlord Covenants

4.01 Basic Services. Landlord shall to a first-class standard consistent similar to that of comparable office buildings in the Sacramento marketplace:

(a) Administer initial improvement of the Leased Premises in accordance with Exhibit B.

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(b) Furnish Tenant during Tenant's occupancy of the Leased Premises for the Permitted Use:

(i) Hot and cold water at those points of supply provided for general use of other tenants in the Building.

(ii) Central heating, ventilation and air conditioning service during Building Hours and at such temperatures and in such amounts as are considered by Landlord to be standard or as may be permitted or controlled by applicable laws, ordinances, rules and regulations.

(iii) Maintenance, repairs, structural and exterior maintenance (including, without limitation, exterior glass and glazing), painting and electric lighting service for all public areas and special service areas of the Project in the manner and to the extent deemed by Landlord to be standard, subject to the limitation contained in Section 4.07.

(iv) Janitorial service on a five (5) day week basis, excluding holidays.

(v) An electrical system to convey power delivered by public utility providers selected by Landlord in amounts sufficient for normal office operations as provided in similar office buildings, but not to exceed Building standard usage, per square foot, as reasonably determined by Landlord, based upon the Building standard electrical load. Landlord shall have the right to measure electrical usage by commonly accepted methods, including the installation of measuring devices such as submeters and check meters. If it is determined that Tenant is using electricity in such quantities or during such periods as to cause the total cost of Tenant's electrical usage, on a monthly, per square foot basis, to materially exceed that which Landlord reasonably deems to be Building standard usage, Tenant shall pay Landlord for the full cost of such excess electrical usage and, if applicable, for the cost of purchasing and installing such measuring devices; and provided that if the installation and operation of Tenant's electrical equipment requires additional air conditioning capacity above that provided by Building Standard Improvements, then the additional air conditioning installation and operating costs shall be paid by Tenant.

(vi) The supply and installation of lamps, bulbs and ballasts used in the Leased Premises.

(vii) Limited security services for the Building, subject to the provisions of Section 7.05.

(viii) Public elevator service serving the floor or floors on which the Leased Premises are situated at all times, subject to curtailment or cessation due to the effects of applicable laws, ordinances, rules and regulations, the effects of emergencies, any interruption of utility services, and the effects of mechanical breakdowns or any damage to, or destruction of, the Building or Building systems.

(c) Subject to the provisions of Section 4.02 below, Landlord shall not be liable for damages to either person or property, nor for injury to or interference with Tenant's business (including, without limitation, interruptions or inconveniences in business operations

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and loss of profits), nor shall Landlord be deemed to have evicted Tenant, nor shall there be any abatement of Rent, nor shall Tenant be relieved from performance of any covenant on its part to be performed hereunder by reason of (i) a deficiency in the provision of Basic Services, (ii) the breakdown or malfunction of lines, cables, wires, pipes, equipment or machinery utilized in supplying or permitting Basic Services or telecommunications, or (iii) the effects of applicable laws, ordinances, rules and regulations, the effects of emergencies, any interruption of utility services, and the effects of mechanical breakdowns or any damage to, or destruction of, the Building or Building systems. Landlord shall use reasonable diligence to make such repairs as may be required to lines, cables, wires, pipes, equipment or machinery within the Project to provide restoration of Basic Services and, where the cessation or interruption of Basic Service has occurred due to circumstances or conditions beyond Project boundaries, to cause the same to be restored, by diligent application or request to the provider thereof. In no event shall any mortgagee or the beneficiary under any deed of trust referred to in Section 5.12 be or become liable for any default of Landlord under this Section 4.01(c).

4.02 Interruption of Basic Services. The provisions of Section 4.01(c) above notwithstanding, in the event that the Leased Premises ceases to be habitable for regular business use due to a continuous interruption of Basic Services that is within the reasonable control of Landlord to correct, and Tenant in fact ceases to use the Leased Premises by reason of such interruption, then Tenant shall be entitled to an abatement in Gross Rent due under this Lease. Abatement shall commence upon the fifth (5th) business day after the earlier to occur of (i) written notice of such interruption from Tenant to Landlord, or (ii) cessation of use by Tenant by reason of such interruption, and shall continue until such interruption has been terminated. Anything in this Section 4.02 to the contrary notwithstanding, any entitlement of Tenant to an abatement of the Rent or any part thereof following damage to or destruction of the Leased Premises or the Project shall be governed by the provisions of Section 7.08 and not by the provisions of this Section 4.02.

4.03 Extra Services. Upon the prior written request of Tenant given with such advance notice as Landlord may reasonably require, Landlord shall provide to Tenant at Tenant's sole cost and expense (and subject to the limitations hereinafter set forth) the following services, but only to the extent such services are ordinarily and customarily provided to tenants of comparable top-tier commercial office buildings in the City of Sacramento, California:

(a) Such extra cleaning and janitorial services required if Tenant Improvements are not consistent in quality and quantity with Building Standard Improvements;

(b) Additional air conditioning and ventilating capacity (including equipment necessary to quantify its usage) required by reason of any electrical, data processing or other equipment or facilities or services required to support the same, in excess of that which would be required for Building Standard Improvements;

(c) Heating, ventilation and air conditioning or extra electrical service (including equipment necessary to quantify its usage) provided by Landlord to Tenant during hours other than Building Hours (which, if provided, shall be provided for a minimum of two (2) hours in each instance); the current rate for such service is Forty-five and No/100ths Dollars (\$45.00) per hour but such charge is subject to adjustment from time to time without notice to

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Tenant in order to reflect changes in the actual costs incurred by Landlord in providing such service;

(d) Repair and maintenance service which is the obligation of Tenant hereunder;

(e) Any Basic Service in amounts determined by Landlord to exceed the amounts required to be provided under Section 4.01(b), but only if Landlord elects to provide such additional or excess service.

(f) Tenant shall pay Landlord the cost of providing any excess service pursuant to the provisions of this Section 4.03 (or an amount equal to Landlord's reasonable estimate of such cost, if the actual cost is not readily ascertainable) together with a reasonable administration fee, within sixty (60) days following presentation of an invoice therefor by Landlord to Tenant. The cost chargeable to Tenant for all extra services shall constitute Additional Rent.

4.04 Window Coverings. Tenant shall not place or maintain any window coverings, blinds or drapes on any exterior window (other than those supplied by Landlord) without Landlord's prior written approval which Landlord shall have the right to grant or withhold in its absolute and sole discretion. Tenant acknowledges that breach of this covenant will directly and adversely affect the exterior appearance of the Project and/or the operation of the heating, ventilation and air conditioning systems.

4.05 Graphics and Signage. Landlord shall provide the initial identification of Tenant's name in the appropriate Building entry lobby. All signs, notices and graphics of every kind or character, visible in or from public corridors, the Common Area or the exterior of the Leased Premises shall be subject to Landlord's prior written approval which Landlord shall have the right to withhold in its absolute and sole discretion.

4.06 Tenant Extra Improvements. All additional Tenant Extra Improvements shall be installed at Tenant's cost, such installation to be made and paid for pursuant to the provisions of Exhibit B (if made in connection with the initial Tenant Improvements), or pursuant to the provisions of Section 5.07 (if made in connection with any Alterations). Landlord shall not seek the benefits of depreciation deductions or income tax credit allowances for federal or state income tax reporting purposes with respect to any Tenant Extra Improvements for which Tenant has fully reimbursed Landlord under this Section 4.06.

4.07 Repair Obligation. Landlord shall maintain and repair to a first-class standard similar to that of comparable office buildings in the Sacramento marketplace (i) the structural portions of the Building, (ii) the exterior walls of the Building, including, without limitation, glass and glazing, (iii) the roof of the Building, (iv) mechanical, electrical, plumbing and life safety systems, and (v) Common Areas. Landlord shall not be deemed to have breached its obligations under this Section 4.07 unless Tenant has given to Landlord written notice of any required repair and Landlord has not made such repair within a reasonable time following the receipt by Landlord of such notice which shall not exceed thirty (30) days in any circumstance. The foregoing notwithstanding: (i) Landlord shall not be required to repair damage to any of the

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foregoing to the extent caused by the acts or omissions of Tenant or its agents, employees or contractors, except to the extent covered by insurance carried by Landlord; and (ii) the obligations of Landlord pertaining to damage or destruction by casualty shall be governed by the provisions of Section 7.08. Landlord shall have the right but not the obligation to undertake work of repair that Tenant is required to perform under this Lease and that Tenant fails or refuses to perform in a timely and efficient manner following written notice from Landlord specifying the work of the repair that Tenant is required to perform. All costs incurred by Landlord in performing any such repair for the account of Tenant shall be repaid by Tenant to Landlord within 60 days from invoice.

4.08 Peaceful Enjoyment. Tenant shall peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Tenant pays the Rent and performs all of Tenant's covenants and agreements herein contained. This covenant and the other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its and their respective ownerships of Landlord's interest hereunder.

4.09 Landlord's Compliance With Laws. Subject to the provisions of Exhibit C hereto and to the extent not the obligation of Tenant pursuant to the provisions of Section 5.09 below, Landlord shall perform such work as may be required to avoid the Project (excluding the Leased Premises and the premises leased to other tenants) being in violation of any federal, state and local laws, regulations, codes or ordinances with which, and to the extent, the Project is actually required to comply at a particular time, including, without limitation, the Americans with Disabilities Act of 1990 (as the same may be amended from time to time). The foregoing notwithstanding, Landlord shall not be deemed to have breached the obligations set forth in this Section 4.09 unless and until Landlord has failed to perform the required work within the later of: (i) a reasonable period following written notice of the required work from Tenant; or (ii) a reasonable period following the date upon which any administrative proceeding or litigation commenced by Landlord to object to a particular proposed requirement has been finally determined against Landlord and becomes not subject to further appeal.

4.10 Building Riser Access. Tenant shall have reasonable, non-exclusive access to the Building's riser for the purpose of installing, operating, repairing, maintaining and replacing Tenant's telecommunications and data cabling used in connection with Tenant's business operations in the Leased Premises, subject to such reasonable rules, procedures and security measures (including, without limitation, the presence of Landlord's riser manager, at Tenant's expense) as Landlord may adopt, and subject to restrictions on access imposed or recommended as a result of an emergency.

4.11 Freight Elevator and Loading Dock Access. To the extent the Building contains a freight elevator and loading dock, Tenant shall have non-exclusive access to such freight elevator and loading dock at such times as are considered by Landlord to be standard and are scheduled in advance, subject to such reasonable rules, procedures and security measures (including, without limitation, the Rules and Regulations for the Project attached as Exhibit F) as Landlord may adopt, and subject to restrictions on access imposed or recommended as a result of an emergency.

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ARTICLE 5

Tenant's Covenants

5.01 Payments By Tenant. Tenant shall pay Rent at the times and in the manner herein provided. All obligations of Tenant hereunder to make payments to Landlord shall constitute Rent and failure to pay the same when due shall give rise to the rights and remedies provided for in Section 7.09. Tenant shall have sixty (60) days after its receipt of any statement from Landlord requesting the payment of Rent (including, without limitation, a statement of the Basic Operating Cost Adjustment) to object to such statement in writing (stating a reasonable and clear objection thereto), failing which the statement shall be considered as final and accepted by Tenant.

5.02 Construction of Tenant Improvements. Landlord shall cause its contractor to install the Tenant Improvements pursuant to Exhibit B. All additions to or improvements of the Leased Premises, whether of Building Standard Improvements or Tenant Extra Improvements, shall be and become the property of Landlord upon installation and shall be surrendered to Landlord upon termination of this Lease by lapse of time or otherwise, subject to Tenant's rights or obligations of removal with respect thereto as provided in this Lease. Although Tenant Extra Improvements become the property of Landlord upon installation, they are intended to be for the convenience of Tenant and are not intended to be a substitute for Rent or any part thereof.

5.03 Taxes on Personal Property and Tenant Extra Improvements. In addition to, and wholly apart from its obligation to pay Tenant's Proportionate Share of Basic Operating Cost Excess, Tenant shall be responsible for and shall pay prior to delinquency taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its personal property, on the value of its Tenant Extra Improvements or Alterations, on its interest pursuant to this Lease or on any use made of the Leased Premises or the Common Areas by Tenant in accordance with this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

5.04 Repairs By Tenant. Tenant shall maintain and repair the Leased Premises and keep the same in good condition, subject to reasonable wear and tear (but only to an extent consistent with the Leased Premises remaining in good condition and repair) and casualty damage that is not required to be repaired by Tenant hereunder. Tenant's obligation shall include, without limitation, the obligation to maintain and repair all walls, floors, entry doors, ceilings and fixtures and to repair all damage caused by Tenant, its agents, employees, invitees and licensees to the utility outlets and other installations in the Leased Premises or anywhere in the Project, whatever the scope of the work of maintenance or repair required. Tenant shall repair all damage caused by removal of Tenant's movable equipment or furniture or the removal of any Tenant Extra Improvements or Alterations permitted or required by Landlord, all as provided in Section 5.18. At the request of Tenant, subject to Section 4.03 above, Landlord shall perform the work of maintenance and repair constituting Tenant's obligation pursuant to this Section 5.04 and as an "extra service" to be rendered pursuant to Section 4.03 at Tenant's sole cost and expense including, without limitation, the administration fee referred to therein. Any work of repair and maintenance performed by or for the account of Tenant by persons other than Landlord shall be performed by contractors approved by Landlord prior to commencement of the

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work and in accordance with procedures Landlord shall from time to time establish. All such work shall be performed in compliance with all applicable laws, ordinances, rules and regulations and Tenant shall provide to Landlord copies of all permits and records of inspection issued or obtained by Tenant in connection therewith to establish such compliance. Tenant shall also comply with all Landlord's construction procedures and requirements for the Project (including, without limitation, Landlord's requirements relating to insurance). Nothing herein contained, however, shall be deemed to impose upon Tenant the obligation to perform work of maintenance or repair required by reason of Landlord's negligence or wrongful acts or those of Landlord's agents or employees. Landlord may require by written notice to Tenant that Tenant shall install and maintain all required intrabuilding network cable and other communications wires and cables necessary to serve the Leased Premises from the point of presence in the Building of a telecommunications provider.

5.05 Waste. Tenant shall not commit or allow any waste or damage to be committed in any portion of the Leased Premises.

5.06 Assignment or Sublease.

(a) If Tenant intends to assign this Lease or sublet the Leased Premises or any part thereof, Tenant shall give Landlord written notice of such intent. Tenant's notice shall: (i) be accompanied by an exact copy of the proposed agreements between Tenant and the proposed assignee or subtenant; (ii) contain a statement of the name and legal form of the proposed assignee, subtenant or other transferee; (iii) contain a description of the business to be conducted at and from the Leased Premises by the proposed assignee or sublessee following the proposed assignment or subletting; and (iv) include a balance sheet as of a date not more than six (6) months preceding the delivery of the balance sheet to Landlord and operating statements for the last two fiscal years of the proposed assignee or sublessee. Tenant shall also promptly provide to Landlord any additional information or documents reasonably requested by Landlord within ten (10) days after receiving Tenant's notice.

(b) Landlord shall then have a period of twenty (20) days following such receipt of such additional information (or thirty (30) days from the date of Tenant's original notice if Landlord does not request such additional information) within which to notify Tenant in writing that Landlord elects to grant, either conditionally or unconditionally, or to deny its consent to the proposed assignment or subletting. The consent of the Landlord shall not be unreasonably withheld or conditioned. Tenant hereby acknowledges and agrees that, without limiting in any way other circumstances or factors under which Landlord could reasonably withhold or condition its consent to a proposed assignment or subletting, it shall be reasonable for Landlord to withhold or condition its consent where: (i) the use of the Leased Premises by such proposed assignee or subtenant would not be a Permitted Use; (ii) the financial resources or operating history of the proposed assignee or subtenant is not sufficient to assure that the proposed assignee or subtenant will be able to perform in a timely manner all of its obligations under this Lease or the proposed sublease, as applicable; (iii) the proposed assignee's or subtenant's use would involve the storage, use, treatment or disposal of any Hazardous Material (except for Permitted Hazardous Materials transported, stored and used in accordance with the provisions of this Lease); (iv) the proposed assignee or sublessee does not intend itself to occupy the entire portion of the Leased Premises assigned or sublet; (v) the proposed use by the

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proposed assignee or subtenant could cause the violation of any covenant or agreement of Landlord to any third party or would permit any other tenant to terminate its lease; (vi) the proposed subtenant or assignee then leases or occupies any other space in the Building, unless there is then no space in the Building comparable to the space subject to the proposed sublease or assignment; (vii) Landlord or Landlord's agent is then negotiating with the proposed assignee or sublessee or any of its Affiliates or Parent Entity or any of their representatives or agents concerning availability of space in the Project; (viii) the proposed subletting or assignment would, when taken together with all previous sublettings then still in effect, materially increase the density of employees in the Leased Premises or the portion thereof subject to a sublease or materially increase the scope or usage of utilities and services required to be provided by Landlord under this Lease; (ix) result in more than three (3) occupancies in the Leased Premises; (x) Landlord determines that the proposed assignment or subletting would have the effect of decreasing the value of the Project or materially increasing the expenses associated with operating, maintaining and repairing the Project; (xi) in the case of a sublease, if the rent payable by the subtenant is less than the then Fair Market Rent for the space subject to the proposed sublease; (xii) Landlord determines that, after taking into consideration the provisions of the second sentence of Section 5.06(d) below, such proposed assignment or subletting could otherwise (A) result in the payment of any consideration that would not qualify as "rents from real property", as that term is defined in Section 856(d) of the United States Internal Revenue Code of 1986, as amended, or (B) cause any portion of the amounts payable under this Lease to fail to qualify as "rents from real property" within the meaning of said Section 856(d) of the United States Internal Revenue Code of 1986, as amended; or (xiii) the assignment or subletting would be in contravention of any provision in this Section 5.06.

(c) If Landlord fails to notify Tenant in writing of such election within said period, Landlord shall be deemed to have waived its option to terminate this Lease as to the space so affected as of the date so specified by Tenant. Failure by Landlord to approve a proposed subtenant or assignee shall not cause a termination of this Lease, and the sole remedy of Tenant shall be an action for injunctive or declaratory relief.

(d) Any Assignment or Sublease Profit realized by Tenant under any such assignment or sublease shall be divided and paid as follows: fifty percent (50%) to Tenant and fifty percent (50%) to Landlord. The term "Assignment or Sublease Profit" shall mean any rent or other consideration realized by Tenant under such sublease or assignment in excess of the Gross Rent payable hereunder for the same period (prorated on a per square foot of Net Rentable Area basis, in the case of a subletting of less than all of the Leased Premises), after prorating on a calendar monthly basis over the term of sublease or assignment, and deducting the prorata amount from each of the payments to be made in respect of any calendar month under the sublease or assignment: (i) reasonable leasing commissions and legal fees paid to third parties in connection with the subletting or assignment; and (ii) costs incurred by Tenant in performing Alterations or leasehold improvements for the subtenant or assignee. The foregoing notwithstanding, if more than one (1) payment of Assignment or Sublease Profit is to be made in respect of an assignment, then the amount which would otherwise be deducted from a single payment shall instead be prorated over each payment of Assignment or Sublease Profit to be made in respect of the assignment and the prorata amount shall be deducted from each such sublease or assignment payment. If, in connection with any assignment or subletting, the consideration received by Tenant pertains both to the assignment or subletting and other assets or

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rights which Tenant is conveying or transferring to the assignee or subtenant, then in no event shall the portion of such consideration allocated to the assignment or sublease be less than that required to cause the assignee or subtenant to have paid an amount equal to the then Fair Market Rent for the portion of the Leased Premises subject to the assignment or subletting. Within sixty (60) days following the end of any calendar month during which Tenant receives any payment of Assignment or Sublease Profit, Tenant shall: (i) deliver to Landlord a copy of any instrument by which such payment was made, together with an accounting of any Assignment or Sublease Profit arising in connection with such payment of Assignment or Sublease Profit; and, (ii) pay to Landlord Landlord's share (as calculated in accordance with this Section 5.06(d)).

(e) Without limiting the other events which may constitute an assignment of this Lease, the following shall be deemed an assignment of this Lease: (i) the pledging, mortgaging or encumbering of Tenant's interest in this Lease, or the Leased Premises or any part thereof; (ii) any occupancy of all of the Leased Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant; (iii) an assignment or transfer by operation of law; (iv) a transfer, in one or more transactions occurring within a period of twelve (12) months, whether by sale, assignment, bequest, inheritance, operation of law or other disposition or by subscription of fifty percent (50%) or more of the corporate shares of, or partnership or other interests in, Tenant other than as a result of (A) the transfer of outstanding capital stock or other listed equity interests in Tenant, or the acquisition of shares in the initial public offering of Tenant's stock, by persons or parties through any recognized national or international securities exchange, or (B) the transfer of outstanding capital stock in Tenant by a shareholder into a living trust under which the transferor is the trustee and the beneficiary; (v) the dissolution of Tenant, unless such dissolution is immediately followed by the reconstitution of a successor entity which continues the business of Tenant with substantially the same ownership of shares or constituent partnership interests as existed prior to such dissolution; or, (vi) the sale or other transfer or disposition of substantially all of the assets of Tenant. Without limiting the other events which may constitute a subletting, any occupancy of less than all of the Leased Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant and its employees and business guests, shall be deemed a subletting of the Leased Premises.

(f) In any subletting undertaken by Tenant, Tenant shall use commercially reasonable efforts to obtain not less than Fair Market Rent for the space so sublet. In any assignment of this Lease in whole or in part, Tenant shall use commercially reasonable efforts to obtain from the assignee consideration reflecting a value of not less than Fair Market Rent for the space subject to such assignment. Tenant shall provide to Landlord, upon Landlord's demand, true and correct executed copies of the documents constituting such sublease or assignment and any amendments thereof during the Term.

(g) The provisions of Sections 5.06(b), 5.06(d), 5.06(e), and 5.06(f) notwithstanding, Tenant may sublet the Leased Premises or any part thereof to an Affiliate or Parent Entity of Tenant without the necessity of obtaining the consent of Landlord. In the event that Tenant sublets the Leased Premises or any part thereof to an Affiliate or Parent Entity of Tenant in accordance with this Section 5.06(g), Tenant shall remain primarily liable with respect to its obligations under this Lease and, as to sublettings to Affiliates, Tenant shall remain the

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agent of the subtenant for the purposes of this Lease, with such agent being fully authorized to act for and bind the subtenant without the necessity of confirmation or ratification by such subtenant. Such agency shall be irrevocable and for the express benefit of Landlord, and Landlord may elect to disregard any notice or other communication purporting to revoke any such agency.

(h) The provisions of Sections 5.06(b), 5.06(d), 5.06(e), 5.06(f) and 5.06(g) notwithstanding, Tenant shall have the right to assign this Lease and its rights and obligations hereunder, without the necessity of obtaining the consent of Landlord, to a Successor to Tenant, but only if such Successor, immediately following the conclusion of all of the transactions (the “Succession Transactions”) undertaken in connection with the merger or other succession transaction, has a tangible net worth or shareholder’s equity, as applicable, equal to, or greater than, the tangible net worth or shareholder’s equity, as applicable, of Tenant as of the date of this Lease. The right of Tenant to make such an assignment without the consent of Landlord shall be conditioned upon there not existing hereunder at the time of such assignment any monetary Event of Default on the part of Tenant under this Lease and there not then existing any event or condition which, with the giving of notice or the passage of time or both, would constitute a monetary Event of Default by Tenant under this Lease.

(i) Tenant shall be permitted to allow its contractors, associates and other governmental and quasi-governmental agencies to occupy certain portions of the Leased Premises without Landlord’s consent (for purposes of this Section 5.06, each such person or company is referred to as an “Occupant”), provided the following conditions are satisfied: (i) such occupancy is not a subterfuge to avoid the provisions of this Section 5.06 concerning assignment and subleases; (ii) such occupancy is not separate from the remaining portions of the Leased Premises by demising walls and does not have a separate entrance; (iii) each Occupant shall comply with the insurance requirements under Section 7.02 and 7.03 (including naming Landlord and the other parties required under Section 7.03(b) as additional insureds) as if such Occupant were Tenant (with Landlord having received evidence of such insurance prior to such Occupant’s occupancy of the Leased Premises) and shall be subject to the waivers under Section 7.06 as if such Occupant were Tenant, and each agreement under which such Occupant occupies the Leased Premises shall so provide; and (iv) prior to such Occupant’s occupancy of the Leased Premises, Tenant shall have provided Landlord with the name and address of the Occupant and a copy of the agreement under which such Occupant is occupying the Leased Premises. If an occupancy described above does not satisfy all of the foregoing conditions, then such occupancy shall constitute a sublease and shall be subject to the other provisions of this Section 5.06.

(j) No assignment or subletting by Tenant shall relieve Tenant of any obligation under this Lease. Any assignment or subletting that conflicts with the provisions hereof shall be void. No consent by Landlord to any subletting or assignment shall constitute a consent to any other assignment or subletting nor shall it constitute a waiver of any of the provisions of this Section 5.06 as they apply to any such future sublettings or assignments. In no event shall Tenant assign this Lease or enter into any sublease, license, concession or other agreement for use, occupancy or utilization of any part of the Leased Premises which provides for a rental or other payment for such use, occupancy or utilization based in whole or in part on the income or profits derived by any person from the Leased Premises leased, used, occupied or

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utilized (other than an amount based on a fixed percentage or percentages of gross receipts or sales), and Tenant agrees that all assignments, subleases, licenses, concessions or other agreements for use, occupancy or utilization of any part of the Leased Premises shall provide that no subtenant or assignee of Tenant may further sublease or assign the Lease and any such purported assignment, sublease, license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy or utilization of any part of the Leased Premises.

(k) Any assignee shall assume in writing, for the express benefit of Landlord, all of the obligations of Tenant under this Lease, provided that no such assumption shall be deemed a novation or other release of the prior Tenant. Following any assignment, the obligations for which the prior Tenant remains liable under this Lease shall include, without limitation, any obligations arising in connection with any amendments to this Lease executed by Landlord and the assignee, whether or not such amendments are made with knowledge or consent of the prior Tenant; provided, however that if an amendment to this Lease is made without the consent of the prior Tenant, the aggregate liability of such prior Tenant under this Lease shall not exceed the aggregate amount of all liabilities of such prior Tenant under the terms and conditions of this Lease as of the date of the assignment and under any amendments to which such prior Tenant has given its consent.

(l) If this Lease is assigned, whether or not in violation of the terms of this Lease, Landlord may collect Rent from the assignee. If the Leased Premises or any part thereof is sublet, Landlord may, upon any failure by Tenant to perform its obligations hereunder, collect Rent from the subtenant. In either event, Landlord may apply the amount collected from the assignee or subtenant to Tenant's monetary obligations hereunder. Collecting Rent from the assignee or subtenant or applying that Rent to Tenant's monetary obligations shall not be deemed to be an acceptance of the assignee or subtenant as a direct tenant of Landlord nor a waiver of any provision of this Section 5.06 nor an assumption by Landlord of any obligation of Tenant or any other party as an assignor or sublessor to such assignee or subtenant.

(m) Any improvements, additions, or alterations to the Building or the Project that are required by any law, ordinance, rule or regulation, or are deemed necessary or appropriate by Landlord as a result of any subletting or assignment hereunder, shall be installed and provided without cost or expense to Landlord. Landlord may condition its consent to any proposed subtenant or assignee on the construction of improvements deemed necessary or appropriate by Landlord by reason of the subletting or assignment.

(n) Tenant shall pay Landlord a review fee of One Thousand and No/100ths Dollars (\$1,000.00) for Landlord's review of any proposed assignment or subletting.

(o) Without liability to Tenant, Landlord shall have the right to offer and to lease space in the Building, or in any other property, to any party, including without limitation parties with whom Tenant is negotiating, or with whom Tenant desires to negotiate, concerning assignment or subletting the Leased Premises, or any portion thereof.

5.07 Alterations, Additions, Improvements.

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(a) Tenant shall not make or allow to be made any alterations, additions or improvements in or to the Leased Premises (collectively, “Alterations”) without obtaining the prior written consent of Landlord. Landlord’s consent shall not be unreasonably withheld with respect to proposed Alterations that (i) comply with all applicable laws, ordinances, rules and regulations, (ii) are compatible with the Building and its mechanical, electrical, heating, ventilation and air conditioning and life safety systems; (iii) will not interfere with the use and occupancy of any other portion of the Building by any other tenant or their invitees; (iv) do not affect the structural portions of the Building; and, (v) do not and will not, whether alone or taken together with other improvements, require the construction of any other improvements or alterations within the Building. In determining whether or not to consent to proposed Alterations, Landlord shall have the right (without limitation) to review plans and specifications for proposed Alterations, construction means and methods, the identity of any contractor or subcontractor to be employed on the work of Alterations, and the time for performance of such work. Without limiting the other grounds upon which Landlord may refuse to approve any contractor or subcontractor, Landlord may take into account the desirability of maintaining harmonious labor relations at the Project. Landlord may also require that all life safety related work be performed by the life safety contractor for the Building. Tenant shall supply to Landlord any documents and information requested by Landlord in connection with the exercise of its rights hereunder. Upon completion of any Alteration, Tenant shall submit to Landlord, at Tenant’s expense, an electronic copy of plans and specifications in the AutoCAD format reflecting the actual conditions of the Tenant Improvements as affected by the Alteration. Landlord may hire outside consultants to review such documents and information and Tenant shall reimburse Landlord for the cost thereof, including reasonable attorneys’ fees, upon demand. All Alterations permitted hereunder shall be made and performed by Tenant, without cost or expense to Landlord, in a diligent and first-class workmanlike manner and in accordance with plans and specifications approved by Landlord, and shall comply with all laws, ordinances, orders, rules and regulations and Landlord’s construction procedures and requirements for the Project (including, without limitation, Landlord’s requirements relating to insurance). In the event any proposed Alteration is approved by Landlord, such Alteration may be made and performed by Landlord, without cost or expense to Landlord. Tenant shall pay Landlord, upon completion of any such Alteration made or performed by Landlord, a reasonable fee for Landlord’s supervision and administration of the installation thereof; provided, however, that such fee shall not be deemed to be “income” for purposes of calculating management cost recovery under Paragraph 2(a)(6) of Exhibit C hereto. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not place or install, or permit to be placed or installed, any alterations, additions, improvements, furniture, fixtures, equipment or other materials or objects of Tenant or any of its employees, agents, contractors, suppliers, representatives or invitees within eighteen inches (18”) from the front induction units in the Leased Premises or on top of the front induction units in the Leased Premises. The obligations of the parties with respect to removal of Alterations shall be controlled by Section 5.18.

(b) The provisions of Section 5.07(a) above notwithstanding, Tenant may make or allow to be made Alterations in or to the Leased Premises without obtaining the prior written consent of Landlord, but only if such Alterations meet all of the following criteria: (i) such Alterations comply with the provisions of subparts (i) through (v) in the second sentence of Section 5.07(a) above; and (ii) such Alterations are solely cosmetic. In the event that Tenant plans to make any Alterations without the prior written consent of Landlord pursuant to the

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provisions of this Section 5.07(b), Tenant shall, within fifteen (15) days prior to the commencement of any work in connection with the construction and/or installation of any such Alterations, (i) deliver to Landlord a copy of all plans and specifications for such Alterations, and (ii) provide Landlord with the identity of any contractor or subcontractor to be employed on the work of such Alterations.

(c) Anything to the contrary set forth in Section 5.07(a) and 5.07(b) above notwithstanding, upon Tenant's written request expressly referring to this Section 5.07(c), Tenant may request that Landlord inform Tenant in writing whether or not Landlord will require that Tenant remove any Alteration or item of Tenant Extra Improvement at the expiration or earlier termination of this Lease and restore the Leased Premises to their condition prior to the making of such Alteration or item of Tenant Extra Improvement, and Landlord shall so inform Tenant thereof within fifteen (15) business days of receipt of Tenant's written request and all other information reasonably requested by Landlord in connection with the making of such determination.

5.08 Liens. Tenant shall keep the Leased Premises and the Project free from any liens arising out of any (i) work performed or material furnished to or for the Leased Premises, and (ii) obligations incurred by or for Tenant or any person claiming through or under Tenant. Tenant shall, within ten (10) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond fully satisfactory to Landlord in form and substance. Landlord shall have the right at all times to post and keep posted on the Leased Premises any notices permitted or required by law, or that Landlord shall deem proper for the protection of Landlord, the Leased Premises, the Project and any other party having an interest therein, from mechanics', materialmen's and other liens. In addition to all other requirements contained in this Lease, Tenant shall give to Landlord at least ten (10) business days prior written notice before commencement of any construction on the Leased Premises.

5.09 Compliance with Laws and Insurance Standards.

(a) Tenant shall comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal or promulgated by other agencies or bodies having or claiming jurisdiction) related to the use, improvement, condition or occupancy of the Leased Premises and all improvements located therein, regardless of when they become effective, including, without limitation, all applicable federal, state and local laws, regulations or ordinances pertaining to air and water quality, Hazardous Materials, waste disposal, air emissions and other environmental matters and including, without limitation, the Americans with Disabilities Act of 1990. Tenant shall immediately deliver to Landlord a copy of any notices received from any governmental agency in connection with the Leased Premises. It is the intention of Tenant and Landlord that the obligations of Tenant under this Section 5.09 shall apply irrespective of the scope of work required to achieve such compliance, and that Tenant's obligations under this Section and Section 5.04 or either of them shall include, without limitation, the responsibility of Tenant to make substantial repairs, improvements or Alterations to the extent provided above, regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term hereof, the relative benefit of the repairs to Tenant or Landlord, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Leased Premises, or the likelihood that the

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parties contemplated the particular law involved. Tenant waives any rights now or hereafter conferred upon it by any existing or future law to terminate this Lease or to receive any abatement, diminution, reduction or suspension of payment of Rent by reason of the obligations of Tenant under this Section 5.09. In no event, however, shall Tenant be responsible for any structural upgrade required to be made to the Leased Premises, except to the extent that the requirement of such upgrade is imposed due to the use of the Leased Premises by Tenant (other than for general office purposes) or any Alteration made or proposed to be made by Tenant.

(b) Tenant shall promptly cure and satisfy all Hazardous Materials claims arising out of or by reason of the activities or businesses of Tenant, its subtenants, or the agents, contractors, businesses or employees of Tenant or any subtenant. Tenant shall not do anything or permit anything to be done in the Leased Premises which creates, requires or causes imposition of any requirement by any public authority for structural or other upgrading of or improvement to the Project.

(c) Tenant shall not occupy or use, or permit any portion of the Leased Premises to be occupied or used, for any business or purpose that is disreputable or productive of fire hazard, or permit anything to be done that would increase the rate of fire or other insurance coverage on the Project and/or its contents. If Tenant does or permits anything to be done that shall increase the cost of any insurance policy required to be carried hereunder, then Tenant shall reimburse Landlord, upon demand, for any such additional premiums. Landlord shall deliver to Tenant a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

5.10 Entry for Repairs, Inspection, Posting Notices, etc. After reasonable notice (except in the event of emergencies, to supply Basic Services or to supply any extra service referred to in Section 4.03 above, where no such notice shall be required), Landlord, its agents and representatives, shall have the right to enter the Leased Premises to inspect the same, to clean, to perform such work as may be permitted or required hereunder, to make repairs to or alterations of the Project or other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to exhibit the Leased Premises to prospective tenants, purchasers, encumbrancers or others, or for any other purpose as Landlord may deem necessary or desirable; provided, however, that Landlord shall not unreasonably interfere with Tenant's business operations. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry.

5.11 No Nuisance. Tenant shall conduct its business and control its agents, employees, invitees and visitors without creating any nuisance, or interfering with any other tenant or Landlord in its operation of the Project. Tenant shall not place any loads upon the floor, walls or ceiling of the Leased Premises that exceed the design load limitations of the Building or which otherwise endanger the structure nor place any harmful liquids or Hazardous Material in the drainage system of the Building. Tenant shall not permit any material vibration, noise or odor to escape from the Leased Premises and shall not do or permit anything to be done within the Leased Premises which would adversely affect the quality of the air in the Building.

5.12 Subordination.

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(a) Tenant agrees that this Lease and the rights of Tenant hereunder are subject and subordinate to any first lien mortgage or deed of trust which now or in the future encumbers the Project (each such mortgage or deed of trust, a “Mortgage”) and to any and all advances made thereunder, and interest thereon, and all modifications, renewals, supplements, consolidations and replacements thereof. Such subordination shall be effective automatically and without the need for further documentation. Tenant agrees, however, that the holder of or beneficiary under a Mortgage (each such holder or beneficiary, a “Mortgage Lender”) may at its option upon written notice to Tenant, unilaterally elect to subordinate, in whole or in part, by an instrument in form and substance satisfactory to such Mortgage Lender, the lien of such Mortgage to this Lease so that this Lease shall then become superior, in whole or in part, to such Mortgage. In such case, Tenant agrees to execute promptly and to deliver to Landlord or such Mortgage Lender any such subordination instrument or instruments requested by such Mortgage Lender and agrees that if it fails or refuses to do so within thirty (30) days after written request therefor by Landlord or such Mortgage Lender, such failure or refusal shall constitute an Event of Default by Tenant under this Lease, but such failure or refusal shall in no way affect the validity or enforceability of any such subordination made by such Mortgage Lender.

(b) In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any Mortgage made by Landlord encumbering the Project, or in the event of any conveyance in lieu of foreclosure thereof, Tenant shall attorn to the purchaser (including Mortgage Lender or any designee of Mortgage Lender) upon any such foreclosure, sale or conveyance in lieu of foreclosure and recognize such purchaser as Tenant’s landlord under this Lease provided Tenant’s occupancy is not disturbed and Landlord honors the terms of this Lease, or, at the option of such purchaser, Tenant will execute a new lease with such purchaser on the same terms and conditions as are contained in this Lease.

(c) Any Mortgage Lender or any successor in interest to any Mortgage Lender shall not be: (i) bound by any payment of Gross Rent for more than one (1) month in advance, (ii) liable for, or subject to, any damages or offset for any default or act or omission by a predecessor landlord, (iii) bound by any assignment of this Lease except strictly in accordance with the terms of this Lease and the Mortgage and consented to by Mortgage Lender in writing, (iv) bound by any unperformed construction obligation, any expansion or rehabilitation of existing improvements or other default by any predecessor landlord, (v) liable for any offset, defense, claim, counterclaim, reduction, deduction or abatement arising from representations and warranties made by Landlord, (vi) bound by any consensual or negotiated surrender, cancellation, or termination of this Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of this Lease, or (vii) liable for any sum(s) that Landlord owed to Tenant unless such sums shall have been actually delivered to Mortgage Lender by way of an assumption of escrow accounts or otherwise, provided that, after such Mortgage Lender or successor succeeds to the interest of Landlord under this Lease, such Mortgage Lender or successor shall remedy any curable, non-monetary defaults of a continuing nature within a reasonable time following the acquisition by any such party of title to the Project. Nothing herein contained shall be deemed to impose upon the person or party succeeding to the interest of Landlord as a result of the enforcement of such Mortgage by any Mortgage Lender, any obligation for defaults on the part of Landlord, and any person or party succeeding to possession of the Project as a successor to Landlord shall be subject to

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Landlord's obligations hereunder only during the period of such persons' or party's ownership, such person or party to have the benefit of Sections 4.07, 5.14, 5.15 and 7.15.

(d) With reference to any assignment of this Lease and/or the rents payable hereunder, whether as security or absolute, in connection with financing on all or part of the Project, Tenant agrees that Mortgage Lender, as the holder of any Mortgage or other instrument so assigning Landlord's interest in the Lease and/or the rents therefrom in connection with such financing, shall never be treated as a mortgagee in possession or be liable for any obligations of Landlord, even if Mortgage Lender shall have commenced collecting rents hereunder, until such time as Mortgage Lender shall have obtained actual legal title to or actual physical possession of the Project.

(e) Notwithstanding anything in this Paragraph 5.12 to the contrary, Landlord shall make commercially reasonable efforts to cause Landlord's existing Mortgage Lender to deliver to Tenant, not later than the Term Commencement Date, a non-disturbance agreement on such Mortgage Lender's standard form of non-disturbance agreement, attached hereto as Exhibit H; provided, however, that Landlord shall not be required to incur any costs in connection with such efforts. In addition, Tenant's obligation to subordinate to any future Mortgage Lender shall be conditioned on Landlord's causing such future Mortgage Lender to sign and deliver to Tenant a non-disturbance agreement substantially in the form attached hereto as Exhibit H.

(f) Tenant shall send to each Mortgage Lender covering the Property or land or any part thereof (after notification of the identity of such Mortgage Lender and the mailing address thereof) copies of all notices that Tenant sends to Landlord; such notices to said mortgagee shall be sent concurrently with the sending of the notices to Landlord and in the same manner as notices are required to be sent pursuant to Section 7.19 hereof. Tenant will accept performance of any provision of this Lease by such Mortgage Lender as performance by, and with the same force and effect as though performed by, Landlord. If any act or omission of Landlord would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right until (i) Tenant gives notice of such act or omission to Landlord and to each Mortgage Lender, and (ii) a reasonable period of time for remedying such act or omission elapses following the time when such Mortgage Lender becomes entitled under such mortgage to remedy same (which reasonable period shall in no event be less than the period to which Landlord is entitled under this Lease or otherwise, after similar notice, to effect such remedy and which reasonable period shall take into account such time as shall be required to institute and complete any foreclosure proceedings).

5.13 Estoppel Certificate. Within thirty (30) days of a written request from Landlord, Tenant shall execute estoppel certificates addressed to (i) any mortgagee or prospective mortgagee of Landlord or, (ii) any purchaser or prospective purchaser of all or any portion of, or interest in, the Project, on a form specified by Landlord, certifying as to such facts (if true) and agreeing to such notice provisions and other matters as such mortgagee(s) or purchaser(s) may reasonably require; provided, however, that in no event shall any such estoppel certificate require an amendment of the provisions hereof, although Tenant shall be bound by the statements made in such certificate. In the event that Tenant fails or refuses to deliver such an estoppel certificate

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to Landlord within such required time period of a written request from Landlord, then Landlord may give to Tenant a second notice, reiterating the request that Tenant execute an estoppel certificate in the form specified by Landlord. In the event that Tenant fails to deliver an estoppel certificate in the form specified by Landlord within five (5) business days of the receipt by Tenant of such second notice from Landlord, such failure shall, be conclusive of the following facts.

5.14 Security Deposit. In accordance with the payment schedule set forth below, Tenant shall pay to Landlord the Security Deposit as security for the full and faithful performance of Tenant's obligations under this Lease and for the payment of any damages incurred by Landlord as a result of an Event of Default or breach hereunder (including, without limitation, amounts which Landlord may be entitled to recover pursuant to the provisions of Sections 1951.2 or 1951.4 of the California Civil Code); provided, however, that except as otherwise provided in Exhibit E (with regard to the Termination Fee payable in connection with Tenant's exercise of the Termination Right), the Security Deposit is not an advance rent deposit or an advance payment of any other kind, nor a measure of Landlord's damages upon Tenant's default. Prior to the date of full execution of this Lease, Landlord shall provide to Tenant an invoice setting forth the entire amount of the Security Deposit (the "Security Deposit Invoice"). Upon Tenant's execution and delivery of this Lease to Landlord, Landlord shall pay the Good Faith Deposit to Landlord. Within sixty (60) days after the date Tenant receives the Security Deposit Invoice, Tenant shall pay the Security Deposit Balance to Landlord. Landlord shall have no obligation to segregate the Security Deposit from its general funds or to pay interest thereon. Landlord may in its sole discretion (but shall not be required to) use the Security Deposit or any portion thereof to cure any failure by Tenant to perform any of its covenants or obligations hereunder or to compensate Landlord for any damage Landlord incurs as a result of Tenant's failure to perform any of its covenants or obligations hereunder, it being understood that any use of the Security Deposit shall not constitute a bar or defense to any of Landlord's remedies under this Lease or at law. In such event and within sixty (60) days of written notice from Landlord to Tenant specifying the amount of the Security Deposit so utilized by Landlord and the particular purpose for which such amount was applied, Tenant shall immediately deposit with Landlord an amount sufficient to return the Security Deposit to an amount equal to one hundred percent (100%) of the amount specified in the Basic Lease Information Sheet. Tenant's failure to make such payment to Landlord within sixty (60) days of Landlord's notice shall constitute an Event of Default under this Lease without the necessity of further notice. Following the expiration or termination of this Lease, Landlord shall return to Tenant the Security Deposit or the balance thereof then held by Landlord; provided, however, that: (i) Landlord shall not be obligated to return the Security Deposit or any part thereof until all breaches by Tenant of its obligations under this Lease have been cured and all damages which Landlord may suffer in connection with any such breach have been ascertained in amount and paid in full, including both future rents and damages under Section 1951.2 of the California Civil Code; (ii) in no event shall any such return be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder; and (iii) Tenant hereby waives any rights which it may now or hereafter have under Section 1950.7 of the California Civil Code. If Landlord conveys or transfers its interest in the Leased Premises, and as a part of such conveyance or transfer, assigns its interest in this Lease and Security Deposit, or any portion thereof not previously applied, the Security Deposit shall be transferred to Landlord's successor and Landlord shall be released and discharged from any further liability to Tenant with respect to such Security Deposit. If Tenant

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has assigned its interest in this Lease, Landlord shall return that portion of the Security Deposit, if any, which would have been returned to Tenant to the assignee instead of to Tenant, and Landlord shall be released of all liability to Tenant in connection with the Security Deposit.

5.15 Tenant's Remedies. Notwithstanding anything in this Lease to the contrary, any remedy of Tenant for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder or any claim, cause of action or obligation, contractual, statutory or otherwise by Tenant against Landlord concerning, arising out of or relating to any matter relating to this Lease and all of the covenants and conditions or any obligations, contractual, statutory, or otherwise set forth herein, shall be limited solely and exclusively to an amount which is equal to the lesser of the interest of Landlord in and to the Project. No other property or assets of Landlord, or any member, officer, director, shareholder, partner, trustee, agent, servant or employee of Landlord (each, a "Representative") shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, Landlord's obligations to Tenant, whether contractual, statutory or otherwise, the relationship of Landlord and Tenant hereunder, or Tenant's use or occupancy of the Leased Premises. To the extent allowed by law, Tenant further understands that any liability, duty or obligation of Landlord to Tenant, shall automatically cease and terminate as of the date that Landlord or any of Landlord's Representatives no longer have any right, title or interest in or to the Project.

5.16 Rules and Regulations. Tenant shall comply with the Rules and Regulations for the Project attached as Exhibit F and such reasonable amendments thereto as Landlord may adopt from time to time with prior notice to Tenant. Tenant acknowledges that the rules and regulations applicable to other tenants of the Project may not be the same as those applicable to Tenant, and Landlord shall not be liable to Tenant for or in connection with the failure of any other tenant of the Building to comply with any rules and regulations applicable to such other tenant under its lease.

5.17 Prohibition and Indemnity with Respect to Hazardous Material. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Leased Premises by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord (which may be granted, conditioned or withheld in the sole discretion of Landlord), save and except only for Permitted Hazardous Materials, which Tenant may bring, store and use in reasonable quantities for their intended use in the Leased Premises, but only in full compliance with all applicable laws, ordinances, orders, rules and regulations. On or before the expiration or earlier termination of this Lease, Tenant shall remove from the Leased Premises all Hazardous Materials (including, without limitation, Permitted Hazardous Materials), regardless of whether such Hazardous Materials are present in concentrations which require removal under applicable laws, except to the extent that such Hazardous Materials were present in the Leased Premises as of the Term Commencement Date and were not brought onto the Leased Premises by Tenant or its agents, employees or contractors. Tenant shall immediately advise Landlord in writing of (a) any and all enforcement, clean-up, remedial, removal, restoration or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Materials Laws relating to any Hazardous Material affecting the Leased Premises; and (b) all claims made or threatened by any third party against Tenant, Landlord, the Leased Premises or the Project relating to damage, contribution, cost recovery,

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compensation, loss, or injury resulting from any Hazardous Material on or about the Leased Premises. Without Landlord's prior written consent, Tenant shall not take any remedial action or enter into any agreements or settlements in response to the presence of any Hazardous Materials in, on, or about the Leased Premises. If Tenant breaches the obligations stated in this Section, or if contamination of the Leased Premises by Hazardous Material occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, or if Tenant's activities or those of its contractors, agents, employees, businesses (or those of its subtenants) result in or cause a Hazardous Materials Claim, then Tenant shall indemnify, defend, protect and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) which arise during or after the Term of this Lease as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Leased Premises. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

5.18 Surrender of Premises on Termination. On expiration of the Term, Tenant shall quit and surrender the Leased Premises to Landlord, broom clean, in good order, condition and repair as required by Section 5.04, with all of Tenant's movable equipment, telecommunications and data equipment and cabling, furniture, trade fixtures and other personal property removed therefrom. Unless Tenant has obtained Landlord's agreement in writing that it can remove an Alteration or item of Tenant Improvements, or unless Landlord has elected to require that all or certain Alterations or Tenant Extra Improvements be removed by Tenant, all Alterations and Tenant Improvements shall be surrendered with the Leased Premises in good condition and repair, subject to reasonable wear and tear (but only to an extent consistent with the Leased Premises remaining in good condition and repair) and casualty damage that is not required to be repaired by Tenant hereunder. If Landlord desires to have the Leased Premises, or any part or parts thereof, restored to a condition that existed prior to installation of any Tenant Extra Improvements or to their condition prior to making any Alteration thereto, Landlord shall so notify Tenant in writing not later than sixty (60) days prior to the expiration of the Term; and upon receipt of such notice, Tenant shall, at Tenant's sole cost and expense, so restore the Leased Premises, or such part or parts thereof, before the end of the Term; provided, however, that if Tenant had requested in accordance with Section 5.07(c) that Landlord advise Tenant whether Landlord will require the removal of a particular Alteration or item of Tenant Extra Improvement at the expiration or earlier termination of this Lease, and Landlord failed to comply with the provisions of Section 5.07(c) in requiring Tenant to so remove such Alteration or item of Tenant Extra Improvement, then Landlord shall not require that Tenant so remove such Alteration or item of Tenant Extra Improvement; provided, further, that Tenant shall not be required to so remove any item of Tenant Extra Improvement which exists in the Leased Premises as of the date of this Lease. The foregoing notwithstanding, Landlord may in all events require that Tenant remove at its sole expense stairwells, raised floors, vaults and safes installed by or on behalf of Tenant in the Leased Premises. Tenant shall repair at its sole cost and expense, all damage caused to the Leased Premises or the Project by removal of Tenant's

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movable equipment or furniture and such Tenant Improvements and Alterations as Tenant shall be allowed or required to remove from the Leased Premises by Landlord. If the Leased Premises are not surrendered as of the end of the Term in the manner and condition herein specified, then: (i) Landlord may, after fifteen (15) days written notice to Tenant, perform the obligations which Tenant failed to perform, and Tenant shall reimburse Landlord for all expenses incurred by Landlord in performing such obligations, such reimbursement to be made within sixty (60) days of the receipt by Tenant of a written request from Landlord for such reimbursement, accompanied by reasonable evidence of the expenses incurred by Landlord; and, (ii) Tenant shall indemnify, defend, protect and hold Landlord harmless against all loss, liability, claim, cost or expense (including attorneys' fees) resulting from or caused by Tenant's delay or failure in so surrendering the Leased Premises, including, without limitation, any claims made by any succeeding tenant due to such delay or failure. Tenant acknowledges that Landlord will be attempting to lease the Leased Premises with any such lease to be effective upon expiration of the Term, and failure to surrender the Leased Premises could cause Landlord to incur liability to such successor tenant for which Tenant shall be responsible hereunder to the full extent thereof.

ARTICLE 6**Condition And Operation Of The Building**

6.01 Exhibit B Controls. Landlord's entire obligation with respect to the condition of the Leased Premises, its suitability for Tenant's uses and the improvement requirements with respect thereto shall be as stated in Exhibit B. Landlord shall have no other obligation of any kind or character, express or implied, with respect to the design or condition of the Leased Premises, Building or Project or the suitability thereof for Tenant's purposes, and Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to such matters.

6.02 Alteration of Building and Project. Landlord may, at any time and from time to time, and in a manner which does not unreasonably interfere with Tenant's use of or access to the Leased Premises: (i) make alterations, structural modifications, seismic modifications or additions to the Building or Project (including the addition of lightwells in any particular building of the Project); (ii) change, add to, eliminate or reduce the extent, size, shape or configuration of any aspect of the Building or Project or their operations, including, without limitation, include or exclude existing or future buildings, improvements, facilities or other improved or unimproved real property to the Project; (iii) change the arrangement, character, use or location of corridors, stairs, toilets, mechanical, plumbing, electrical or other operating systems or any other parts of the Building; and (iv) change the name, number or designation by which the Building or the Project is commonly known. None of the foregoing acts shall be deemed an actual or constructive eviction of Tenant, shall entitle Tenant to any reduction of Rent or shall result in any liability of Landlord to Tenant. Landlord shall have the exclusive rights to the airspace above and around, and the subsurface below, the Leased Premises and other portions of the Building, and, subject to the rights of Tenant specified in this Lease as to the non-exclusive use of certain portions of the Common Areas, Landlord shall have the sole and exclusive right to possession and control of all portions of the Building outside of the Leased Premises, including, without limitation, the exclusive right to use, or permit others to use, the exterior walls, roofs and other such areas for signs or notices or for any other purposes.

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ARTICLE 7

Casualty, Eminent Domain And Miscellaneous Matters [REQUIRES REVIEW BY TENANT'S RISK MANAGER]

7.01 Landlord's Property Insurance. Landlord shall maintain, or cause to be maintained, a policy or policies of insurance with the premiums thereon fully paid in advance, issued by and binding upon an insurance company of good financial standing, insuring the Project against loss or damage by fire and such other hazards as Landlord may elect (that may include earthquake loss if Landlord elects to maintain such coverage) and contingencies for the full insurable value thereof, or, in the alternative, insuring for eighty percent (80%) of the replacement cost thereof (or such minimum amount as shall be required to eliminate operation of coinsurance provisions), exclusive of excavations and foundations; provided, however, that Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease that Tenant may keep or maintain in the Leased Premises, or any Tenant Extra Improvements or Alterations that Tenant may make upon the Leased Premises. If the annual premiums charged Landlord for such property insurance exceed the standard premium rates because the nature of Tenant's operations result in extra-hazardous or higher than normal risk exposure, then Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increases in premium. All insurance proceeds payable under Landlord's insurance carried hereunder shall be payable solely to Landlord, and Tenant shall have no interest therein.

7.02 Liability Insurance. Landlord (with respect to the Project) and Tenant (with respect to the Leased Premises and Project) shall each maintain or cause to be maintained a policy or policies of commercial general liability insurance with the premiums thereon fully paid in advance, issued by and binding upon an insurance company of good financial standing, such insurance to afford minimum protection of not less than Two Million Dollars (\$2,000,000.00) for bodily injury, or death in any one occurrence and of not less than One Million Dollars (\$1,000,000.00) for property damage in any one occurrence. The coverages required to be carried shall be extended to include, but not to be limited to, blanket contractual liability, personal injury liability (libel, slander, false arrest and wrongful eviction), and broad form property damage liability (including, without limitation, such specific risks as Landlord may require by written notice to Tenant). Tenant's contractual liability insurance shall apply, without limitation, to all of Tenant's indemnity obligations under this Lease. The certificate evidencing Tenant's insurance coverage required hereunder shall state that the insurance includes the liability assumed by Tenant under this Lease. Upon request of Tenant, Landlord shall provide Tenant reasonable evidence that the insurance required to be maintained hereunder by Landlord is in full force and effect.

7.03 Tenant's Property Insurance and Additional Tenant Insurance Requirements.

(a) Tenant shall provide insurance coverage during the Term against loss or damage by fire and such other risks as are from time to time included in an "all risk" policy (including, without limitation, sprinkler leakage and water damage), insuring the full insurable value of any Tenant Extra Improvements, any Alterations, Tenant's trade fixtures, furnishings,

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equipment, and all other items of personal property of Tenant, insuring the full replacement cost thereof.

(b) All policies required to be carried by Tenant under this Article 7 shall be written with financially responsible companies with an AM Best Company rating of “B+” “VIII” or better, and all such insurance (and evidence of insurance provided to Landlord) shall contain an endorsement or endorsements providing that (i) Landlord, Hines Interests Limited Partnership and any lender with a deed of trust encumbering the Project or any part thereof (of whom Landlord has notified Tenant) are included as additional insureds (by using the ISO Additional Insured Endorsement CG 2037 or CG 2026, or their equivalent), (ii) the insurer agrees not to cancel or alter the policy without at least thirty (30) days’ prior written notice to Landlord and all named and additional insureds, and (iii) all such insurance maintained by Tenant is primary, with any other insurance available to Landlord or any other named or additional insured being excess and non-contributing. Any deductible or self-insurance provisions under any insurance policies maintained by Tenant shall be subject to Landlord’s prior written approval which shall not be unreasonably withheld.

(c) Tenant shall provide evidence of each of the policies of insurance which Tenant is required to obtain and maintain pursuant to this Lease on or before the Term Commencement Date and at least fifteen (15) days prior to the expiration of any policy, which evidence shall be binding upon the insurance carrier, shall be accompanied by a copy of the ISO Additional Insured Endorsement CG 2037 or CG 2026 (or their equivalent), as applicable, and, as to property insurance, shall be in the form of an “ACORD 28 (2016/03)” evidence of insurance or other form reasonably acceptable to Landlord. If Tenant fails to provide evidence of insurance as and when required hereunder, Landlord shall be authorized (but not required) to procure such coverage in the amounts stated with all costs thereof to be charged to Tenant and paid within sixty (60) days of written invoice therefor as Additional Rent.

(d) Landlord shall have the right from time to time, on not less than thirty (30) days’ notice, to require Tenant to increase the amount and/or type of coverage required to be maintained under this Lease provided that such increase in the amount and/or type of coverage is within the range of the requirements of landlords of comparable commercial office buildings in the County of Sacramento, California.

7.04 Indemnity and Exoneration.

(a) Any other provision of this Lease to the contrary notwithstanding, Landlord shall not be liable to Tenant: (i) for any loss, damage, death or injury to person or property (A) caused by theft, fire, vandalism, assault, battery, act of God, breaches of security, acts of the public enemy, acts of terrorists or criminals, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, whether or not the negligence of Landlord or its agents or employees was a cause of, or in any way contributed to, such loss, damage, death or injury, or (B) that occurs by reason of the active negligence or willful misconduct of Tenant, its agents, employees or invitees; or (ii) for any damage or inconvenience which may arise through repair or alteration of any part of the Project or failure to make any such repair except as expressly otherwise provided in Sections 7.07 and 7.08. Any other provision of this Lease to the contrary notwithstanding, in no event shall Landlord have any liability to

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Tenant for any consequential damages whatsoever, including, without limitation, loss of revenue or profits. No third party shall have any rights with respect to Landlord by reason of the provisions of this Lease or any duty imposed on Landlord hereby. The provisions of this Section 7.04(a) are intended to be a waiver of rights by the parties and not an indemnity.

(b) Tenant shall indemnify, defend and protect Landlord and hold Landlord harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons, damage to property occurring or resulting directly or indirectly from the condition, design, use or occupancy of the Leased Premises or activities of Tenant or its agents, employees, licensees, contractors, assignees or invitees in or about the Leased Premises or Project, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the active negligence or willful misconduct of Landlord, unless covered by insurance required to be carried by Tenant under the terms of this Lease.

(c) Tenant shall indemnify, defend and protect Landlord and hold and save Landlord harmless of and from any and all loss, claims, proceedings, cost, damage, injury, causes of action, liabilities or expense arising out of or in any way related to work or labor performed, materials or supplies furnished to or at the request of Tenant or in connection with performance of any work done for the account of Tenant in the Leased Premises or the Project; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the active negligence or willful misconduct of Landlord, unless covered by insurance required to be carried by Tenant under the terms of this Lease.

(d) Subject to the provisions of Sections 7.04(a), 7.04(b) and 7.04(c) above, Landlord shall indemnify, defend and protect Tenant and hold Tenant harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons, damage to property occurring or resulting directly or indirectly from the condition or design of the Common Areas, but only to the extent that such indemnity obligations of Landlord hereunder would be covered by the proceeds of liability insurance maintained by Landlord, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the active negligence or willful misconduct of Tenant. The foregoing notwithstanding, Landlord shall not be required to indemnify or defend Tenant from any claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to theft, fire, vandalism, assault, battery, act of God, breaches of security, acts of the public enemy, acts of terrorists or criminals, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, whether or not the negligence of Landlord or its agents or employees was a cause of, or in any way contributed to, such loss, damage, death or injury.

7.05 Security. The limited security service for the Building to be provided by Landlord shall not be required to consist of more than unarmed personnel ordinarily stationed at the main security desk in the ground floor lobby or on roving patrols, although such personnel may not at all times be present at such desk or in any particular area of the Project. Landlord shall not be required to provide, operate or maintain alarm or surveillance systems for the Leased

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Premises or the Common Areas. Tenant shall provide such supplemental security services and shall install within the Leased Premises such supplemental security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with any security provided by Landlord. The determination of the extent to which such supplemental security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility, of Tenant. The obligations of Landlord with respect to security of the Leased Premises or the Project shall be expressly subject to the provisions of Section 7.04(a). Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Leased Premises or the Project or any part thereof or the extent or effectiveness of any security measures or procedures now or hereafter provided by Landlord, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

7.06 Waiver of Subrogation Rights. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each waive all rights of recovery, claim, action or cause of action, against the other, its agents (including, without limitation, partners, both general and limited), officers, directors, shareholders or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or the Project or any personal property of such party therein, by reason of fire, the elements, or any other cause that could be insured against under the terms of an “all risk” insurance policy or other property insurance coverages which are required to be obtained pursuant to this Lease, regardless of cause or origin, including negligence of the other party, its agents, officers or employees; and each party covenants that no insurer shall hold any right of subrogation against such other party. Tenant shall advise its insurers of the foregoing and such waiver shall be a part of each policy maintained by Tenant that applies to the Leased Premises, any part of the Project or Tenant’s use and occupancy of any part thereof.

7.07 Condemnation and Loss or Damage.

(a) If the Leased Premises or any portion of the Project shall be taken or condemned for any public purpose to such an extent as to render the Leased Premises untenantable as reasonably determined by Landlord, this Lease shall, at the option of either party, forthwith cease and terminate as of the date of taking. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to Landlord (including, without limitation, any amount awarded in respect of the leasehold value of this Lease) subject to the rights of any mortgagee of Landlord’s interest in the Project or the beneficiary of any deed of trust that constitutes an encumbrance thereon; provided, however, that Landlord shall cooperate with Tenant if Tenant seeks to recover at its cost and expense, proceeds, damages or awards paid to compensate for (i) damage to or taking of Tenant Extra Improvements for which Tenant has paid hereunder, (ii) costs associated with moving Tenant’s personal property or (iii) the loss of Tenant’s good-will associated with the operation of its business from within the Leased Premises, and any such amounts recovered shall be paid to Tenant.

(b) If a temporary taking of all or a portion of the Leased Premises occurs, there shall be no abatement of Rent and Tenant shall remain fully obligated for performance of

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all of the covenants and obligations on its part to be performed pursuant to the terms of this Lease. All proceeds awarded or paid with respect thereto shall belong to Tenant.

7.08 Damage and Destruction. If a fire or other casualty in the Leased Premises occurs, Tenant shall immediately give notice thereof to Landlord. The following provisions shall then apply:

(a) If the damage is limited solely to the Leased Premises and the Leased Premises can, in the reasonable opinion of Landlord, be made tenantable with all damage repaired within six (6) months from the date of damage or destruction, then Landlord shall diligently rebuild Building Standard Improvements in the Leased Premises that were so damaged or destroyed, and all Tenant Extra Improvements and Alterations in the Leased Premises that were so damaged or destroyed (except for data or communications infrastructure), but only to the extent insurance proceeds covering the costs therefor are actually made available to Landlord by Tenant pursuant to Section 7.08(e) below.

(b) If portions of the Project outside the boundaries of the Leased Premises are damaged or destroyed (whether or not the Leased Premises are also damaged or destroyed) and the Leased Premises and the Project can, in the reasonable opinion of Landlord, both be made tenantable with all damage repaired within six (6) months from the date of damage or destruction, and provided that Landlord determines in its sole discretion that such reconstruction is economically feasible within such period if not fully covered by insurance, then Landlord shall repair and restore the portions of the Project outside the Leased Premises that were so damaged or destroyed, all Building Standard Improvements in the Leased Premises that were so damaged or destroyed (except for data or communications infrastructure), but only to the extent insurance proceeds covering the costs therefor are actually made available to Landlord by Tenant pursuant to Section 7.08(e) below.

(c) If neither Section 7.08(a) nor 7.08(b) above applies, Landlord shall notify Tenant within sixty (60) days after the date of such damage and destruction and either (i) Tenant may terminate this Lease within thirty (30) days after the date of such notice or (ii) Landlord may terminate this Lease within thirty (30) days after the date of such notice if Landlord is terminating the leases of similarly situated tenants of the Project affected by the damage and destruction, unless the Leased Premises and the Project can, in the reasonable opinion of Landlord, both be made tenantable with all damage repaired within twelve (12) months from the date of damage or destruction and Landlord determines in its sole discretion that such reconstruction is economically feasible within such period if not fully covered by insurance, in which event Landlord shall repair and restore the portions of the Project outside the Leased Premises that were so damaged or destroyed, all Building Standard Improvements in the Leased Premises that were so damaged or destroyed, and all Tenant Extra Improvements and Alterations in the Leased Premises that were so damaged or destroyed (except for data or communications infrastructure), but only to the extent insurance proceeds covering the costs therefor are actually made available to Landlord by Tenant pursuant to Section 7.08(e) below, and shall notify Tenant thereof within said initial sixty (60) day period and Tenant shall thereupon have no right to terminate this Lease.

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(d) During any period when Tenant's use of the Leased Premises is significantly affected by damage or destruction, Gross Rent shall abate proportionately until such time as the Leased Premises are made tenantable as reasonably determined by Landlord, and no portion of the Rent so abated shall be subject to subsequent recapture.

(e) The proceeds from any insurance paid by reason of damage to or destruction of the Building or any part thereof, the Building Standard Improvements or any other element, component or property insured by Landlord shall belong to and be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust that constitutes an encumbrance thereon. In addition, Tenant shall upon receipt thereof make available to Landlord the proceeds from any insurance paid by reason of damage to or destruction of the Tenant Extra Improvements and Alterations in the Leased Premises. If this Lease is terminated by either party as a consequence of a casualty in accordance with any of the provisions of this Section 7.08(e), all proceeds of insurance required to be maintained either by Landlord or Tenant shall be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust that constitutes an encumbrance thereon; provided, however, that Tenant shall be paid all proceeds of insurance payable in connection with Tenant's trade fixtures, furnishings, equipment and all other items of personal property of Tenant. If Tenant has failed to maintain any policy of insurance required under this Lease, then Tenant shall pay to Landlord on demand an amount equal to proceeds which Landlord reasonably concludes would have been available for the repair and reconstruction from such policies had Tenant maintained all of the required policies of insurance.

(f) If the Leased Premises, or any part thereof, or any portion of the Building necessary for Tenant's use of the Leased Premises, are damaged or destroyed during the last twelve (12) months of the Term, or any extension thereof, Landlord or Tenant may terminate this Lease by giving written notice thereof to the other party within thirty (30) days after the date of the casualty, in which case this Lease shall terminate as of the date of the casualty.

(g) Except to the extent expressly provided in this Lease, nothing contained in this Lease shall relieve Tenant of any liability to Landlord or to its insurance carriers that Tenant may have under law or under the provisions of this Lease in connection with any damage to the Leased Premises or the Building by fire or other casualty.

7.09 Default By Tenant.

(a) Events of Default. The occurrence of any of the following shall constitute an Event of Default on the part of Tenant:

(1) Nonpayment of Rent. Failure to pay any installment of Gross Rent or items of Additional Rent upon the date when payment is due, such failure continuing for a period of five (5) business days after notice is given to Tenant;

(2) Other Obligations. Failure to perform any obligation, agreement or covenant under this Lease other than those matters specified in Section 7.09(a)(1), such failure continuing for twenty (20) business days after written notice of such failure (or such

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longer period as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured);

(3) Bankruptcy. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of sixty (60) days. If under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to 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 failures to perform the obligations 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 obligations under this Lease;

(4) Insolvency. The admission by Tenant in writing of its inability to pay its debts as they become due, the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding or, if within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed;

(5) Wrongful Assignment or Subletting. Any assignment or subletting in violation of the provisions of Section 5.06;

(6) Certain Other Acts or Omissions. Any other act or omission which is expressly provided in this Lease to be an Event of Default, as to which acts or events the notice provisions of Section 7.09(a)(2) shall not be applicable.

(b) Remedies Upon Default.

(1) Termination. If an Event of Default occurs, Landlord shall have the right, with or without notice or demand, immediately (after expiration of the applicable grace periods specified herein) to terminate this Lease, and at any time thereafter recover possession of the Leased Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again repossess and enjoy the Leased Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by reason of Tenant's default or of such termination.

(2) Continuation After Default. Even though Tenant has breached this Lease and/or abandoned the Leased Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under Section 7.09(b)(1) hereof, and Landlord may enforce all of its rights and remedies under this Lease, including (but without limitation) the right to recover Rent as it becomes due. Landlord has the remedy described in Section 1951.4 of the California Civil Code (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has

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the right to sublet or assign, subject only to reasonable limitations). Acts of maintenance, preservation or efforts to lease the Leased Premises or the appointment of receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession.

(c) **Damages Upon Termination.** Should Landlord terminate this Lease pursuant to the provisions of Section 7.09(b)(1) hereof, Landlord shall have all the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law, Landlord shall be entitled to recover from Tenant: (i) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in (i) and (ii) shall be computed with interest at ten percent (10%) per annum or the highest lawful rate, whichever is the lower. The "worth at the time of award" of the amount referred to in (iii) shall be computed by discounting such amount at the "discount rate" of the Federal Reserve Bank of San Francisco in effect as of time of award plus one percent (1%) and, where rental value is a material issue, shall be based upon competent appraisal evidence.

(d) **Computation of Rent For Purposes of Default.** For purposes of computing unpaid Rent that would have accrued and become payable under this Lease pursuant to the provisions of Section 7.09(c), unpaid Rent shall consist of the sum of:

- (1) the total Base Rent for the balance of the Term, plus
- (2) a computation of the Basic Operating Cost for the balance of the Term, the assumed Basic Operating Cost for the calendar year of the default and each future calendar year in the Term to be equal to the Basic Operating Cost for the calendar year prior to the year in which the Event of Default occurs compounded at a per annum rate equal to the mean average rate of inflation for the preceding five (5) calendar years as determined by reference to the Consumer Price Index — all items for the San Francisco-Oakland-San Jose Area, All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (Base Year 1982-84=100), or such successor index as may be established to provide a measure of the current purchasing power of the dollar.

(e) **Late Charge.** In addition to its other remedies, Landlord shall have the right to add to the amount of any payment required to be made by Tenant hereunder that is not paid on or before the date the same is due (i.e., within 60 days of receipt of any Monthly Base Rent Invoice, Monthly Estimated Basic Operating Cost Excess Invoice (as defined in Exhibit C), or any other invoice set forth in this Lease), an amount equal to five percent (5%) of the delinquency for each month or portion thereof that the delinquency remains outstanding, the

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parties agreeing that Landlord's damage by virtue of such delinquencies would be difficult to compute and the amount stated herein represents a reasonable estimate thereof. The provision for a late charge set forth in this Section 7.09(e), and any collection of a late charge by Landlord, shall not be deemed a waiver of any breach or Event of Default by Tenant under this Lease or of any other remedy of Landlord hereunder. The late charge shall be due upon demand by Landlord at any time after failure to pay any installment of Rent beyond the notice and cure period.

(f) **Remedies Cumulative.** All rights, privileges and elections or remedies of Landlord are cumulative and not alternative to the extent permitted by law and except as otherwise provided herein.

7.10 No Waiver. Failure of either party hereto to declare any default immediately upon occurrence thereof, or any delay by either party in taking any action in connection therewith, shall not waive such default, but such party shall have the right to declare any such default at any time thereafter. No waiver by either party hereto of any default, or any agreement, term, covenant or condition contained in this Lease, shall be effective or binding on such party unless made in writing and no such waiver shall be implied from any omission by such party to take action with respect to such default or other such matter. No express written waiver by either party of any default, or other such matter, shall affect or cover any other default, matter or period of time, other than the default, matter and/or period of time specified in such express waiver. One or more written waivers by either party of any default, or other matter, shall not be deemed to be a waiver of any subsequent default, or other matter, in the performance of the same provision of this Lease. Acceptance of any full or partial payment of Rent by Landlord hereunder, or endorsement of any check, shall not constitute a waiver of any breach or Event of Default by Tenant or of any agreement, term, covenant or condition of this Lease, except as to the amount of the full or partial payment of Rent so accepted, regardless of Landlord's knowledge of any concurrent Event of Default or matter and regardless of any notation on the check so endorsed. Landlord may, at its election, apply any Rent received from Tenant to the oldest obligation outstanding from Tenant to Landlord, any endorsement or other statement of Tenant to the contrary notwithstanding. No course of conduct between Landlord and Tenant, and no acceptance of the keys to or possession of the Leased Premises before the termination of the Term by Landlord or any employee of Landlord shall constitute a waiver of any default or of any term, covenant or condition of this Lease or operate as a surrender of this Lease.

7.11 Statutory Waivers. Tenant hereby waives the benefits of: (i) Sections 1932 and 1933(4) of the California Civil Code (pertaining to the termination of a hiring); (ii) Sections 1941 and 1942 of the California Civil Code (pertaining to the obligations of a landlord to maintain premises and the rights of a tenant to make certain repairs or terminate a lease); (iii) Section 1945 of the California Civil Code (pertaining to renewal of a lease by acceptance of rent); (iv) Section 1950.7 of the California Civil Code (pertaining to security for the performance of a rental agreement); (v) Section 1995.310 of the California Civil Code (pertaining to remedies for withholding of consent to transfer of a leasehold); (vi) Section 1263.260 of the California Code of Civil Procedure (pertaining to the removal of improvements upon condemnation); and, (vii) Section 1265.130 of the California Code of Civil Procedure (pertaining to the termination of a lease upon condemnation).

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7.12 Holding Over. If Tenant holds over after expiration or termination of this Lease without the written consent of Landlord, Tenant shall pay (i) for each month for the first two (2) months or any part thereof of hold-over tenancy one hundred fifty percent (150%) of the Gross Rent rate that Tenant was obligated to pay for the Lease Month immediately preceding the end of the Term together with such other amounts as may become due hereunder, and (ii) for each month thereafter or any part thereof of hold-over tenancy two hundred percent (200%) of the Gross Rent rate that Tenant was obligated to pay for the Lease Month immediately preceding the end of the Term together with such other amounts as may become due hereunder. No holding over by Tenant after the Term shall operate to extend the Term. If Tenant holds over without consent, Tenant shall indemnify, protect and hold Landlord harmless from and against all claims for damages by any other tenant or third person to whom Landlord may have leased or offered to lease all or any part of the Leased Premises covered hereby effective on or after the termination of this Lease, together with all loss, cost, expense, damages and liabilities in connection with reletting the Leased Premises. Any holding over with the consent of Landlord in writing shall thereafter constitute this Lease as a lease from month to month.

7.13 Attorneys' Fees. If either party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due, or to become due hereunder, or recovery of the possession of the Leased Premises in the hands of an attorney or collection agency, or files suit upon the same, or seeks a judicial declaration of rights hereunder, the prevailing party shall recover its reasonable attorneys' fees, court costs and collection agency charges. "Prevailing party" within the meaning of this Section 7.13 shall include a party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached or consideration substantially equal to the relief sought in the action.

7.14 Waiver of Right to Jury Trial. LANDLORD AND TENANT WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CONTRACT OR TORT CLAIM, COUNTERCLAIM, CROSS-COMPLAINT, OR CAUSE OF ACTION IN ANY ACTION, PROCEEDING, OR HEARING BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES, INCLUDING WITHOUT LIMITATION ANY CLAIM OF INJURY OR DAMAGE OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY CURRENT OR FUTURE LAW, STATUTE, REGULATION, CODE, OR ORDINANCE. LANDLORD AND TENANT AGREE THAT THIS PARAGRAPH CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY WITHIN THE MEANING OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631(D)(2), AND TENANT DOES HEREBY AUTHORIZE AND EMPOWER LANDLORD TO FILE THIS PARAGRAPH AND/OR THIS LEASE, AS REQUIRED, WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A WRITTEN CONSENT TO WAIVER OF JURY TRIAL. IF THE WAIVER SET FORTH IN THIS SECTION 7.14 IS DETERMINED BY ANY COURT TO BE INVALID BECAUSE IT WAS EXECUTED PRIOR TO THE COMMENCEMENT OF ANY ACTION, THEN LANDLORD AND TENANT EACH COVENANT AND AGREE TO EXECUTE AND DELIVER TO THE OTHER, WITHIN FIVE (5) DAYS OF A WRITTEN REQUEST BY THE OTHER, A WAIVER OF THE RIGHT TO TRIAL BY JURY SIMILAR

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IN TERMS AND SCOPE TO THE WAIVER SET FORTH IN THIS SECTION 7.14 AT SUCH TIME FOLLOWING THE COMMENCEMENT OF SUCH ACTION AS SUCH WAIVER, IF THEN MADE, WOULD BE VALID.

7.15 Amendments. This Lease may not be altered, changed or amended, except by an instrument in writing signed by both parties.

7.16 Transfers By Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations hereunder and in the Project. Upon transfer by Landlord of its interest in the Project, and upon the transferee's assumption of Landlord's obligations hereunder, no further liability or obligations shall thereafter accrue against the transferring or assigning person as Landlord hereunder.

7.17 Performance on Behalf of Landlord. Notwithstanding anything to the contrary contained in this Lease, in instances where the provisions of this Lease require or permit Landlord to perform any particular act or provide any particular service, including without limitation, any act or service described in Sections 4.01, 4.03, 4.07 or 5.07, or in the Paragraphs of Exhibit B hereto, such provisions shall, at Landlord's option, be deemed to permit Landlord's property manager, employees, agents, contractors or subcontractors to perform such acts or services on behalf of Landlord.

7.18 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

7.19 Notices. All notices, demands, consents and approvals that may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given at the time of personal delivery, the second (2nd) business day after being deposited in the United States mail, certified or registered, postage prepaid, or the first (1st) business day after being deposited with a recognized overnight or same day courier service. All such notices, demands, consents or approvals shall, if given by depositing the same in the United States mail or with a recognized overnight or same day courier service, shall be addressed to the party to be notified at the notice address for such party specified on the Basic Lease Information Sheet, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party. Personal delivery of notices to Tenant may in all events be made by leaving a copy of the notice, addressed to Tenant, at the Leased Premises. Tenant appoints as its agent to receive the service of all default notices and notice of commencement of unlawful detainer proceedings the person in charge of or apparently in charge of or occupying the Leased Premises at the time, and, if there is no such person, then such service may be made by attaching the same on the main entrance of the Leased Premises.

7.20 Building Planning. Landlord shall not have the right to relocate the Leased Premises.

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7.21 No Option. 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.

7.22 Integration and Interpretation. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written). The parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Lease. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not restricted for or against any party, regardless of which party may have drafted the provision in question, it being agreed that this is a negotiated agreement.

7.23 Defined Terms, Marginal Headings and References to Codes. When required by the context of this Lease, the singular includes the plural. If more than one person or entity signs this Lease as Tenant, the obligations hereunder imposed upon Tenant shall be joint and several, and the act of, written notice to or from, refund to, or signature of, any Tenant signatory to this Lease (including without limitation modifications of this Lease made by fewer than all such Tenant signatories) shall bind every other Tenant signatory as though every other Tenant signatory had so acted, or received or given the written notice or refund, or signed. The headings and titles to the paragraphs of this Lease are for convenience only and are not to be used to interpret or construe this Lease. The terms “include” and “including” as used in this Lease shall be construed as terms of illustration and not terms of exclusion, and Landlord and Tenant hereby agree that the provisions of Section 3534 of the California Civil Code shall not apply to this Lease, to the extent such provisions are inconsistent with that principle. The term “month,” when not specified to be a Lease Month or calendar month, shall mean a period commencing as of a particular date and continuing to and including the date immediately preceding the same date of the next calendar month (or, if the next calendar month does not contain such a same date due to it being shorter in duration, then continuing to and including the last day of such next calendar month). The term “year,” when not specified to be a calendar year, shall mean a period commencing as of a particular date and continuing to and including the date immediately preceding the same date of the next calendar year (or, if the next calendar year does not contain such a same date due to the previous year being a leap year, then continuing to and including February 28th of such next calendar year). References to sections or provisions of any statutes, codifications of statutes, rules, regulations or ordinances shall be deemed to also refer to any successor sections or provisions pertaining to the same subject matter.

7.24 Quitclaim. Upon expiration or earlier termination of this Lease, Tenant shall, immediately upon request of Landlord, execute, acknowledge and deliver to Landlord a recordable deed quit-claiming to Landlord all interest of Tenant in the Leased Premises, the Project and this Lease.

7.25 No Easement For Light, Air and View. This Lease conveys to Tenant no rights for any light, air or view. No diminution of light, air or view, or any impairment of the visibility of the Leased Premises from inside or outside the Building, by any structure or other object that may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of

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Rent under this Lease, constitute an actual or constructive eviction of Tenant, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder.

7.26 Disclosure as to Hazardous Materials. Landlord hereby discloses to Tenant that previous occupants or others possessed and used or may have possessed and used office supplies, cleaning products, construction and decorating materials and other substances in or about the Leased Premises or portions thereof and which may contain or may have contained Hazardous Materials. In addition: (i) portions of the Project (including, without limitation, the equipment rooms and emergency generator areas) contain Hazardous Materials of the kind ordinarily employed in such areas; and (ii) automobiles and other vehicles operated or parked in the parking and loading dock areas emit substances which may contain Hazardous Materials.

7.27 No Merger. The voluntary or other surrender or termination of this Lease by Tenant, or a mutual cancellation thereof shall not work a merger, but, at Landlord's sole option, shall either terminate all existing subleases or subtenancies or shall operate as an assignment to Landlord of all such subleases or subtenancies.

7.28 Memorandum of Lease. Tenant shall, upon request of Landlord, execute, acknowledge and deliver a short form memorandum of this Lease (and any amendment hereto or consolidation hereof), in form suitable for recording. In no event shall this Lease or any memorandum thereof be recorded without the prior written consent of Landlord, and any attempt to do so shall constitute an Event of Default by Tenant.

7.29 Survival. All of the covenants and obligations of Tenant contained in this Lease which (i) Tenant failed to perform during the Term of this Lease, (ii) by their nature, are to be performed after the Term Expiration Date, (iii) this Lease provides shall survive the expiration or earlier termination of this Lease, or (iv) provide that Tenant shall indemnify, defend and/or protect Landlord and/or hold Landlord harmless, shall survive the expiration or earlier termination of this Lease. No provision of this Lease providing for termination in certain events shall be construed as a limitation or restriction of either party's rights and remedies at law or in equity available upon a breach by the other party of this Lease.

7.30 Financial Statements. Within thirty (30) days following Landlord's written request therefor, Tenant shall furnish Landlord with financial statements, dated no earlier than one (1) year before the date of such request, certified as accurate by Tenant, reflecting Tenant's then current financial condition in such form and detail as Landlord may reasonably request. In addition, if Landlord finances the construction of improvements on and to the Building or Project, or otherwise procures financing secured by the Building or Project, or any portion thereof or interest therein, then the terms and provisions of this Lease may be subject to review and approval by the financial source providing such financing.

7.31 No Joint Venture. This Lease shall not be construed to create a partnership, joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

7.32 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns (subject to the provisions hereof, including, but

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without limitation, Section 5.15); and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment may be approved by Landlord hereunder, Tenant's assigns.

7.33_Non Confidentiality of Lease. Tenant is a public entity governed by the laws of California and thus subject to the California Public Records Act (Gov. Code, section 6250, et seq.). As such, the Lease is considered a public document and may be disclosed publicly as required under the Public Records Act.

7.33 Brokerage Commissions.

(a) Landlord hereby warrants and represents to Tenant that Landlord has not voluntarily incurred, on its behalf or on behalf of Tenant or on behalf of both Landlord and Tenant, any obligation to pay a commission or finder's fee to any real estate broker or other person or entity in connection with this Lease, other than Tenant's Broker, with which Landlord has a separate agreement with respect to the payment of a commission in connection with this transaction. Landlord hereby agrees to indemnify, defend and hold Tenant harmless from claims for any commission or finder's fee charges by any real estate broker or other person or entity (including, without limitation, Tenant's Broker specified in the Basic Lease Information Sheet, but only to the extent that the claim of Tenant's Broker is based upon the separate agreement between Landlord and Tenant's Broker) arising from an agreement, whether express or implied, between Landlord and such broker or other person or entity or otherwise arising from the conduct of Landlord.

(b) Tenant hereby warrants and represents to Landlord that Tenant has not voluntarily incurred, on its behalf or on behalf of Landlord or on behalf of both Landlord and Tenant, any obligation to pay a commission or finder's fee to any real estate broker or other person or entity in connection with this Lease, other than Tenant's Broker. Tenant is not aware of any obligation of Landlord to Tenant's Broker other than those set forth in the separate agreement between Landlord and such broker. Tenant hereby agrees to indemnify, defend and hold Landlord harmless from claims for any commission or finder's fee charges by any real estate broker or other person or entity arising from an agreement, whether express or implied, between Tenant and such broker or other person or entity or otherwise arising from the conduct of Tenant.

7.34 Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant hereby covenants and warrants that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Project is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so. If Landlord is a corporation, partnership, trust, association or other entity, Landlord hereby covenants and warrants that (a) Landlord is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Landlord has and is duly qualified to do business in the state in which the Project is located, (c) Landlord has full

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corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Landlord's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Landlord is duly and validly authorized to do so.

7.35 OFAC Certification. Tenant represents and warrants that (a) Tenant is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, group, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control, and that it is not engaged in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity, or nation, and (b) Tenant shall not engage in any such actions during the Term. Tenant hereby agrees to defend, indemnify and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

7.36 Applicable Law. All rights and remedies of Landlord and Tenant under this Lease shall be construed and enforced according to the laws of the State of California. Any actions or proceedings brought under this Lease, or with respect to any matter arising under or out of this Lease, shall be brought and tried only in courts located in the County of Sacramento, California (excepting appellate courts).

7.37 Time of the Essence. Time is of the essence of each and every covenant herein contained.

7.38 Exhibits. The Basic Lease Information Sheet and all exhibits attached hereto are hereby incorporated herein and made an integral part hereof. Paragraph references in each exhibit shall be deemed to only refer to the paragraphs of the exhibit in which such references are made, unless otherwise specifically indicated to the contrary.

[Remainder of page left intentionally blank]

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

“Landlord”

GV/HI Park Tower Owner, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

“Tenant”

Delta Conveyance Design and Construction Joint Powers Authority, a separate public agency organized pursuant to the Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.) under a joint powers agreement with the California Department of Water Resources

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Approved As To Form:

Best Best & Krieger LLP

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EXHIBIT A

DEPICTION OF LEASED PREMISES

(to come)

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EXHIBIT B

INITIAL IMPROVEMENT OF LEASED PREMISES

1. Tenant Improvements. All Tenant Improvements shall be furnished and installed within the Leased Premises substantially in accordance with plans and specifications to be prepared by Landlord and approved by Tenant in accordance with this Exhibit B and shall be furnished and installed at the expense of Tenant, except for (a) the cost of demolition of the existing vault in Suite 100, which shall be at Landlord's sole cost and expense, and (b) the amount of the Landlord's Contribution described in Paragraph 9 of this Exhibit B. For purposes hereof, the cost of the Tenant Improvements shall include, without limitation, all building permit fees, payments to design consultants for services and disbursements, all demolition and other preparatory work, premiums for insurance and bonds, general conditions, such inspection fees as Landlord may incur, reimbursement to Landlord for permit and other fees Landlord may incur that are fairly attributable to the Tenant Improvement work, the cost of preparing the Conceptual Plan, Working Drawings and as-built drawings, the cost of all floor pedestal and floor panel systems (if any), and the cost of installing any additional electrical capacity or telecommunications capacity required by Tenant.

2. Condition of the Leased Premises. Except as provided in this Exhibit B, Landlord shall have no obligation to Tenant with respect to the condition of the Leased Premises as of the Term Commencement Date. Tenant acknowledges and agrees that the work required to be performed pursuant to this Exhibit B includes any demolition or other preparatory work required as a result of the condition of the Leased Premises as of the date of the Lease. Tenant further acknowledges that Landlord has not made any warranty or representation of any kind to Tenant regarding the condition of the Leased Premises as of the date of the Lease or as to the suitability of the Leased Premises for Tenant's intended use.

3. Preparation and Approval of Working Drawings.

(a) Landlord and Tenant have approved that certain conceptual space plan for the Leased Premises prepared by Stafford Space Planning, dated April 15, 2019 and attached hereto as Exhibit B-2 (the "**Conceptual Plan**"). **[Note: Tenant to provide updated specifications – status?]** Immediately following Tenant's execution and delivery of the Lease, Tenant shall cooperate in good faith with Landlord's architect and engineer(s) to supply such information (the "**Programming Information**") as is necessary to allow the Landlord's architect and engineer(s) to complete the final architectural, electrical, and mechanical plans and specifications in a form which is (i) complete to obtain all applicable permits and bid the work, and (ii) in a manner consistent with, and a logical extension of, the Conceptual Plan (as reasonably determined by Landlord) (collectively, the "**Working Drawings**"). Except as expressly provided in the Conceptual Plan, (x) all materials and finishes contemplated by the Conceptual Plan shall be deemed to be Building-standard materials and finishes (as to quantity and quality), and (y) all methods contemplated by the Conceptual Plan shall be deemed to be Building-standard methods. The Programming Information shall be subject to Landlord's reasonable approval and shall be consistent with Landlord's requirements for avoiding aesthetic, engineering or other conflicts with the design and function of the balance of the Building that are established from time to time by Landlord ("**Landlord's Specifications**").

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(b) After approving the Programming Information, Landlord shall cause its architect and engineer(s) to prepare and deliver to Tenant Working Drawings that conform to the Conceptual Plan and the approved Programming Information and are consistent with Landlord's Specifications. Tenant shall approve or disapprove the Working Drawings in writing within five (5) business days of receipt of such Working Drawings. Tenant's failure to approve or disapprove of such Working Drawings in writing within such five (5) business day period shall be deemed an approval by Tenant of such Working Drawings. If Tenant disapproves such Working Drawings in writing within such five (5) business day period, Tenant's written notice of disapproval shall specify any changes or modifications Tenant desires to the Working Drawings. Upon receipt of such written notice of disapproval, Landlord shall cause its architect and engineer(s) to revise the Working Drawings, taking into account the reasons for Tenant's disapproval (provided, however, that Landlord shall not be required to cause its architect or engineer(s) to make any revision to the Working Drawings that (i) would, in Landlord's reasonable judgment, cause the Working Drawings to fail to strictly conform to the Conceptual Plan, or (ii) would, in Landlord's reasonable judgment, cause the Working Drawings to fail to comply with applicable regulations, laws, ordinances, codes and rules or with Landlord's Requirements, or (iii) Landlord otherwise disapproves), and resubmit the Working Drawings to Tenant for its approval. Such revision and resubmission shall occur within five (5) business days after Landlord's receipt of Tenant's notice of disapproval if such revision is not material, and within such longer period of time as may be reasonably necessary if such revision is material. Such procedure shall be repeated as necessary until Tenant has approved the Working Drawings.

4. Landlord's Review Responsibilities. As between Landlord and Tenant, Tenant shall be responsible for ensuring that all elements of the design of the Conceptual Plan and Working Drawings (including, without limitation, the functionality of design, structural integrity of the design, the configuration of the Leased Premises and the placement of Tenant's furniture, appliances and equipment) comply with applicable laws, ordinances, codes and rules and are correct and accurate and otherwise suitable for Tenant's use of the Leased Premises. The preparation, review and/or approval of the Conceptual Plan and Working Drawings by Landlord shall not relieve Tenant of such responsibility, as Tenant acknowledges that the preparation, review and/or approval of the same is solely to protect the interests of Landlord in the Building and the Leased Premises. Landlord shall not be the guarantor of, nor in any way or to any extent responsible for, the correctness or accuracy of any Conceptual Plans or Working Drawings or of the compliance of the Conceptual Plans or Working Drawings with applicable regulations, laws, ordinances, codes and rules or of the conformance of Conceptual Plans or Working Drawings with existing conditions in the Building.

5. Pricing the Work.

(a) Upon completion of the Working Drawings for the Tenant Improvements, Tenant shall cause its architect to deliver to Landlord the number of copies of the Working Drawings which Landlord may reasonably request for use in obtaining bids for the work and in the course of construction. Upon receipt of such copies, Landlord shall solicit bids from more than one general contractor for the work shown on the Working Drawings. Each general contractor to whom a bid is solicited shall be required to confirm that it shall pay the adopted prevailing wage rates at all times for the construction of the Tenant Improvements.

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(b) Landlord shall solicit bids from not less than three (3) general contractors, each of whom shall be mutually acceptable to Tenant. If Tenant does not notify Landlord of its disapproval of the general contractors selected for bidding within five (5) business days of Landlord's notice of such selection, Tenant shall be deemed to have approved the selected bidding general contractors. Upon receipt of bids from the contractors from which bids were solicited, excluding any which do not submit a bid within any reasonable time limitation for the submission of bids specified by Landlord in the request for bids, Landlord shall notify Tenant of the amount of each of the bids, and shall select the general contractor whose bid for the work, taken as a whole, is the lowest, subject to Tenant's approval (not to be unreasonably withheld, conditioned or delayed) of the general contractor selected. If Tenant does not notify Landlord of its disapproval of the selected general contractor within five (5) business days of Landlord's notice of such selection, Tenant shall be deemed to have approved the selected general contractor.

6. Administration of Work.

(a) Landlord shall administer the construction of Tenant Improvements in accordance with the Working Drawings using the general contractor selected pursuant to Paragraph 5 above; provided, however, that Landlord shall not be required to install any Tenant Improvements that do not conform to the plans and specifications for the Project, or conflict with elements of the Project, or do not conform to any applicable regulations, laws, ordinances, codes and rules; such conformity being the obligation of Tenant. Tenant acknowledges that Landlord is constructing the Tenant Improvements for the convenience of Tenant but shall not be the guarantor of such Tenant Improvements. Landlord shall be entitled to receive a fee for the supervision of the contractors and the administration of the Tenant Improvements in an amount equal to four percent (4%) of the cost of constructing the Tenant Improvements, including amounts attributable to any general conditions.

(b) If Landlord provides Tenant with access to the Leased Premises prior to the date of Substantial Completion, such access shall be utilized by Tenant for the sole purpose of installing its furniture, fixtures and equipment in the Leased Premises in connection with the commencement of its business operations therein. Upon and following any entry into the Leased Premises or Project by Tenant prior to the commencement of its Term (whether authorized or unauthorized), Tenant shall perform all of the obligations of Tenant applicable under the Lease during the Term (except the obligation to pay Base Rent and Tenant's Proportionate Share of Basic Operating Cost, but only if such entry is authorized by Landlord in writing), including, without limitation, obligations pertaining to insurance, indemnity, compliance with laws and Hazardous Materials. Notwithstanding anything to the contrary set forth in the Lease, Tenant shall indemnify, defend and protect Landlord and hold Landlord harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons or damage to property occurring or resulting directly or indirectly from the presence in the Leased Premises or the Project of Tenant or Tenant's contractors, agents, employees or representatives or the activities of the same in or about the Leased Premises or Project during such early access or entry period, such indemnity to include, without limitation, the obligation to provide all costs of defense against any such claims.

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7. Reimbursement and Compensation. Tenant shall reimburse Landlord for all actual costs incurred by Landlord in connection with the preparation of the Conceptual Plan and Working Drawings for the Tenant Improvements, and Landlord shall be entitled to receive the fee provided in Paragraph 6(a) of this Exhibit B. Landlord may obtain any reimbursement or compensation required hereunder by deducting the amount of such reimbursement or compensation from Landlord's Contribution.

8. Tenant Payments.

(a) If Landlord estimates that the total cost of the Tenant Improvements (the "**Estimated Total Cost**") will exceed Landlord's Contribution, Landlord shall notify Tenant in writing of Landlord's good faith estimate of such excess (the "**Estimated Excess Cost**"). If Tenant elects to apply any portion of the abated Base Rent to the Estimated Excess Cost pursuant to Section 3.03(b) of the Lease, then the Estimated Excess Cost shall be reduced by the amount so applied. Tenant shall pay to Landlord within sixty (60) days of receipt of an invoice describing in reasonable detail the actual cost of the Tenant Improvements incurred in respect of the period for which such invoice is delivered (the "**Periodic Invoice Cost**"), its Percentage Share of such Periodic Invoice Cost. As used herein, the term "**Percentage Share**" shall mean the percentage determined by: (i) dividing the Estimated Excess Cost (as the same may be adjusted pursuant to this Paragraph 8 above) by the Estimated Total Cost; and (ii) multiplying such number by one hundred (100). The failure by Tenant to make such payment within such 60-day period shall constitute an a Tenant Delay. Such payments by Tenant shall be applied by Landlord towards such Period Invoice Cost. Following Substantial Completion of the Tenant Improvements, if the total cost of the Tenant Improvements exceed the sum of Landlord's Contribution actually disbursed or required to be disbursed by Landlord and the amounts previously paid by Tenant towards all such Periodic Invoice Costs, then Tenant shall pay to Landlord such excess within sixty (60) days after billing by Landlord. All other amounts payable by Tenant pursuant to the provisions of this Exhibit B, if any, shall be paid by Tenant within sixty (60) days after billing by Landlord.

(b) *Additional Landlord's Contribution.* In lieu of paying the Estimated Excess Cost pursuant to Paragraph 8(a) above, Tenant may elect to reimburse Landlord for up to \$130,995.00 (i.e., \$5.00 per square foot of Net Rentable Area in the Leased Premises; the "**Additional Landlord's Contribution**") of the Estimated Excess Cost through Additional Rent payments under the Lease, which election Tenant shall make, if at all, by delivering written notice to Landlord (the "**Financed Estimated Excess Cost Notice**") within ten (10) days of receipt of the Estimated Excess Cost from Landlord pursuant to Paragraph 8(a) above. The Financed Estimated Excess Cost Notice shall set forth the amount of the Additional Landlord's Contribution Tenant desires to apply to the Estimated Excess Cost (the "**Financed Estimated Excess Cost**"). If Tenant timely delivers the Financed Estimated Excess Cost Notice, Landlord shall notify Tenant of the monthly payment amount for the Financed Estimated Excess Cost, which payment amount shall be calculated by amortizing the Financed Estimated Excess Cost over the initial Term, at ten percent (10%) interest (the "**Financed Estimated Excess Cost Reimbursement Amount**"). Tenant shall pay the Financed Estimated Excess Cost Reimbursement Amount as Additional Rent under the Lease concurrently with payment of Base Rent. If Tenant does not timely deliver the Financed Estimated Excess Cost Notice, the Estimated Excess Cost shall be due and payable pursuant to the terms of Paragraph 8(a) above.

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9. Landlord's Contribution.

(a) *Generally.* Landlord shall provide not more than One Million Five Hundred Seventy-one Thousand Nine Hundred Forty and 00/100ths Dollars (\$1,571,940.00; based on \$60.00 per square foot of Net Rentable Area in the Leased Premises; “**Landlord's Contribution**”), as provided in this Paragraph 9 towards the cost of the design, permitting and construction of the Tenant Improvements in the Leased Premises. Subject to the provisions of Paragraph 8 above, Landlord shall apply Landlord's Contribution to the cost of designing, permitting and constructing the Tenant Improvements and for the other purposes specifically provided in this Exhibit B. The foregoing notwithstanding the obligation of Landlord to make any one or more payments pursuant to the provisions of this Paragraph 9 or to proceed with the construction of the Tenant Improvements shall be suspended without further act of the parties during any such time as there exists an Event of Default under the Lease or any event or condition which, with the passage of time or the giving of notice or both would constitute such an Event of Default. Nothing in this Paragraph 9 shall affect the obligations of Tenant under the Lease with respect to any alterations, additions and improvements within the Leased Premises, including, without limitation, any obligation to obtain the prior written consent of Landlord thereto.

(b) *Cabling and Audio Visual Costs.* Except as provided in this Paragraph 9(b), any unused portion of the Landlord's Contribution (the “**Unused Allowance**”) shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Tenant may require that the Unused Allowance be applied as follows:

(i) Tenant may elect to apply the Unused Allowance to the cost of cabling and audio visual installations within the Leased Premises, provided that Tenant has notified Landlord in writing of such election not later than sixty (60) days after the Term Commencement Date.

(ii) If Tenant does not submit a request for application or disbursement of the entire Landlord's Contribution in accordance with the provisions contained in this Exhibit by October 31, 2020, the Unused Allowance shall be forfeited and shall accrue for the sole benefit of Landlord.

(c) *Moving Allowance.* Landlord shall provide Tenant with a one-time allowance (the “**Moving Allowance**”) in an amount not to exceed Thirty-nine Thousand Two Hundred Ninety-eight and 50/100ths Dollars (\$39,298.50; based on \$1.50 per square foot of Net Rentable Area in the Leased Premises) to be applied toward Moving and IT Costs (as defined below). Landlord shall disburse the Moving Allowance, or applicable portion thereof, to Tenant within thirty (30) days after the later to occur of (i) the date that Tenant occupies the Leased Premises and conducts its business therefrom, or (ii) the date that Landlord receives paid invoices from Tenant for Tenant's actual Moving and IT Costs, or (iii) the date that Tenant has signed and delivered a factually accurate Commencement Letter as required by the terms of Section 3.01 of the Lease. The foregoing notwithstanding: (i) the obligation of Landlord to make any one or more payments pursuant to the provisions of this Paragraph 9(c) shall be suspended without further act of the parties during any such time as there exists an Event of Default under the Lease

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or any event or condition which, with the passage of time or the giving of notice or both would constitute such an Event of Default; and (ii) the obligation of Landlord to pay any unexpended portion of the Moving Allowance shall terminate as of October 31, 2020. As used herein, “Moving and IT Costs” shall be deemed to mean the cost of moving into and preparing the Leased Premises for occupancy, including, without limitation, the cost of telephone and computer cabling, and moving Tenant’s furniture, equipment and other personal property into the Leased Premises.

10. Designation of Tenant’s Representative. Tenant hereby designates Claudia Rodriguez as its representative in connection with the design and construction of the Tenant Improvements, and Landlord shall be entitled to rely upon the decisions and agreements made by such representative as binding upon Tenant.

11. Tenant’s Delay. If Landlord shall be delayed in Substantial Completion as a result of:

- (a) Tenant’s failure to comply with the provisions of Paragraph 3 above; or,
- (b) Tenant’s request for materials, finishes or installations other than Building Standard Improvements which require a longer time than Building Standard Improvements to complete; or,
- (c) Tenant’s failure to comply with Landlord’s contractor’s or subcontractor’s schedule; or,
- (d) An Event of Default by Tenant under the Lease or the existence of any event or condition which, with the passage of time or the giving of notice or both would constitute such an Event of Default; or,
- (e) Delays caused by Tenant in construction or by reason of the presence of Tenant or its contractors, employees, suppliers or agents in any portion of the Leased Premises prior to the Term Commencement Date; or,
- (f) Any other act or omission of Tenant which delays Substantial Completion (all of the foregoing being referred to herein collectively as “**Tenant’s Delay**”),

then, notwithstanding any provision to the contrary contained in the Lease, the date of Substantial Completion for purposes of determining the Term Commencement Date shall be the date when Substantial Completion would have occurred if there had been no Tenant’s Delay. Tenant acknowledges that the length of any Tenant’s Delay is to be measured by the duration of the delay in Substantial Completion caused by the event or conduct constituting Tenant’s Delay, which may exceed the duration of such event or conduct due to the necessity of rescheduling work or other causes.

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EXHIBIT B-1

DEFINITION OF BUILDING STANDARD IMPROVEMENTS

Pursuant to Section 3(a) of Exhibit B, the specifications provided in the Conceptual Plan shall take precedence over the specifications provided in this Description of Building Standard Improvements in the event of any conflict.

Note: The following Paragraphs 1-4 have been added to this document to comply with LEED standards set by the UCGBC. All contractors must comply.

1. Materials procured for facility alterations and additions shall meet one or more of the following guidelines:
 - Contains at least 10% post-consumer or 20% post-industrial material
 - Contains at least 70% salvaged material from off-site or outside the organization
 - Contains at least 70% salvaged from on-site through an internal organization materials & equipment reuse program
 - Contains at least 50% rapidly renewable materials
 - Contains at least 50% Forest Stewardship Council (FSC) certified wood
 - Contains at least 50% materials harvested and processed or extracted and processed within 500 miles of the project
 - Adhesives and sealants with a VOC content less than the current VOC content limits of South Coast Air Quality Management District (SCAQMD) Rule #1168, of sealants used as fillers meet or exceed the requirements of the Bay Area Air Quality Management District Regulation 8, Rule 51
 - Paints and coating with VOC emissions not exceeding the VOC and chemical component limits of Green Seal's Standard GS-11 requirements
 - Non-carpet finished flooring that is FloorScore-certified
 - Carpet meeting the requirements of the CRI Green Label Plus Carpet Testing Program
 - Carpet cushion meeting the requirements of the CRI Green Label Testing Program
 - Composite panels and agrifiber products containing no added urea-formaldehyde resins (composite wood and agrifiber products are defined as particleboard, medium-density fiberboard (MDF), plywood, oriented-strand board (OSB), wheatboard, strawboard, panel substrates, and door cores)
2. Best management practices calls for the reuse/recycling of at least 70% (by weight or volume) of the waste generated from the property's alterations and additions that are under the direct control of building ownership. This includes, but is not limited to, building components and structures (wall studs, insulation, doors, windows); panels, attached finishings (drywall, trim, ceilings); carpet and other flooring material; adhesives; sealants; paints and coatings.
3. The contractor is responsible for overseeing recycling, and must submit a signed C&D Debris Recycling Compliance Form with each application for progress payment. Failure to submit shall delay progress payment. Landlord has the right to review invoices and weight tickets.
4. Please note the ticket MUST break out each type material diverted from landfill and the weight of said material. Hauling tickets that refer to debris as mixed C&D are NOT

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acceptable.

5. Hazardous waste (such as paints, batteries, lamps, mercury-containing equipment) shall be disposed of in accordance with all local, state and federal laws.”

See engineering office for compliance forms.

Doors and Frames

All doors shall be manufactured in accordance to:

- Woodwork Institute of California “Manual of Millwork” (WIC-MM) section 18.
- National Woodwork Manufacturers Association (NWMA) industry standard I. S. 1-78.
- National Fire Protection Association

All wood doors shall be guaranteed against excessive warp or twist (1/4” or more when the surface of one face of the door exceeds 10 sf), delamination in any degree, any manufacturing or installation defects which may in any way impair or affect the performance of the door in the purpose for which it is intended. Any door found defective within the specified length of time shall be replaced without charge. Interior doors are guaranteed for the life of the installation.

Single Suite Entry Door:

Door: 3’-0” x FH x 1 3/4” flush, WIC/premium grade, solid core, plain cut white oak or red oak veneer, pre finished to match existing entry doors. Suite entry doors must match existing hallway doors.

Frame: Anodized aluminum frame, AAF or approved equal, with anodized white finish, 3 silencers on strike jamb.

Rating: 20 minute

Double Suite Entry Doors:

Door: 6’-0” x FH x 1 3/4” pair, flush, WIC/premium grade, solid core, plain cut white oak veneer, pre-finished to match existing entry doors.

Frame: Hollow metal, painted white, 2 silencers on head.

Rating: 20 minute

Suite Interior Door:

Door: 3’-0” x 8’-0” x 1 3/4” flush, WIC/premium grade, solid core, plain cut white oak or red oak veneer wood door. Match existing.

Frame: Aluminum frame with an anodized white finish, 3 silencers on strike jamb.

Rating: None.

Sidelight: 18” X F.H., integral with doorframe, anodized white finish, with clear tempered safety glass. Sidelight frame to extend from floor to underside of ceiling. Safety glass identification label is to be etched directly on the glazing.

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Door Hardware

Suite Entry (Single Door):

Lockset: Schlage L series mortise, with lever handle 03 & 626 finish. (See engineering department for cylinder type)

Closer: LCN 4041 series, internal suite mount only & 626 finish.

Hinges: 2 pair Hagger #BB1279, ball bearing, 4½” x 4½”, 626 finish.

Stop: Ives/Glynn Johnson, wall mounted doorstop.

Smoke Seal: Pemko silicon seal S88W.

Suite Entry (Double Door):

Lockset: Schlage L series mortise, with lever handle 03 & 626 finish. (See engineering department for cylinder type)

Dummy trim: None. Stationary door shall not have lever hardware.

Closer: LCN 4041 series, internal suite mount only, 626 finish.

Hinges: 4 pair Hagger #BB1279, ball bearing, 4½” x 4½”, 626 finish.

Flush Bolts: Ives/Glynn Johnson edge mounted, automatic flush bolts, 626 finish.

Astragal: metal, finished to match door.

Dust Proof Strike: Ives #488 with Ives #487 plate, 626 finish.

Coordinator: Door Controls International (DCI), finish to match frame.

Stop: Ives/Glynn Johnson, wall mounted doorstop.

Smoke Seal: Pemko silicon seal S88W.

Suite Interior Door (Single Door):

Latchset: Schlage L series mortise, with lever handle 03 & 626 finish (See engineering department for cylinder type)

Hinges: 2 pair Hagger #BB1279, ball bearing, 4½” x 4½”, 626 finish.

Stop: Ives/Glynn Johnson wall mounted door stop.

Suite Interior Door (Double Door):

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Latch set: Schlage L series mortise, with lever handle 03 & 626 finish (See engineering department for cylinder type)

Dummy Trim: None. Stationary door shall not have lever hardware.

Stop: Ives/Glynn Johnson, wall mounted doorstop.

Hinges: 4 pair Hagger #BB1279, ball bearing, 4½” x 4½”, 626 finish.

Flush Bolts: Ives/Glynn Johnson manual flush bolts, 626 finish.

Dust Proof Strike: Ives #488 with Ives #487 plate, 626 finish.

Electric strikes are not allowed.

All keying must be coordinated through the Building engineering department.

Finishes

Gypsum Board Assemblies

Tenant Suite Demising Wall (Non-Rated):

Wall: 3 5/8” metal stud, 25 gauge, at 16” on center, slab to slab, one layer 5/8” gypsum board each side, with 2½” sound blanket mineral wool insulation between studs. Install a sound boot at all mechanical openings.

Finish: Gypsum board wall panels to be taped flush and receive a light stippled textured finish to match existing walls. Install metal corner beads, taped flush, at all external corners. Install metal edge trim, taped flush, at all exposed edges.

Tenant Suite Interior Partition (Non-Rated):

Wall: 2 ½” metal stud, 25 gauge, at 24” on center, slab to underside of finished ceiling, one layer 5/8” gypsum board each side. No sound insulation.

Top Track: Tapeable top track.

Finish: Gypsum board wall panels to be taped flush and receive a light stippled textured finish to match existing walls. Install metal corner beads, taped flush, at all external corners. Install metal edge trim, taped flush, at all exposed edges.

Acoustical Ceilings

Tenant Suite Interiors:

Ceiling Tile: Armstrong 2x2x5/16 Beveled Tegular Ultima 1911.

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Grid: Reuse existing 15/16” USG Donn DX grid. Provide all code required bracing and suspension components. Bent or damaged grid is to be replaced. Where new grid is required it is to match existing heavy-duty 15/16” shape and white color.

Resilient Flooring

See Tenant Standard Finishes for selection

Transition strip: Rubber to coordinate with carpet color selection or wall base.

Carpeting

See Tenant Standard Finishes for selection. *Carpet boarder is not considered building standard.*

Transition strip: Rubber to coordinate with carpet color selection or wall base.

Paint

See Tenant Finishes Standard for selection.

Tenant Finish Standards

Contact Construction Manager, or property management for building standard carpet spec

Specialties

Fire Protection Specialties

Fire Extinguisher: 5lb. 2A-10BC dry chemical

Manufacturer: Amerex Corp. Trussville AL 35173

Cabinet: FS2409-5R (semi-recessed 1 1/2”)

Finish: Cold rolled steel with baked acrylic enamel. Exposed cabinet surfaces are to be painted to match adjacent wall.

Style: Architectural series, clear full glass with the lettering “Fire Extinguisher” to be applied vertically to the glass face in red letters.

Furnishings

Blinds and Shades

Exterior Windows: Bracket: Mecho System M5 wide

Fabric: Thermoveil Privacy Vertical Weave, 0-1 % Openness.

Color: #911 Porcelain

Fascia: Clear Anodized

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Mechanical

Fire Protection

Sprinkler heads shall be ½” recessed pendant, 165 degree rating, with chrome plated escutcheon. Sprinkler head to be State Fire Marshall approved. The proposed sprinkler head manufacturer specification information is to be submitted to the Building engineer for review and approval prior to installation. All fire alarm devices are to be relocated or disconnected must be done by Simplex Grinnell.

New or relocated sprinkler heads are to be centered in the 2’ x 2’ ceiling tiles.

Heating, Ventilating & Air-Conditioning Equipment

A typical floor has a plenum return and thermostats are Johnson Controls pneumatic type. Thermostats are not adjustable by the tenant only by the Building engineer.

HVAC design is for “standard” tenant office space. The following zone design criteria applies:

- Conference rooms are to be on a separate zone.
- Corner offices are to be on a separate zone.
- A maximum of three exterior offices in one zone.
- A maximum of six interior offices/rooms in one zone.
- Rooms that compromise a zone shall be contiguous and directly adjacent to each other.
- Duct runs are to be hard piped and all joints sealed. Flex duct connection to diffuser can be no longer than 6’.

Design/Build criteria:

- Design/Build mechanical contractor is to clean existing ducting, balance and upgrade the existing mechanical system to meet the current State and local codes.
- Design/Build mechanical contractor is to connect the new work to the existing building controls system.
- Prior to the project the Design/Build mechanical contractor is to review the existing building system, drawings and building requirements with the Chief Engineer.
- Prior to submittal for mechanical permit the Design/Build mechanical contractor is to submit the proposed drawings and specifications describing the project to the Chief Engineer for review and approval.
- At the completion of the project the Design/Build mechanical contractor is to provide accurate as-built drawings and a complete air balance report of the affected area to the Chief Engineer.
- Air balance is to be done by a third party certified air balance company.
- All a/c units 1.5 ton or over require an E-MON-Demon sub meter to be installed in the electrical room.

Electrical

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Raceways, Boxes and Electrical metering

Wall Outlets: Duplex convenience receptacle, Type 5-20R Leviton #5800 white, 20 amp. Receptacles shall not be placed back-to-back in walls.

Wall Plates: Use the same manufacturer and series as for receptacles and switches.

Conduit: **MC Cable** is not allowed in the Building. Exceptions will be made only by the engineering department in cases where conduit is not practical.

Electrical metering must be done with an E-MON-Demon meter or equal on any large electrical loads that are in access of the Building standard 3 watts per square foot.

Lighting

All tenant lighting is to be tied to the existing Building lighting control system.

Lighting system: The nLight Network lighting controls system and controls are to be used in all build-outs to meet CAC Title 24. <http://nlightcontrols.com>

Lighting configuration: All devices are to be daisy chained together and come to the switch at the suite entry door nearest the main electrical room. All programming is to be completed at that point. Upon completion the system is to be commissioned and accepted per title 24 regulations.

Light Fixtures: 2' x 4' Avante LED's

Exit signs: Manufacture: (The Exit Light Co.) ESLM-R Wall mount, ELR-R Ceiling mount series edge-lit LED, lettering color to be red on clear for single face, Red on mirrored for double face.

Telephone & Intercommunication Equipment

Wall tele/data outlet: Standard "ring & string" box. Cover plate by telephone/cable vendor to match power outlet white trim. Use the same manufacturer and series as for receptacles and switches. Receptacles shall not be placed back-to-back in walls. All above ceiling wiring must be plenum rated and suspended by appropriate hangers.

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EXHIBIT B-2
CONCEPTUAL SPACE PLAN

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EXHIBIT C

BASIC OPERATING COST EXCESS REIMBURSEMENT PROCEDURES

1. Payment of Basic Operating Cost Excess. Tenant shall pay Basic Operating Cost Excess with adjustments and in the manner hereinafter set forth:

(a) Commencing as of the sixtieth (60th) day following the first day following the last day of the Base Year, Tenant shall pay Tenant's Proportionate Share of Estimated Basic Operating Cost Excess in twelve (12) equal installments not later than sixty (60) days following the first day of each calendar month during the Term and any extensions or renewals thereof, in arrears and subject to receipt of a written invoice therefor delivered on or about such first day (the "Monthly Estimated Basic Operating Cost Excess Invoice"), without reduction, abatement, counterclaim or setoff, at the address specified on the Basic Lease Information Sheet or at such other address as may be designated by Landlord in the manner provided for giving notice under Section 7.19 of the Lease.

(b) If the Term terminates on other than the last day of a calendar month, then Tenant's Proportionate Share of Estimated Basic Operating Cost Excess provided for such partial calendar month shall be prorated and the prorated installment shall be paid not later than sixty (60) days following the first day of the calendar month next preceding the date of termination.

2. Basic Operating Cost.

(a) Basic Operating Cost shall mean all expenses and costs (but not specific costs that are separately billed to and paid by specific tenants) of every kind and nature that Landlord shall have paid or incurred or become obligated to pay or incur (including, without limitation, costs incurred by managers and agents that are reimbursed by Landlord) because of or in connection with the management, maintenance, preservation, ownership and operation of the Building and its supporting facilities (as allocated thereto in accordance with accounting principles generally accepted in the real estate industry, consistently applied) including, but not limited to the following:

(1) Wages, salaries and reimbursable expenses and benefits of all on-site and off-site personnel engaged in the operation, maintenance and security of the Building and the direct costs of training such employees limiting such charges only to amounts directly allocable to services rendered by the employees and personnel for the benefit of the Building (but nobody above the level of property manager).

(2) Costs of the property management office and office operation, and the operation and maintenance of any fitness facility and conference facility (including, without limitation, the fair market rental value of such management office, fitness facility, and conference facility).

(3) All supplies, materials and rental equipment used in the operation and maintenance of the Building, including, without limitation, temporary lobby displays and

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events, the cost of erecting, maintaining and dismantling art work and similar decorative displays commensurate with operation of a first-class office building.

(4) Utilities, including, without limitation, water, power, gas, sewer, waste disposal, communication and cable T.V. facilities, heating, cooling, lighting and ventilation of the Building.

(5) All maintenance, janitorial and service agreements for the Building and the equipment therein, including, but not limited to, alarm service, window cleaning, elevator maintenance, and maintenance and repair of sidewalks, landscaping, Building exterior and service areas.

(6) A management cost recovery equal to three percent (3%) of all income (excluding such management cost recovery) derived from the Building, including, without limitation, all Rent hereunder, all rent and other payments derived from other tenants in the Building, parking revenues and other revenues derived from licensees of any other part of or right in the Building.

(7) Legal and accounting services for the Building, including, but not limited to, the costs of reviews or audits by certified public accountants of Basic Operating Cost records; provided, however, that legal expense shall not include the cost of (i) negotiating lease terms for prospective tenants, (ii) negotiating termination or extension of leases with existing tenants, (iii) proceedings against any other specific tenant relating solely to the collection of rent or other sums due to Landlord from such tenant, or (iv) legal costs incurred in connection with development and/or construction of the Building.

(8) All insurance premiums and costs, including but not limited to, the premiums and cost of fire, casualty, liability, rental loss, terrorism and earthquake insurance applicable to the Building and Landlord's personal property used in connection therewith (and all amounts paid as a result of loss sustained that would be covered by such policies but for "deductible" or self-insurance provisions); provided, however, that Landlord may, but shall not be obligated to, carry earthquake insurance and/or terrorism insurance.

(9) Repairs, replacements and general maintenance (except for repairs and replacements (i) paid for from the proceeds of insurance, (ii) paid for directly by Tenant, other tenants or any third party, or (iii) for the benefit solely of tenants of the Building other than Tenant to the extent that Tenant could not obtain similar services from Landlord without an obligation to reimburse Landlord for the entire cost thereof under the provisions of the Lease).

(10) All real estate or personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, including, but not limited to, all of the following: (i) all real estate taxes and assessments, and all other taxes relating to, or levied, assessed or imposed on, the Building, or any portion thereof, or interest therein; (ii) all taxes, assessments, charges, levies, fees, excises or penalties, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature imposed, levied upon, measured by or attributable to Landlord's equipment, furniture, fixtures and other property located in, or used in connection with, the

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Building, or levied upon, measured by or reasonably attributable to the cost or value of any of the foregoing; (iii) all other taxes (including, without limitation, value added taxes), assessments, charges, levies, fees, or penalties, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature imposed, levied, assessed, charged or collected by any governmental authority or other entity either directly or indirectly (A) for or in connection with public improvements, user, maintenance or development fees, transit, parking, housing, employment, police, fire, open space, streets, sidewalks, utilities, job training, child care or other governmental services or benefits, (B) upon or with respect to the development, possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of, or business operations in, the Building (C) upon, against or measured by the area of the Building, or uses made thereof, or leases made to tenants thereof, or all or any part of the rents or other charges collected or collectible from tenants or other users thereof, and (D) for environmental matters or as a result of the imposition of mitigation measures, including, without limitation, parking taxes, employer parking regulations, or fees, charges or assessments as a result of the treatment of the Building, or any portion thereof or interest therein, as a source of pollution or storm water runoff; (iv) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any or all of the foregoing taxes, assessments, charges or fees; and (v) any and all costs, expenses and attorneys' fees paid or incurred by Landlord in connection with any proceeding or action to contest in whole or in part, formally or informally, the imposition, collection or validity of any of the foregoing taxes, assessments, charges or fees. If by law any Real Property Taxes may be paid in installments at the option of the taxpayer, then Landlord shall include within Real Property Taxes only those installments (including interest, if any) which would become due by exercise of such option. Real estate taxes shall not include (i) inheritance or estate taxes imposed upon or assessed against the Building, or any part thereof or interest therein, or (ii) taxes computed upon the basis of the net income derived from the Building by Landlord or the owner of any interest therein.

(11) Amortization (together with reasonable financing charges not to exceed ten percent (10%) interest) of capital improvements made to the Building (i) to comply with the requirements of law, ordinance rule or regulation enacted or first effective after the Term Commencement Date; (ii) to replace items which Landlord would be obligated to maintain under the Lease; or (iii) to improve the operating efficiency of the Building; provided, however, that in the case of improvements made solely for efficiency purposes, the amount chargeable as a Basic Operating Cost in any year shall not exceed Landlord's reasonable determination of the efficiency achieved either in direct cost savings, avoidance of cost increases or a combination of both. As used herein, "amortization" shall mean allocation of the cost (together with interest thereon at the rate of ten percent (10%) per annum equally to each year of useful life of the items being amortized or a shorter period equal to the number of years required to recover the cost of said item of capital improvement out of the savings in operating efficiency derived therefrom. Notwithstanding the foregoing, however, Landlord may treat as expenses (chargeable in the year incurred) and not as capital costs items that are less than two percent (2%) of Landlord's reasonable estimate of the Basic Operating Cost for the year in question.

(b) The provisions of Paragraph 2(a) above notwithstanding, Basic Operating Cost shall not include:

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- (1) Subject to the provisions of Paragraph 2(a)(11), payment of interest and principal on the operating or non-operating debts of Landlord.
- (2) Ground rent, master lease rent, or other payments made under any ground lease or other lease of real property.
- (3) Costs and expenses that would be capital expenditures pursuant to accounting principles generally accepted in the real estate industry, consistently applied, except as allowed pursuant to Paragraphs 2(a)(9) and 2(a)(11).
- (4) The depreciation of the Building or any part thereof.
- (5) Except as set forth in Paragraph 2(a)(6), all expenses in connection with the marketing, renting or leasing of space in the Building, including without limitation, tenant improvement costs, leasing commissions, finder's fees, architect's fees, space planning fees, advertising expenses and other expenses incurred in connection with leasing or renting negotiations and leasing or rental transactions with present or prospective tenants or other occupants of the Building.
- (6) Costs incurred by Landlord which are associated with the operation of the business of the legal entity which constitutes Landlord as the same is separate and apart from the cost of the management, maintenance, repair, preservation, ownership and operation of the Project, including legal entity formation and legal entity accounting (including the incremental accounting fees relating to the operation of the Building to the extent incurred separately in reporting operating results to the Building's owners or lenders).
- (7) Reserves of any kind, including replacement reserves, any bad debt loss, rent loss, or reserves for bad debts or rent loss.
- (8) Except as set forth above in Paragraph 2(a)(6), any sum paid to any subsidiary or other affiliate of Landlord for services on or to the Building, or to any third party as a result of a non-competitive selection process, to the extent that the costs of such services exceed competitive costs for comparable services rendered by persons or entities of similar skill, competence and experience, other than a subsidiary or other affiliate of Landlord.
- (9) Costs arising from Landlord's charitable or political contributions.
- (10) Brokerage commissions, attorneys' fees, costs, disbursements and other expenses incurred (including accounting and other professional fees) in connection with solicitation of and negotiation for the financing of any portion of the Building.
- (11) Salaries, benefits, wages, fees, etc. for officers, directors, members, partners or other principals of Landlord, or its affiliates or of any direct or indirect constituent entity of Landlord or any affiliate thereof, all to the extent above the grade of Senior Vice President of Operations; provided, however, all wages, salaries and other compensation otherwise allowed to be included herein shall also exclude any portion of such costs related to

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any employee's time devoted to other efforts unrelated to the maintenance and operation of the Building.

(12) Costs for which Landlord is directly reimbursed by a tenant under the provisions of its lease (other than through payment of a proportionate share of Basic Operating Cost or other similar general operating expense reimbursement procedure).

(13) Interest, fines and penalties relating to Landlord's failure to pay any payment or taxes to be paid by Landlord when due, except to the extent that Landlord believed in good faith that such taxes were not properly due and owing and Landlord took appropriate steps to protest or otherwise challenge the imposition or amount of such taxes.

(14) Costs for repairs or replacements covered by third-party warranties or guarantees, to the extent actually collected by Landlord.

(15) Costs for which Landlord is reimbursed by insurance proceeds from policies the premiums for which were included in Basic Operating Cost or which Landlord was expressly required to carry by the terms of the Lease, to the extent Landlord receives such reimbursement.

(16) Costs of repair or other work occasioned by fire, windstorm or other casualty or condemnation.

(17) Costs incurred because Tenant or another tenant violated the terms of any lease or to a dispute with another tenant.

(18) Any fines or penalties incurred because Landlord or its predecessors violated any governmental rule or authority.

(19) Items and services that Landlord provides selectively to one or more tenants of the Building other than Tenant without reimbursement.

(20) Costs of acquiring sculptures, paintings, fountains or other objects of art or the display of such items.

(21) Costs incurred to clean up, contain, abate, remove or otherwise remedy hazardous waste or asbestos-containing materials from the Building, including toxic mold, unless the waste or asbestos-containing materials were in or on the Building because of Tenant's negligence or intentional acts.

(c) Notwithstanding any other provision herein to the contrary, if the Building is less than ninety-five percent (95%) occupied at any time during any calendar year of the Term, an adjustment shall be made in computing Basic Operating Cost for such year so that Basic Operating Cost shall be computed as though the Building had been ninety-five percent (95%) occupied during such calendar year (but if the Building is at least ninety-five percent (95%) occupied during the entirety of any calendar year of the Term, then the Basic Operating Cost shall be the actual Basic Operating Cost for such calendar year); provided, however, that in no

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event shall Landlord collect in total, from Tenant and all other tenants of the Building, an amount greater than one hundred percent (100%) of the actual Basic Operating Cost during any calendar year of the Term.

(d) Any provision contained in the Lease or this Exhibit C to the contrary notwithstanding, Landlord shall have the right, at any time and from time to time, to equitably allocate and/or prorate some or all of the Project Operating Cost (defined below) among one or more of the buildings, improvements and facilities of the Project (the “Cost Pools”). As used herein, the term “Project Operating Cost” shall mean the expenses and costs described in Paragraph 2(a) above, but shall exclude the expenses and costs described Paragraph 2(b) above, all as if the term “Building” is replaced with the term “Project” in each instance within such Paragraphs. The computation of Project Operating Cost shall be subject to adjustment in the same manner as provided in Paragraph 2(c) above with respect to Basic Operating Cost, all as if the term “Building” is replaced with the term “Project” in each instance within such Paragraph. In the event Landlord elects to establish Cost Pools pursuant to the provisions of this Paragraph 2(d), Basic Operating Cost shall be appropriately adjusted to account for the portion of Project Operating Cost allocated and/or prorated in such Cost Pools, and the Building’s share thereof, such that no particular item of expense or cost is duplicated. In no event shall Landlord collect in total, from Tenant and all other tenants of the Project, an amount greater than one hundred percent (100%) of the actual Project Operating Cost during any calendar year of the Term.

3. Adjustment for Variation Between Estimated Excess and Actual Excess. If the Basic Operating Cost Adjustment for any calendar year is a positive number (i.e., Estimated Basic Operating Cost Excess is less than the actual Basic Operating Cost Excess for such calendar year) Tenant shall pay to Landlord, pursuant to Landlord’s billing therefor (submitted pursuant to Paragraph 4 below), Tenant’s Proportionate Share of the Basic Operating Cost Adjustment within sixty (60) days after presentation of Landlord’s statement. If the Basic Operating Cost Adjustment for any calendar year is a negative number (i.e., Estimated Basic Operating Cost Excess is greater than the actual Basic Operating Cost Excess for such calendar year), then Landlord at Tenant’s written election shall pay Tenant’s Proportionate Share of the Basic Operating Cost Adjustment to Tenant in cash, within ten (10) days after the Basic Operating Cost Adjustment is finally determined, or credit said amount against future installments of Estimated Basic Operating Cost Excess payable by Tenant hereunder. The foregoing notwithstanding, there shall be no Basic Operating Cost Adjustment for any calendar year in which Basic Operating Cost for such calendar year is equal to, or less than, Base Year Basic Operating Cost. Should the Term commence or terminate at any time other than the first day of a calendar year, Tenant’s Proportionate Share of the Basic Operating Cost Adjustment shall be prorated for the exact number of calendar days during such calendar year that fall within the Term.

4. Computation of Basic Operating Cost Adjustment. Landlord shall, within one hundred eighty (180) days after the end of any calendar year for which there exists a Basic Operating Cost Adjustment, give written notice thereof to Tenant. The notice shall contain or be accompanied by a statement of the Basic Operating Cost during such calendar year (the “Statement”), and a computation of Basic Operating Cost Adjustment. Landlord’s failure to give such notice and the Statement within such one hundred eighty (180) day period after the end of

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any calendar year for which a Basic Operating Cost Adjustment is due shall not release either party from the obligation to make the adjustment provided for in Paragraph 3 above.

5. Limit on Basic Operating Cost.

(a) Anything to the contrary set forth in this Exhibit C notwithstanding, with respect to each calendar year of the Term following the Base Year, for purposes of (and only for purposes of) calculating Tenant's Proportionate Share of Basic Operating Cost Excess for such calendar year, the aggregate portion of Basic Operating Cost for such calendar year consisting solely of Controllable Cost Items (as defined in Paragraph 5(b) below) shall be deemed to not have exceeded the Controllable Cost Item Capped Amount (as defined in Paragraph 5(b) below) for such calendar year.

(b) For the purposes of this Paragraph 5, the **"Controllable Cost Item Capped Amount"** for the calendar year of 2021 shall be one hundred five percent (105%) of the aggregate of the Controllable Cost Items with respect to the Base Year, and for each calendar year of the initial Term thereafter, the Controllable Cost Item Capped Amount shall equal one hundred five percent (105%) of the Controllable Cost Item Capped Amount for the prior calendar year. For purposes of this Paragraph 5, the term **"Controllable Cost Items"** shall mean, with respect to each calendar year of the Term (including the Base Year), items of Basic Operating Cost with respect to such calendar year which do not consist of or are not otherwise incurred on account of: (i) services controlled or otherwise materially affected by unionized labor wage rates; (ii) Real Property Taxes; (iii) insurance maintained by Landlord; (iv) utilities of the type described in Paragraph 2(a) of this Exhibit C; (v) capital improvements made on, to or within the Building or Project (as applicable) for one or more of the purposes described in Paragraph 2(a)(9) or Paragraph 2(a)(11) of this Exhibit C; or (vi) other services or work which, if not provided or performed, would have resulted in a violation of applicable law, breach of a contractual obligation, fees, penalties, charges, or other adverse consequences.

(c) The foregoing notwithstanding, nothing in this Paragraph 5 shall entitle Tenant to any refund, credit or offset in the event that the actual Basic Operating Cost for any calendar year following the Base Year is less than or equal to the Base Year Basic Operating Cost.

(d) Notwithstanding any contrary provision of this Lease, the terms of this Paragraph 5 shall not apply (i) to the Right of First Refusal Space (as defined in Exhibit E), or any other space into which Tenant may expand, or (ii) during any Extended Term (as defined in Exhibit E) or any other period of time following the original Term Expiration Date (as defined in the Basic Lease Information Sheet).

6. Tenant's Audit Rights.

(a) So long as no Event of Default by Tenant is ongoing, Tenant and its authorized representatives may, at Tenant's expense (except as provided in Paragraph 6(c) below), examine, inspect, audit, and copy the records of Landlord regarding each Statement (the "Tenant Audit") at the office of the Building's property manager during normal business hours within nine (9) months after the furnishing of the Statement. Unless Tenant takes written exception to any item shown on the Statement within such nine (9)-month period, the Statement shall be considered as

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final and accepted by Tenant except that Landlord may submit a corrected Statement to Tenant if Basic Operating Cost on the original Statement were overstated or understated. Any amount due Landlord as shown on any corrected Statement shall be paid by Tenant within thirty (30) days after the corrected Statement is furnished.

(b) The payment of the amounts shown on the Statement by Tenant shall not preclude Tenant from questioning the correctness of any item of the Statement. Tenant and its authorized representatives shall have the right, at Tenant's cost and on no fewer than thirty (30) days' prior written notice to Landlord and during Landlord's normal business hours, to audit Landlord's records regarding Basic Operating Cost. Such an audit shall be performed at the office of the Building's property manager by a national certified public accounting firm acceptable to both Landlord and Tenant, and which in any event is not being compensated on a contingency-fee basis. If, within twenty (20) days after Landlord's receipt of Tenant's notice requesting an audit, Landlord and Tenant are unable to agree on the CPA to conduct such audit, then Landlord may designate a nationally recognized accounting firm not then employed by Landlord or Tenant to conduct such audit. That firm's primary business must be certified public accounting. Landlord's approval shall not be unreasonably delayed or withheld. The selected firm shall not already be providing primary accounting services to Tenant or Landlord, nor shall it have provided primary accounting services to Tenant or Landlord in the past three (3) years.

(c) Tenant agrees diligently to pursue and complete (or to drop) any Tenant Audit begun by Tenant, and Landlord agrees it shall not unreasonably interfere with the execution of Tenant's audit rights, provided that the Tenant Audit is conducted in strict compliance with the terms of this Paragraph 6. If the Tenant Audit discloses that the amount of the Additional Rent billed to Tenant was incorrect, the appropriate party shall pay to the other party the deficiency or overpayment, as applicable. All costs and expenses of the Tenant Audit shall be paid by Tenant (and Tenant shall pay Landlord, on demand and as Additional Rent, Landlord's invoice for the following costs, to the extent reasonably incurred by Landlord: (i) the photocopying of documents; (ii) the retrieval of documents from Landlord's storage archives; (iii) the time spent by Landlord's employees in supervising, coordinating, and cooperating with the Tenant Audit; and (iv) any other expenses of Landlord incidental to the Tenant Audit) unless the audit shows that Landlord overstated Basic Operating Cost for the subject calendar year by more than four percent (4%), in which case Landlord shall pay all reasonable costs and expenses. The exercise by Tenant of the audit rights hereunder shall not relieve Tenant of its obligation to timely pay all sums due under the Lease, including the disputed portion of the Additional Rent. Tenant's and Landlord's liability for payment of Tenant's Share of the Basic Operating Cost and refunding an overpayment shall survive the expiration or earlier termination of the Lease.

(d) Limitations on Tenant Audit. Notwithstanding any contrary provision of this Paragraph 6: (i) the Tenant Audit shall be limited strictly to those items in the Statement that Tenant has specifically identified in writing as being allegedly incorrect; (ii) Tenant shall not be entitled to inspect any of Landlord's books and records that apply to any prior Statements or to any calendar year other than the year covered by the most recent Statement delivered to Tenant; (iii) Tenant shall be entitled to no more than one (1) Tenant Audit per calendar year; (iv) no subtenant has any right to conduct a Tenant Audit and no assignee shall conduct a Tenant Audit for any period during which such assignee was not in possession of the Leased Premises; (v)

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once having conducted a Tenant Audit with respect to a specific item of a Statement in any year, Tenant shall have no right to conduct another Tenant Audit of the same specific item for such year; and (vi) if Tenant violates the Lease at any time during the Tenant Audit beyond any notice of cure period, the Tenant Audit shall immediately cease and the matters originally set forth in the Statement shall be deemed to be correct.

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EXHIBIT D

PARKING AGREEMENT

1. Parking Privileges. During the Term, Tenant shall have the use of sixty-five (65) vehicle parking privileges (the “Parking Privileges”) in the parking garages of the Project designated by Landlord for the use of tenants of the Building; such parking garages are located in the Building (the “Building Garage”) and in the building located at 1010 8th Street (the “1010 8th Street Garage”). Fifty-two (52) of the Parking Privileges shall apply to the Building Garage, and of those fifty-two (52) Parking Privileges, Tenant may elect to have up to five (5) reserved spaces in the Building Garage, and the balance of the spaces shall be unreserved. The balance of the Parking Privileges (i.e., 13 spaces) shall be in the 1010 8th Street Garage, and all of those spaces shall remain unreserved. Tenant shall pay to Landlord or its parking operator the prevailing market rate, as such rate is established by Landlord or such operator from time to time, for the Parking Privileges. The current rate for each unreserved space is \$185.00 per month at the Building Garage and is \$160.00 per month at the 1010 8th Street Garage, and the current rate for each reserved space is \$225.00 per month at the Building Garage. The Parking Privileges shall, at all times, be subject to (i) payment of such prevailing market rate (provided that the amount due is reflected in a monthly invoice to Tenant); (ii) such terms and conditions and rules and regulations as Landlord or its parking operator may from time to time establish; and (iii) such other conditions as may be imposed by any applicable laws, ordinances, rules and regulations. Landlord may assign any unreserved and unassigned parking spaces or designate all or a portion of such spaces reserved or institute an attendant-assisted tandem parking program or valet parking program if Landlord determines in its sole discretion that such is necessary for orderly parking. Notwithstanding any provision contained in this Exhibit D to the contrary, Tenant shall not park in any parking spaces marked as “reserved” unless Tenant has the right to use such reserved spaces pursuant to this Exhibit D.

2. Use and Compliance. Tenant may permit its employees and contractors to use the Parking Privileges. Tenant shall use all reasonable efforts to confine parking by its employees and contractors to the parking garages designated by Landlord for the use of tenants of the Building and to cause them to comply with such rules and regulations as Landlord or its parking operator may establish from time to time and to all applicable laws, ordinances, rules and regulations. Tenant shall not use, or permit its employees or contractors to use, any spaces which have been or are hereafter designated by Landlord for use only by persons or vehicles qualifying to use handicapped, vanpool, carpool or other restricted categories of use (except to the extent that employees or contractors or their vehicles are qualified to use such designated spaces) or assigned to other tenants. Landlord reserves the right at any time to relocate parking spaces and to substitute an equivalent number of parking privileges in a parking structure or garage, subterranean parking facility or surface parking area within a reasonable distance of the Project. Only passenger cars, light trucks and motorcycles may be parked in the parking garages of the Project by Tenant or its employees and contractors, and no vehicle shall be permitted to remain there for a period of more than twenty-four (24) consecutive hours. Tenant shall comply with all traffic systems management programs which are hereafter imposed on the Project by any local, state or federal governmental agency or authority. Landlord may refuse to permit any

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person who violates the parking rules and regulations to park at the Project, and any violation of the rules and regulations shall subject the car to removal at the expense of the owner.

3. Damage and Repair. Any user of the Parking Privileges shall retain all responsibility for damages to cars or other property arising from or in connection with such user's use of the Parking Privileges, and Landlord shall have no responsibility for any property damage or personal injury resulting from use of the parking garages at the Project. Tenant shall repair or cause to be repaired at its sole cost and expense any and all damage to the Project or any part thereof caused by Tenant or its employees or contractors or resulting from vehicles of its employees and contractors.

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EXHIBIT E

ADDITIONAL PROVISIONS

1. Temporary Space. Tenant shall have the right to occupy space consisting of approximately 5,153 square feet of Net Rentable Area located on 17th floor of the Building and known as Suite 1770 as shown on Exhibit E-1 to this Lease (the “**Temporary Space**”). The term for the Temporary Space (the “**Temporary Space Term**”) shall commence on the date that is the fifth business day following the latest to occur of (i) the date that the Lease has been fully executed and delivered, (ii) Tenant has paid the Base Rent in full pursuant to the terms of Section 3.03 of the Lease, and (iii) the date the current tenant in the Temporary Space has vacated the Temporary Space (which vacation date is estimated to be July 31, 2019) (the “**Temporary Space Commencement Date**”), and shall end as of the Term Commencement Date, unless sooner terminated pursuant to the terms of this Lease (the “**Temporary Space Termination Date**”). The Temporary Space shall be considered “the Leased Premises” for all purposes under the Lease, and Tenant occupancy of the Temporary Space during the Temporary Space Term shall be subject to all the terms and conditions of the Lease (including, but not limited to the indemnity and insurance provisions under Sections 7.02 through 7.04 of the Lease) except:

(a) Rent. Tenant shall pay no Gross Rent for the Temporary Space. Tenant shall be liable for any other Additional Rent (other than Tenant’s Proportionate Share of Basic Operating Costs) arising through its occupancy of the Temporary Space, however.

(b) Tenant’s Proportionate Share of Basic Operating Costs. Tenant shall not be obligated to pay Tenant’s Proportionate Share of Basic Operating Costs with respect to the Temporary Space.

(c) Condition of the Temporary Space. Tenant shall accept the Temporary Space in “as is” condition, and Tenant shall be responsible for all costs of moving its furniture, equipment and personal property into and out of the Temporary Space. Tenant shall not be entitled to receive any improvements, allowances, abatement or other financial concession granted with respect to the original Leased Premises for the Temporary Space.

(d) Assignment; Subletting. During the Temporary Space Term, Tenant shall not be permitted to assign the Lease or sublet the Temporary Space.

(e) Parking. During the Temporary Space Term, in lieu of the Parking Privileges set forth in the Lease, Tenant shall be entitled to up to thirteen (13) unreserved vehicle parking privilege(s), ten (10) of which spaces shall be located at the Building parking garage at 980 9th Street and three (3) shall be located at the 1010 8th Street garage (the “**Temporary Space Parking Privileges**”). Tenant may exercise its Temporary Space Parking Privileges upon all the terms and conditions of Exhibit D of the Lease.

(f) No Extension or Expansion Options. The parties hereto acknowledge and agree that any option or other rights contained in the Lease which entitle Tenant to extend the term of

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the Lease or expand the original Leased Premises shall apply only to the original Leased Premises and shall not be applicable to the Temporary Space in any manner.

(g) Surrender; Holding Over. Tenant shall surrender the Temporary Space to Landlord in compliance with Section 5.18 of the Lease on the Temporary Space Termination Date. If Tenant holds over in the Temporary Space beyond the Temporary Space Termination Date, then, in addition to the Rent payable for the Original Leased Premises, Tenant shall be liable for holdover rent of \$35,000.00 per month, calculated on a per diem basis, and shall be subject to any other remedies available to Landlord as set forth in Section 7.12 of the Lease.

2. Right of First Refusal.

(a) Named Tenant (as defined below) shall have a one-time right of first refusal (the “**Right of First Refusal**”) with respect to any space that is contiguous with and on the same floor of the Building as any portion of the Leased Premises (the “**Right of First Refusal Space**”).

(b) Within ten (10) days of the date Landlord and a third-party tenant (other than a tenant or occupant who has, as of the date of the Lease, a right of first offer, right of first refusal, expansion option or similar right or option with respect to the Right of First Refusal Space, or the then-current occupant of the Right of First Refusal Space, whether or not such current occupant has an extension option) have negotiated or finalized a letter of intent, term sheet or similar expression of basic economic terms with respect to the lease of the Right of First Refusal Space (the “**First Refusal LOI**”), Landlord shall advise Named Tenant of the terms of First Refusal LOI. Named Tenant may lease such Right of First Refusal Space in its entirety only, under the terms of such First Refusal LOI, by delivering written notice of exercise to Landlord (the “**Notice of Exercise**”) within thirty (30) days of days after the date Landlord advised Tenant of the First Refusal LOI, except that Named Tenant shall have no such Right of First Refusal and Landlord need not advise Tenant of the First Refusal LOI, if: (i) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, an Event of Default exists under the Lease; (ii) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, any portion of the Leased Premises is sublet; (iii) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, Named Tenant is not actually occupying the entire Premises; or (iv) such Right of First Refusal Space is not intended for the exclusive use of Named Tenant during the First Refusal Space Term (defined below).

(c) Within ten (10) days of the date Landlord and a third-party tenant (other than a tenant or occupant who has, as of the date of the Lease, a right of first offer, right of first refusal, expansion option or similar right or option with respect to such Right of First Refusal Space, or the then-current occupant of such Right of First Refusal Space, whether or not such current occupant has an extension option) have negotiated or finalized a letter of intent, term sheet or similar expression of basic economic terms with respect to the lease of any of the Right of First Refusal Spaces (the “**First Refusal LOI**”), Landlord shall advise Named Tenant of the terms of First Refusal LOI. Named Tenant may lease such Right of First Refusal Space in its entirety only, under the same terms and conditions as contained in the Lease, as modified by the Economic Terms (as defined in Paragraph 2(d) below) set forth in the First Refusal LOI, by delivering written notice of exercise to Landlord (the “**Notice of Exercise**”) within thirty (30)

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days after the date Landlord advised Tenant of the First Refusal LOI, except that Named Tenant shall have no such Right of First Refusal and Landlord need not advise Tenant of the First Refusal LOI, if: (i) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, an event of default exists under the Lease; (ii) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, any portion of the Premises is sublet; (iii) at the time that Landlord would otherwise advise Tenant of the First Refusal LOI, Named Tenant is not actually occupying the entire Premises; or (iv) such Right of First Refusal Space is not intended for the exclusive use of Named Tenant during the term of the First Refusal Space Term.

(d) Economic Terms. As used in this Paragraph 2, the “**Economic Terms**” shall mean:

(i) If Tenant exercises its Right of First Refusal such that the term for the First Refusal Space (the “**First Refusal Space Term**”) commences during the first twelve (12) Lease Months, the Right of First Refusal Space will be leased to Tenant on the same terms and conditions as affect the Leased Premises (including without limitation, at the same Base Rent rate (on a per square foot of rentable area basis) as applies to the Premises); provided, however, that (A) there shall be no abatement of Base Rent or “rent credit” of any type that may be applicable to the Leased Premises, (B) Tenant’s Proportionate Share, and Tenant’s Parking Privileges under Exhibit D to the Lease, shall be increased to take into account the additional square feet of Net Rentable Area comprising the Right of First Refusal Space, and (C) Landlord’s Contribution shall be prorated based upon the then-remaining number of months in the Term.

(ii) If Tenant exercises its Right of First Refusal such that the First Refusal Space Term commences after the last day of the twelfth (12th) Lease Month, the Right of First Refusal Space will be leased to Tenant on the same economic terms (i.e., the provisions as to Term, Base Rent, Additional Rent, construction of leasehold improvements, the providing of security for the tenant’s performance, and all other terms involving money) as those set forth in the First Refusal LOI.

(e) The rights of Tenant hereunder with respect to the Right of First Refusal Space shall terminate on the earliest to occur of: (i) six (6) months prior to the expiration of the initial Term or (ii) Tenant’s failure to exercise its Right of First Refusal within the time period provided in Paragraph 2(b) above.

(f) If Named Tenant exercises its Right of First Refusal, Landlord shall prepare an amendment (the “**First Refusal Space Amendment**”) adding such Right of First Refusal Space to the Leased Premises on the terms set forth in the First Refusal LOI and reflecting the changes in the Base Rent, Net Rentable Area of the Leased Premises, and other appropriate terms. A copy of the First Refusal Space Amendment shall be sent to Named Tenant within a reasonable time after Landlord’s receipt of the Notice of Exercise executed by Named Tenant, and Named Tenant shall execute and return the First Refusal Space Amendment to Landlord within thirty (30) days thereafter, but an otherwise valid exercise of the Right of First Refusal shall be fully effective whether or not the First Refusal Space Amendment is prepared and/or executed.

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(g) Notwithstanding anything to the contrary contained herein, Tenant's Right of First Refusal is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of any tenant or other occupant of the Building existing as of the date of the Lease, and the right of the then-current occupant of the Right of First Refusal Space to extend its lease of the First Refusal Space, whether or not such current occupant has an extension option.

(h) Notwithstanding anything to the contrary contained herein, Named Tenant's rights under this Paragraph 2 are personal to original Tenant executing the Lease ("**Named Tenant**") and shall not be assigned or assignable, in whole or in part, to any third-party. Any assignment or other transfer of such rights by Named Tenant shall be void and of no force or effect. Without limiting the generality of the foregoing, no sublessee of the Leased Premises shall be permitted to exercise the rights granted to Named Tenant under this Paragraph 2.

3. Option To Extend.

(a) Tenant shall have the option to extend the Term for two (2) periods of sixty (60) months each (each, an "**Extended Term**", and collectively, the "**Extended Terms**"), commencing as of the day following the Term Expiration Date, as to the first Extended Term, and commencing as of the day following the expiration of the first Extended Term, as to the second Extended Term (in all events, Tenant's failure to timely exercise the first option to extend shall automatically extinguish the second option to extend). Base Rent per month for each of the Extended Terms shall be the then-current Fair Market Rent (as defined in Section 1.20 of the Lease).

(b) To exercise Tenant's option to extend the Term, Tenant shall give Landlord written notice of its election not later than the date that is twelve (12) months prior to: (i) the Term Expiration Date, as to the first Extended Term, and (ii) the expiration of the first Extended Term, as to the second Extended Term. Within thirty (30) days of receipt of Tenant's election to extend, Landlord shall notify Tenant of Landlord's good faith determination of Fair Market Rent for the subject Extended Term. Within thirty (30) days after receipt of such notice from Landlord, Tenant shall have the right to: (i) elect to accept Landlord's determination of Fair Market Rent for the subject Extended Term; or (ii) elect to disagree with Landlord's determination of Fair Market Rent for the subject Extended Term. Failure on the part of Tenant to make any election in writing pursuant to the preceding sentence within such thirty (30) day period shall constitute an election by Tenant to accept Landlord's determination of Fair Market Rent for the subject Extended Term.

(c) In the event Tenant elects, by written notice within the specified time period, to disagree with Landlord's determination of Fair Market Rent for the subject Extended Term, then Landlord and Tenant shall meet and confer with each other as frequently as is reasonable in the circumstances in order to come to mutual agreement as to the Fair Market Rent for the subject Extended Term.

(d) Tenant shall have no other option, right or obligation to extend the Term or otherwise remain in the Leased Premises after expiration of the current Term. From and after commencement of each Extended Term, all of the other terms, covenants and conditions of the

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Lease shall apply, and references to the Term shall be deemed to include the subject Extended Term; provided, however, that (i) the Base Rent shall be revised as herein provided, (ii) Tenant shall have no option or right to further extend the Term beyond the Extended Terms, (iii) there shall be no “free rent” period, (iv) Landlord shall have no obligation to make any alterations or improvements to the Leased Premises; (v) Tenant shall have no Right of First Refusal pursuant to Paragraph 2 above; and (vi) Tenant shall have no Termination Right under Paragraph 4 below.

(e) Notwithstanding anything to the contrary contained herein, Tenant’s rights under this Paragraph 1 are personal to the original Tenant executing the Lease (“**Named Tenant**”) and shall not be assigned or assignable, in whole or in part, to any third party. Any assignment or other transfer of such rights by Named Tenant shall be void and of no force or effect. Without limiting the generality of the foregoing, no sublessee of the Leased Premises shall be permitted to exercise the rights granted to Tenant under this Paragraph 1.

(f) Conditions to Option to Extend. Tenant’s right to exercise the option to extend shall be subject to the conditions (all of which conditions are solely for Landlord’s benefit and may, in Landlord’s sole discretion, be waived) that (i) at the time of exercise and at all times prior to the commencement of the subject Extended Term, Tenant shall not be in default under the Lease or otherwise failed to have timely performed all of Tenant’s obligations under the Lease, and (ii) Tenant must demonstrate to Landlord’s reasonable satisfaction that Tenant’s creditworthiness is equal to or greater than that in effect when the Lease was signed by Landlord, and (iii) Tenant must exercise each option to extend as to the entire Leased Premises.

4. Early Termination.

(a) So long as the Tenant under the Lease is Named Tenant, Tenant shall have the one-time right to terminate the Lease (the “**Termination Right**”) effective on the last day of the Sixty-fifth (65th) Lease Month (the “**Termination Date**”), provided that:

(i) Tenant shall have given Landlord written notice of Tenant’s exercise of the Termination Right (the “**Termination Notice**”) at least twelve (12) months prior to the Termination Date; and

(ii) Tenant shall pay to Landlord a termination payment (the “**Termination Fee**”) equal to the sum of: (i) the then unamortized portion of any out-of-pocket costs incurred by Landlord associated with the making of the Lease (including without limitation legal, brokerage, architect and engineering fees, the Total Base Rent Forgiveness Amount, and all the hard and soft costs incurred by Landlord in connection with the construction and/or installation of the Tenant Improvements), as if all such costs were amortized on a straight-line basis over the initial Term with interest at the rate of eight percent (5%) per annum; (ii) any Rent past due from Tenant under the terms of the Lease; and (iii) an amount equal to the Gross Rent due under the terms of the Lease for the four (4) Lease Months following the Termination Date (or, if there is then in effect or scheduled to be in effect abatement of any portion of Gross Rent due under the terms of the Lease for such period, an amount equal to the Gross Rent that would be due under the terms of the Lease for the four (4) Lease Months following the Termination Date but for such abatement).

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(iii) Fifty percent (50%) of the Termination Fee shall be paid upon Tenant's delivery of the Termination Notice, and the remaining fifty percent (50%) shall be paid on or before the Termination Date. Tenant may elect to apply up the then-remaining Security Deposit to the Termination Fee; provided, however, at no time shall the Security Deposit held by Landlord under the Lease be less than Three Hundred Seventeen Thousand Six Hundred Fifty-two and 27/100ths Dollars (\$317,652.27).

(b) If Tenant timely delivers the Termination Notice, but fails to timely pay the Termination Fee, then Landlord may elect by written notice to Tenant either to deem the Termination Notice ineffective, in which event the Lease shall not terminate, or to allow the Lease to be terminated and to collect the Termination Fee from Tenant.

(c) If the Lease is terminated early pursuant to the provisions of this Paragraph 4, Tenant shall quit and surrender possession of the Leased Premises to Landlord on the Termination Date in the manner and condition required under the terms of the Lease.

(d) Notwithstanding anything to the contrary contained herein, Named Tenant's rights under this Paragraph 4 are personal to Named Tenant and shall not be assigned or assignable, in whole or in part. Any assignment or other transfer of such rights by Named Tenant shall be void and of no force or effect. Without limiting the generality of the foregoing, no sublessee of the Leased Premises shall be permitted to exercise the rights granted to Tenant under this Paragraph 4.

(e) Condition/Conditions to Termination Right. Tenant's right to exercise the Termination Right shall be subject to the condition/conditions (all of which condition/conditions is/are solely for Landlord's benefit and may, in Landlord's sole discretion, be waived) that (i) at the time of exercise and at all times prior to the Termination Date, Tenant shall not be in default beyond any notice of cure periods under the Lease or otherwise failed to have timely performed all of Tenant's obligations under the Lease.

5. Suite and Directory Signage. Landlord, at Landlord's sole cost and expense, shall provide Tenant with initial Building standard suite and lobby directory signage.

6. Dedicated HVAC Units. Tenant shall have the right, at Tenant's sole expense, to install an HVAC or other cooling systems in the Leased Premises that is dedicated to Tenant's data center/rack room or other equipment (such dedicated systems are referred to as "**Dedicated HVAC Units**"), provided that the plans for such Dedicated HVAC Units have been approved by Landlord and such Dedicated HVAC Units otherwise satisfy the requirements of Section 5.07 of the Lease. Landlord may determine the amount of electricity attributable to such Dedicated HVAC Units by any reasonable means (including the installation by Landlord but at Tenant's expense of a separate meter or other measuring device) and charge Tenant for such electricity. Notwithstanding any contrary provision of the Lease, Tenant shall be solely responsible for the maintenance, repair, and replacement of the Dedicated HVAC Units, and Tenant shall, prior to the expiration or earlier termination of the Lease, and at Tenant's sole expense, remove the Dedicated HVAC Units and restore any portion(s) of the Leased Premises or Building impacted by the Dedicated HVAC

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Units (as determined by Landlord in its reasonable discretion) to the condition of such portion(s) of the Building or Project which existed prior to the installation of the Dedicated HVAC Units.

7. Inspection by a CASp in Accordance with Civil Code Section 1938. To Landlord's actual knowledge, the property being leased or rented pursuant to this Lease has not undergone inspection by a Certified Access Specialist (CASp). A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. The foregoing verification is included in the Lease solely for the purpose of complying with California Civil Code Section 1938 and, except as otherwise expressly stated above, shall not in any manner affect Landlord's and Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided under the Lease.

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EXHIBIT E-1

DEPICTION OF TEMPORARY SPACE

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EXHIBIT F

BUILDING RULES AND REGULATIONS

1. Sidewalks, doorways, halls, stairways, vestibules and other similar areas shall not be obstructed by any Tenant or used by them for purpose other than ingress to and egress from their respective Leased Premises, and for going from one part of the Building to another part.
2. Plumbing fixtures shall be used only for their designated purpose, and no foreign substances of any kind shall be deposited therein. Damage to any such fixture resulting from misuse by Tenant or any employee or invitee of Tenant shall be repaired at the expense of Tenant.
3. Nails, screws and other attachments to the Building require prior written consent from Landlord.
4. All contractors and technicians rendering any installation service to Tenant shall be subject to Landlord's approval and supervision prior to performing services. This applies to all work performed in the Building, including, but not limited to, installation of telephone, telegraph equipment, and electrical devices, as well as all installation affecting floors, walls, woodwork, windows, ceilings, and any other physical portion of the Building.
5. Movement in or out of the Building of furniture, office equipment, or other bulky material which requires the use of elevators, stairways, or Building entrance and lobby shall be performed after Building standard hours. All such movement shall be under Landlord's supervision, and the use of an elevator for such movements may, at Landlord's election, be restricted to the Building's freight elevators. Prearrangements with Landlord shall be made regarding the time, method, and routing of such movement, and Tenant shall assume all risks of damage and pay the cost of repairing or providing compensation for damage to the Building, to articles moved and injury to persons or public resulting from such moves. Landlord shall not be liable for any acts or damages resulting from any such activity.
6. Corridor doors, when not in use, shall be kept closed.
7. Tenant shall cooperate with Landlord in maintaining the Leased Premises. Tenant shall not employ any person for the purpose of cleaning the Leased Premises other than the Building's cleaning and maintenance personnel.
8. Deliveries of water, soft drinks, newspapers, or other such items to any Leased Premises shall be restricted to hours established by Landlord and made by use of the freight elevators if Landlord so directs.
9. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. No birds, fish, or animals (other than service animals) of any kind shall be brought into or kept in, on or about the Leased Premises.
10. No cooking shall be done in the Leased Premises except in connection with convenience lunch room or beverage service for employees and guests (on a non-commercial basis) in a

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manner which complies with all of the provisions of the Lease and which does not produce fumes or odors.

11. Food, soft drink or other vending machines shall not be placed within the Leased Premises without Landlord's prior written consent.

12. Tenant shall not use or keep on its Leased Premises any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation and maintenance of office equipment.

13. Tenant shall not tamper with or attempt to adjust temperature control thermostats in the Leased Premises. Landlord shall make adjustments in thermostats on call from Tenant.

14. Tenant shall comply with all requirements necessary for the security of the Leased Premises, including the use of service passes issued by Landlord for after hours movement of office equipment/packages, and signing security register in Building lobby after hours.

15. Landlord will furnish Tenant with a reasonable number of initial keys for entrance doors into the Leased Premises and may charge Tenant for additional keys, thereafter. All such keys shall remain the property of Landlord. No additional locks are allowed on any door of the Leased Premises without Landlord's prior written consent and Tenant shall not make any duplicate keys, except those provided by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all keys to the Leased Premises, and give to Landlord the combination of all locks for safes and vault doors, if any, in the Leased Premises.

16. Landlord retains the right, without notice or liability to any tenant, to change the name and street address of the Building.

17. Canvassing, peddling, soliciting, and distribution of handbills in the Building are prohibited and each tenant will cooperate to prevent these activities.

18. Neither Tenant nor its agents, employees, contractors, guests or invitees shall smoke or permit smoking in the Common Areas, unless a portion of the Common Areas have been declared a designated smoking area by Landlord, nor shall the above parties allow smoke from the Leased Premises to emanate into the Common Areas or any other part of the Building. Landlord shall have the right to designate the Building (including the Leased Premises) as a non-smoking building. "Smoking", as used herein, shall be deemed to include the use of e-cigarettes, smokeless cigarettes and other similar products. All rules and regulations set forth in this Exhibit F applicable to smoking also apply to the use of e-cigarettes, smokeless cigarettes and other similar products.

19. Landlord reserves the right to rescind any of these rules and regulations and to make future rules and regulations required for the safety, protection, and maintenance of the Building, the operation and preservation of good order thereof, and the protection and comfort of the tenants and their employees and visitors. Such rules and regulations, when made and written notice given the Tenant, shall be binding as if originally included herein.

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EXHIBIT G

COMMENCEMENT LETTER

Date: _____

Tenant: _____

Address: _____

Re: Commencement Letter with respect to that certain Lease Agreement dated as of _____, 20__ (the “Lease”), by and between GV/HI Park Tower Owner, LLC, a Delaware limited liability company, as Landlord, and _____, a _____, as Tenant, for _____ (____) square feet of Net Rentable Area on the _____ (____) Floor of the Building located at 980 9th Street, in the City and County of Sacramento, California, commonly known as the “Park Tower”.

Dear _____:

Capitalized terms used in this Commencement Letter and not otherwise defined herein shall have the meanings given such terms in the Lease. In accordance with the terms and conditions of the Lease, Tenant accepts possession of the Leased Premises and acknowledges that:

1. The Term Commencement Date of the Lease is _____.
2. The Term Expiration Date of the Lease is _____.
3. The Temporary Space Commencement Date is _____.
4. The Temporary Space Termination Date is _____.

Please acknowledge the foregoing and your acceptance of possession of the Leased Premises by signing all three (3) counterparts of this Commencement Letter in the space provided and returning two (2) fully executed counterparts to my attention.

Sincerely,

Authorized Signatory

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Acknowledged and Accepted:

Tenant: _____

By: _____

Name: _____

Title: _____

Date: _____

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EXHIBIT H

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (“*Agreement*”) is entered into as of _____, 20__ (the “*Effective Date*”) by and between **AAREAL CAPITAL CORPORATION**, a Delaware corporation, in its capacity as agent for certain lenders (together with its successors and assigns in such capacity, “*Mortgagee*”), and _____, a _____ (“*Tenant*”), with reference to the following facts:

A. **GV/HI PARK TOWER OWNER, LLC**, a Delaware limited liability company, having an office at 900 N. Michigan Avenue, Suite 1450, Chicago, Illinois 60611 (individually and collectively, “*Landlord*”) owns leasehold estate in and/or fee simple title to the real property described in Exhibit “A” attached hereto (the “*Property*”).

B. Mortgagee has made or intends to make a loan to Landlord (the “*Loan*”).

C. To secure the Loan, Landlord has encumbered the Property by entering into a Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Leases and Rents for the benefit of Mortgagee recorded or to be recorded in Sacramento County California (as amended, increased, renewed, extended, spread, consolidated, severed, restated or otherwise changed from time to time, the “*Mortgage*”).

D. Pursuant to the Lease effective [_____] (the “*Lease*”), Landlord demised to Tenant a portion of the Property (the “*Leased Premises*”).

E. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in the Property and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree as follows:

1. **Definitions.** The following terms shall have the following meanings for purposes of this Agreement.

a. **Foreclosure Event.** A “***Foreclosure Event***” means: (i) foreclosure or exercise of power of sale under the Mortgage; (ii) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which a Mortgagee becomes owner of the Property; or (iii) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord’s interest in the Property in lieu of any of the foregoing.

b. **Former Landlord.** A “***Former Landlord***” means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

c. **Offset Right.** An “***Offset Right***” means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance

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would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

d. Rent. The "**Rent**" means any fixed rent, base rent or additional rent under the Lease.

e. Successor Landlord. A "**Successor Landlord**" means any party that becomes owner of the Property as the result of a Foreclosure Event.

f. Termination Right. A "**Termination Right**" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

g. Other Capitalized Terms. If any capitalized term is used in this Agreement and no separate definition is contained in this Agreement, then such term shall have the same respective definition as set forth in the Lease.

2. Subordination. The Lease, as the same may hereafter be modified, amended or extended, shall be, and shall at all times remain, subject and subordinate to the terms conditions and provisions of the Mortgage, the lien imposed by the Mortgage, and all advances made under the Mortgage. Notwithstanding the foregoing, Mortgagee may elect, in its sole and absolute discretion, to subordinate the lien of the Mortgage to the Lease.

3. Nondisturbance, Recognition and Attornment.

a. No Exercise of Mortgage Remedies Against Tenant. So long as Tenant is not in default under this Agreement or under the Lease beyond any applicable grace or cure periods (an "**Event of Default**"), Mortgagee (i) shall not terminate or disturb Tenant's possession of the Leased Premises under the Lease, except in accordance with the terms of the Lease and this Agreement (ii) shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies and (iii) shall honor all terms of the Lease except as specifically modified in this Agreement. In the (ii), Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

b. Recognition and Attornment. Upon Successor Landlord taking title to the Property (i) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (ii) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (iii) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant. Tenant hereby acknowledges notice that pursuant to the Mortgage and assignment of rents, leases and profits, Landlord has granted to Mortgagee an absolute, present assignment of the Lease and Rents which provides that Tenant shall continue to make payments of Rents and other amounts owed by Tenant under the Lease to Landlord and shall continue to recognize the rights of Landlord under the Lease until notified otherwise in writing by Mortgagee. After receipt of such notice from Mortgagee, Tenant shall thereafter make all such payments directly to Mortgagee or as Mortgagee may otherwise direct, without any further inquiry on the part of Tenant. Landlord consents to

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the foregoing and waives any right, claim or demand which Landlord may have against Tenant by reason of such payments to Mortgagee or as Mortgagee directs.

c. *Further Documentation.* The provisions of this Section 3 shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Section 3 in writing upon request by either of them within ten (10) days of such request.

4. *Protection of Successor Landlord.* Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

a. *Claims Against Former Landlord.* Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. The foregoing shall not limit either (i) Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of events occurring after the date of attornment or (ii) Successor Landlord's obligation to correct any conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease.

b. *Prepayments.* Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

c. *Payment; Security Deposit; Work.* Any obligation: (i) to pay Tenant any sum(s) that any Former Landlord owed to Tenant unless such sums, if any, shall have been actually delivered to Mortgagee by way of an assumption of escrow accounts or otherwise; (ii) to commence or complete any initial construction of improvements in the Leased Premises or any expansion or rehabilitation of existing improvements thereon; (iii) to reconstruct or repair improvements following a fire, casualty or condemnation; or (iv) arising from representations and warranties related to Former Landlord. Landlord shall be responsible for any security deposit.

d. *Modification, Amendment or Waiver.* Any modification or amendment of the Lease, or any waiver of the terms of the Lease, made without Mortgagee's written consent.

e. *Surrender, Etc.* Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

5. *Exculpation of Successor Landlord.* Notwithstanding anything to the contrary in this Agreement or the Lease, Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in the Leased Premises from time to time, including insurance and condemnation proceeds, security deposits, escrows, Successor Landlord's interest in the Lease, and the proceeds from any sale, lease or other disposition of the Property (or any portion thereof) by Successor Landlord (collectively, the "*Successor Landlord's Interest*"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor

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Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. **Mortgagee's Right to Cure.** Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Offset Right or Termination Right:

a. **Notice to Mortgagee.** Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "**Default Notice**") and, thereafter, the opportunity to cure such breach or default as provided for below.

b. **Mortgagee's Cure Period.** After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord. In addition, as to any breach or default by Landlord the cure of which requires possession and control of the Property, provided that Mortgagee undertakes by written notice to Tenant to exercise reasonable efforts to cure or cause to be cured by a receiver such breach or default within the period permitted by this paragraph, Mortgagee's cure period shall continue for such additional time as Mortgagee may reasonably require to either: (i) obtain possession and control of the Property with due diligence and thereafter cure the breach or default with reasonable diligence and continuity; or (ii) obtain the appointment of a receiver and give such receiver a reasonable period of time in which to cure the default.

7. **Miscellaneous.**

a. **Notices.** Any notice or request given or demand made under this Agreement by one party to the other shall be in writing, and may be given or be served by hand delivered personal service, or by depositing the same with a reliable overnight courier service or by deposit in the United States mail, postpaid, registered or certified mail, and addressed to the party to be notified, with return receipt requested. Notice deposited in the mail in the manner hereinabove described shall be effective from and after the expiration of three (3) days after it is so deposited; however, delivery by overnight courier service shall be deemed effective on the next succeeding business day after it is so deposited and notice by personal service shall be deemed effective when delivered to its addressee unless given after 3:00 p.m. on a business day, in which case it shall be deemed effective at 9:00 a.m. on the next business day. For purposes of notice, the addresses of the parties shall, until changed as herein provided, be as follows:

i. If to Mortgagee, at:

Aareal Capital Corporation
250 Park Avenue, Suite 820
New York, New York 10177
Attention: Credit Management

with copies similarly delivered to:

Aareal Capital Corporation
250 Park Avenue, Suite 820
New York, New York 10177
Attention: Legal Department

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and:

Arnold & Porter Kaye Scholer LLP
250 West 55th Street
New York, New York 10019-9710
Attention: Salvatore Mastrosimone, Esq.

ii. If to Tenant, at:

Delta Conveyance Authority
980 9th Street, Suite 2400
Sacramento, California 95814
Attn: General Counsel

With a copy to:
Best Best & Krieger LLP
1700 Capitol Mall, Suite 1700
Sacramento CA 95812
Attn: Joshua Nelson, Esq

b. Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

c. Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

d. Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage.

e. Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

f. Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State in which the Leased Premises are located, excluding such State's principles of conflict of laws.

g. Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

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h. Due Authorization. Tenant represents to Mortgagee that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions. Mortgagee represents to Tenant that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

i. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[THIS SPACE INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, Mortgagee and Tenant have caused this Agreement to be executed as of the date first above written.

MORTGAGEE:

AAREAL CAPITAL CORPORATION, as Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____

COUNTY OF _____

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

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TENANT:

[_____] ,
a [_____]

By: _____
Name:
Title:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____

COUNTY OF _____

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

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LANDLORD’S CONSENT

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord’s request. The foregoing Agreement shall not alter, waive or diminish any of Landlord’s obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

LANDLORD:

[_____] ,
a [_____]

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____

COUNTY OF _____

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

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LIST OF EXHIBITS

If any exhibit is not attached hereto at the time of execution of this Agreement, it may thereafter be attached by written agreement of the parties, evidenced by initialing said exhibit.

Exhibit “A” - Legal Description of the Land

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DRAFT

Board Memo

Contact: Josh Nelson, General Counsel

Date: June 20, 2019 Board Meeting

Item No. 9f

Subject:

Consider Approving Amendments to the Bylaws Related to Meeting Timing and Staffing.

Executive Summary:

Staff recommends that the Board approve amendments to the Bylaws related to meeting timing and staffing.

Detailed Report:

Article XV of the Joint Powers Agreement requires the Board of Directors to adopt Bylaws. The Board adopted initial Bylaws at its August 16, 2018 meeting. Staff recommends that the Board consider amending the Bylaws to incorporate changes related to meeting times for regular meetings and to provide the DCA with additional flexibility related to staffing. First, Section 6.1 of the Bylaws states that DCA regular meetings will generally start at 2:00 pm. While the Board begins its open sessions at 2:00 pm, it has oftentimes scheduled closed sessions for 1:30 pm. Staff recommends that the Board consider amending the Bylaws to reflect this practice. Open sessions would begin at 2:00 pm but closed sessions (if any) would begin at 1:30 pm.

Second, while the Joint Powers Agreement and Joint Exercise Powers Agreement provide the DCA with complete flexibility on staffing, the Bylaws anticipate that the Executive Director and staff will be member agency staff or contractors. This unnecessarily restricts the DCA's staffing options, and the enclosed amendment would allow the Executive Director and staff to be DCA employees, contractors, or member agency staff. If the DCA hired employees, these employees would be at will. In addition, the Executive Director would report to the Board while other employees would report to the Executive Director.

DCA staff with human resources assistance from member agencies and DWR is evaluating potential future DCA staffing models. This will likely include a recommendation to make certain positions DCA employees. However, any decision will be brought to the Board at a future meeting for consideration.

Recommended Action:

Adopt the attached Resolution approving amendments to the Bylaws related to meeting timing and staffing.

Attachments:

Attachment 1 - Draft Resolution 19-xx

Attachment 2 - Redline of Proposed Amendments

BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY
RESOLUTION NO. 19-XX

Introduced by Director xxxx
Seconded by Director xxxx

AMEND THE BYLAWS RELATED TO MEETING TIME AND STAFFING

Whereas, consistent with best practices and Section 5.1.3(c) of the DCA By-Laws, the Board of Directors wishes to adopt a purchasing and procurement policy;

Now, therefore, the DCA Board amends the Bylaws as follows:

1. Section 6.1 of the Bylaws is amended to read in full as follows:

“6.1 Regular Meetings. The Board shall meet at least twice per year, or more frequently if the Board deems it necessary, for the purpose of conducting Authority business. Such regular meetings shall be at 1:30p.m., unless no closed session is being held in which case the meeting may begin at 2:00p.m., on the third Thursday of the months of January through December and, unless otherwise agreed to by the Board, or the Board may adopt a schedule of meetings at the beginning of the fiscal year.”

2. Section 7.1 of the Bylaws is amended to read in full as follows:

“7.1 Staffing and Administrative Principles. The Board shall hire an Executive Director and a General Counsel, as described below. By way of agreement with the subject Member and the Board, the Authority may also utilize the services of staff of one or more of the Members, as appropriate. The Board may further employ such persons to assist the Executive Director as set forth in Section 7.2.”

3. Section 7.2 of the Bylaws is amended to read in full as follows:

“7.2 Executive Director. The Board may appoint an Executive Director under whose general supervision and control the activities of the Authority shall be conducted (the “Executive Director”) and shall be compensated for his/her services as determined by the Board.

7.2.1 The Executive Director may be a Member entity staff member, contractor engaged by the Board or Authority employee and shall serve at the pleasure of the Board and continue in his/her capacity until he/she resigns or is terminated by the Board.

7.2.2 The Executive Director shall be the chief administrative officer of the Authority and shall have overall responsibility for the day-to-day operations and administration of the Authority. The Executive Director shall ensure that staff for the Authority are able to implement the Agreement, these Bylaws, and any other requirements imposed by law.

7.2.3 The Executive Director shall have the authority, to control, order and give directions to all employees and officers of the Authority under the Executive Director's jurisdiction. Subject to the Board's budgetary authorization and supervision of the Executive Director, it shall be the duty of the Executive Director to recruit, select, appoint, direct, promote, demote, and separate from employment any and all employees and officers of the Authority, except those positions that are appointed directly by the Board under the Agreement or these Bylaws. These duties shall also include the development and presentation to the Board of recommendations for any applicable compensation and benefits to be provided to such employees, all of whom shall be "at will" employees of the Authority.

7.2.4 Under policy direction from the Board of Directors, the Executive Director shall be responsible for, among other duties as may be assigned by the Board, the following duties:

(a) Developing the annual operating budget and other budgets required under the Agreement and contracting for services that will allow the Authority to fulfill all of its obligations under the Agreement.

(b) Executing contracts, deeds and other documents and instruments as authorized by the Board, subject to any Board policy on spending and signature authority.

(c) Exercising general supervision over all property belonging to the Authority.

(d) Exercising responsibility for purchases of all supplies, materials, and equipment of the Authority.

(e) Coordinating Board meetings and public participation opportunities associated therewith, and in coordination with the Authority's Legal Counsel, ensuring the Authority operates in a manner consistent with all legal requirements imposed by law on California public agencies.

(f) Ensuring that the requirements of the Joint Exercise of Powers Act (Cal. Gov. Code, § 6500 et seq.) are satisfied.

(g) Exercising such other powers and duties as may be prescribed by the Board or these Bylaws.

(h) Carrying out the direction of the Board."

* * * * *

This Resolution was passed and adopted this 20th day of June 2019, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Tony Estremera, Board President

Attest:

Sarah Palmer, Board Secretary

6.1 Regular Meetings. The Board shall meet at least twice per year, or more frequently if the Board deems it necessary, for the purpose of conducting Authority business. Such regular meetings shall be at 1:30p.m., unless no closed session is being held in which case the meeting may begin at 2:00p.m., on the third Thursday of the months of January through December and, unless otherwise agreed to by the Board, or the Board may adopt a schedule of meetings at the beginning of the fiscal year.

7.1 Staffing and Administrative Principles. The Board shall hire an Executive Director and a General Counsel, as described below. By way of agreement with the subject Member and the Board, the Authority may also utilize the services of staff of one or more of the Members, as appropriate. The Board may further employ such persons to assist the Executive Director as set forth in Section 7.2.

7.2 Executive Director. The Board may appoint an Executive Director under whose general supervision and control the activities of the Authority shall be conducted (the “Executive Director”) and shall be compensated for his/her services as determined by the Board.

7.2.1 The Executive Director may be a Member entity staff member, ~~or a contract Executive Director retained~~ contractor engaged by the Board or Authority employee and shall serve at the pleasure of the Board and continue in his/her capacity until he/she resigns or is terminated by the Board.

7.2.2 The Executive Director shall be the chief administrative officer of the Authority and shall have overall responsibility for the day-to-day operations and administration of the Authority. The Executive Director shall ensure that staff for the Authority are able to implement the Agreement, these Bylaws, and any other requirements imposed by law.

7.2.3 The Executive Director ~~may employ such additional employees pursuant to Section 9.3 of the Agreement.~~ shall have the authority, to control, order and give directions to all employees and officers of the Authority under the Executive Director’s jurisdiction. Subject to the Board’s budgetary authorization and supervision of the Executive Director, it shall be the duty of the Executive Director to recruit, select, appoint, direct, promote, demote, and separate from employment any and all employees and officers of the Authority, except those positions that are appointed directly by the Board under the Agreement or these Bylaws. These duties shall also include the development and presentation to the Board of recommendations for any applicable compensation and benefits to be provided to such employees, all of whom shall be “at will” employees of the Authority.

7.2.4 Under policy direction from the Board of Directors, the Executive Director shall be responsible for, among other duties as may be assigned by the Board, the following duties:

~~(a)~~ (a) Developing the annual operating budget and other budgets required under the Agreement and contracting for services that will allow the Authority to fulfill all of its obligations under the Agreement.

~~(b)~~ (b) Executing contracts, deeds and other documents and instruments as authorized by the Board, subject to any Board policy on spending and signature authority.

~~(c)~~ (c) Exercising general supervision over all property belonging to the Authority.

~~(d)~~ (d) Exercising responsibility for purchases of all supplies, materials, and equipment of the Authority.

~~(e)~~ (e) Coordinating Board meetings and public participation opportunities associated therewith, and in coordination with the Authority's Legal Counsel, ensuring the Authority operates in a manner consistent with all legal requirements imposed by law on California public agencies.

~~(f)~~ (f) Ensuring that the requirements of the Joint Exercise of Powers Act (Cal. Gov. Code, § 6500 et seq.) are satisfied.

~~(g)~~ (g) Exercising such other powers and duties as may be prescribed by the Board or these Bylaws.

~~(h)~~ (h) Carrying out the direction of the Board.

Executive Director's Report

Contact: Kathryn Mallon, Executive Director

Agenda Date: June 20, 2019

Item No. 10a

Subject: Executive Director's Report

Summary:

The DCA has been working closely with the Delta Conveyance Office (DCO) to develop our workplans for the upcoming year in support of DWR's Environmental Planning work. We have an agreed scope of services and are now ramping up our teams to meet the established goals. The services will largely focus on advancing the engineering to better assess impacts and mitigation of the conveyance alternatives and support to the upcoming stakeholder process.

In addition, I attended meetings coordinated by Secretary Crowfoot with the Delta County Commissioners Coalition and the leadership of Restore the Delta. These introductory meetings were an initial step in creating a forum for the Delta Conveyance Leadership and the Delta Community leaders to exchange information and solicit input.

Detailed Report

DCA – DCO Collaboration

The DCA and DCO teams continue to collaborate through weekly coordination meetings.

Program Management

Parsons initiated their Program Management Support Services this past month. We have prepared a 90-day plan of critical Program policies and procedures that will be developed and rolled out and made assignments for development and review.

Engineering

The Engineering team has begun ramping up their staff to support the EIS/EIR process. We have created workplans of information that must be collected to support each chapter in the EIR/EIS.

The team is beginning engineering studies to fill gaps in previous conceptual engineering work. identified through review of previous comments to the environmental documents and at hearings;

The team has started gathering preliminary information on the feasibility of the Ship Canal alternative as proposed by Congressman Garamendi.

The Geotechnical team has prepared an Investigation plan of work that needs to be completed in the next year in support of the conceptual engineering process. A more thorough

understanding of underground conditions will help the team better address public comments, confirm the suitability to construct facilities in various locations, and better inform the design so that impacts can be more accurately assessed and mitigated.

Stakeholder Engagement

The DCA continued to attend routine meetings with the DWR Stakeholder Engagement team to develop a proposed framework. The DCA executed a task order with Kearns and West (as a subcontractor to Jacobs Engineering) to support DWR and DCA with development and implementation.

We will also plan to issue an RFQ in the upcoming month to solicit graphics and presentations support for the Engagement process. See attached Table.

Project Controls

The DCA Program Controls Team completed all testing of the initial E-Builder workflows. We plan to begin roll out of the new processes to the broader team in the upcoming month.

The DCA continued to audit payments and submit to the DCO for reimbursement.

The Parsons

The DCA worked collaboratively with the core team members to finalize our proposed Amended FY2018/19 and FY2019/20 Budgets and finalize the task orders to execute the work.

Office Administration

The DCA completed final negotiations on the lease for our new office space located at 980 9th Street. We have also engaged an architect to finalize our fitout plans and will be issuing RFPs shortly for IT Network and AV design and implementation services for the new building.

We have prepared an RFP for general IS services to support the routine needs of the Authority.

The DCA, along with our General Counsel and MWD and DWR HR staff has been working on a plan that will allow the DCA to hire and employ staff directly into the Authority. This will allow greater flexibility in assigning public agency oversight of critical functions within the Authority.

Attachment:

Summary of RFPs to be released in upcoming month

UPCOMING RFP/Qs IN FY 2019/2020

No.	Title	Description	Contract Type	Type	Selection Criteria	Estimated Value	Anticipated	
							Proposal Due Date	Notice to Proceed
1	Audio Visual equipment and installation for Boardroom and Meeting Rooms	AV integrator services, equipment and installation	Professional Services and Materials	RFP	Best Value	\$475K	Jul 2019	Aug 2019
2	IT Equipment and Installation	IT equipment to be purchased (switches, WiFi)	Professional Services	RFP	Best Value	\$425K	Jul 2019	Aug 2019
3	IT Managed Services Provider (MSP)	Help Desk, Network Support, Workstation Support	Professional Services and Implementation	RFP	Best Value	\$300 per worker, per month	Jul 2019	Aug 2019
4	Graphic Support Services	Graphics/Presentation support for Stakeholder Engagement Process	Professional Services	RFQ	Most Qualified	\$300K	Jul 2019	Aug 2019

General Counsel's Report

Contact: Josh Nelson, Interim General Counsel

Agenda Date: June 20, 2019

Item No. 10b

Subject: Status Update

Summary:

DCA staff, the General Counsel, and the Department of Water Resources negotiated and drafted Amendment No. 1 to the Joint Exercise of Powers Agreement. The General Counsel assisted on a number of other action items on this month's agenda, including the amended bylaws and office lease. We also continued to assist staff with various issues related to future procurements, including meeting with Parsons and staff on procurement procedures and template agreements.

Detailed Report:

The General Counsel assisted with a number of actions items on this month's agenda. The General Counsel and staff worked with DWR to finalize Amendment No. 1 to the JEPA. The General Counsel also drafted the amended bylaws. The General Counsel assisted staff with finalizing the DCA office lease.

In addition, our office met with Parsons and staff on procurement matters. This included the procurement procedures that will be developed by Parsons and necessary template agreements. The General Counsel has begun assisting staff with information technology procurements. Lastly, the General Counsel continues to assist staff with legal questions on other matters as they arise.

Recommended Action:

Information only.

Treasurer's Report

Contact: June Skillman, Treasurer

Date: June 20, 2019

Item No. 10c

Subject: Treasurer's Monthly Report, May 2019

Summary:

During May 2019, receipts totaled \$356,085 representing contributions from the Department of Water Resources, Delta Conveyance Office (DCO) for payment of DCA obligations. Total disbursements for the month were \$1,064,927. The DCA cash balance at May 31, 2019 was \$803,475.

As of May 31, 2019, receivables totaled \$2,229,894, which consist of four invoices to the DCO. As of May 31, 2019, total accounts payable were \$2,432,002 and total net position was \$601,367.

Attachment 1 consists of financial statements for the month ended May 2019 and year-to-date as of May 2019, a schedule of Invoices Paid for the month of May 2019, and Aging Schedules for Accounts Payable and Accounts Receivable. For the eleven months ended May 31, 2019, Cash Receipts totaled \$3,700,529; Cash Disbursements totaled \$3,693,492.

Attachment 2 consists of Budget and Revised Budget ("Forecast") versus Actuals by Program, Organization, and Activity through May 2019.

Detailed Report:

See attached statements.

Recommended Action:

Information, only.

Attachments:

Attachment 1 – May 2019 DCA Financial Statements

Attachment 2 – May 2019 Budget and Revised Budget versus Actuals

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Balance Sheet
As of May 31, 2019

Assets:

Cash	\$	803,475
Accounts receivable		<u>2,229,894</u>
Total assets	\$	<u><u>3,033,369</u></u>

Liabilities:

Accounts payable	\$	<u>2,432,002</u>
Total liabilities		2,432,002

Net position

		<u>601,367</u>
Total liabilities and net position	\$	<u><u>3,033,369</u></u>

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Statement of Cash Receipts and Disbursements

	Month Ended May '19	Year to Date Jul '18 - May '19
Receipts:		
Contributions	\$ 356,085	\$ 3,692,888
Interest receipts	—	7,641
Total receipts	<u>356,085</u>	<u>3,700,529</u>
Disbursements:		
Program management		
Executive director	111,058	731,134
External affairs	7,440	66,809
Treasury and accounting	3,753	63,973 ⁽¹⁾
Information technology	137,155	516,813
Legal	42,571	201,929
Staffing and administration	13,167	64,044
Program controls	11,540	710,238
Property acquisition	17,169	101,474
Environmental	10,085	112,068
Engineering management		
Programmatic	710,989	1,125,010
Total disbursements	<u>1,064,927</u>	<u>3,693,492</u>
Net change in cash	(708,842)	7,037
Cash at July 1, 2018	—	796,438
Cash at May 1, 2019	<u>1,512,317</u>	<u>—</u>
Cash at May 31, 2019	<u>\$ 803,475</u>	<u>\$ 803,475</u>

⁽¹⁾ Includes insurance premiums.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Profit & Loss

	Month Ended May '19	Year to Date Jul '18 - May '19
Revenues		
Contributions	\$ 2,585,979	\$ 5,922,782
Interest income	—	6,601
Total revenues	<u>2,585,979</u>	<u>5,929,383</u>
Expenses		
Program management		
Executive director	47,250	771,085
External affairs	—	66,810
Treasury and accounting	3,108	67,080 ⁽¹⁾
Information technology	46,532	618,257
Legal	—	189,566
Staffing and administration	9,126	73,845
Program controls	14,154	724,392
Property acquisition	20,719	122,193
Environmental	833	115,178
Engineering management		
Programmatic	<u>2,231,242</u>	<u>3,357,427</u>
Total expenses	<u>2,372,964</u>	<u>6,105,833</u>
Net gain (loss)	<u>\$ 213,015</u>	<u>\$ (176,450)</u>

* Totals may not foot due to rounding.

** Balances may include prior month accruals that were not previously captured due to timing.

⁽¹⁾ Includes insurance premiums.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Schedule of Invoices Paid
for the Month Ended May 31, 2019

<u>Vendor</u>	<u>Invoice #</u>	<u>Invoice Date</u>	<u>Payment Date</u>	<u>Period of Expense</u>	<u>Invoice Amount</u>	<u>Amount Paid</u>
1 Management Partners	INV07016	3/5/2019	5/2/2019	2/1/19-2/28/19	\$ 30,375	\$ 30,375
2 Jacobs	W8X97001-01	3/25/2019	5/2/2019	1/1/19-1/31/19	5,595	5,595
3 PlanNet	164627	3/17/2019	5/24/2019	1/21/19-2/22/19	678,317	678,317
4 Keogh Multimedia	INV032619-DCA	3/26/2019	5/24/2019	3/1/19-5/31/19	150	150
5 Best, Best, & Krieger	843188	2/25/2019	5/24/2019	1/1/19-1/31/19	29,195	29,195
6 Management Partners	INV07136	4/2/2019	5/24/2019	3/1/19-3/31/19	2,813	2,813
7 PlanNet	164678	3/25/2019	5/24/2019	2/1/19-2/28/19	10,035	10,035
8 Metropolitan Water District of So. Ca	501554	3/19/2019	5/24/2019	1/1/19-1/31/19	118,182	106,927
9 Metropolitan Water District of So. Ca	501554-T	3/19/2019	5/24/2019	1/1/19-1/31/19	6,866	3,753
10 Spark Street Digital	1813	3/27/2019	5/24/2019	1/17/2019	3,510	3,510
11 Spark Street Digital	1815	3/27/2019	5/24/2019	1/31/2019	3,510	3,510
12 The Hallmark Group	180004-07	3/18/2019	5/24/2019	2/1/19-2/28/19	177,371	177,371
13 Best, Best, & Krieger	843189	2/25/2019	5/24/2019	1/1/19-1/31/19	13,376	13,376
					<u>1,079,295</u>	<u>1,064,927</u>

* Totals may not foot due to rounding.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Accounts Payable Aging Schedule

As of May 31, 2019

<u>Payable To:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>Total</u>
Metropolitan Water District of Southern California					
Invoice #501514	\$ —	\$ —	\$ —	\$ 960	\$ 960
Invoice #501518	—	—	—	4,583	4,583
Invoice #501554-2	9,538	—	—	—	9,538
Invoice #501554-T-2	3,108	—	—	—	3,108
Invoice #501562	116,645	—	—	—	116,645
Spark Street Digital					
Invoice #1877	3,510	—	—	—	3,510
Jacobs Engineering Group, Inc.					
Invoice #W8X97001-01EXP	2,531	—	—	—	2,531
Invoice #W8X97001-02	894,525	—	—	—	894,525
Invoice #W8X97001-02EXP	18,506	—	—	—	18,506
Invoice #W8X97001-03	633,546	—	—	—	633,546
Invoice #W8X97001-03EXP	10,470	—	—	—	10,470
Management Partners					
Invoice #INV07106	47,250	—	—	—	47,250
Keogh Multimedia					
Invoice #MK2019-04	513	—	—	—	513
Sacramento Public Library Authority					
Invoice #3289	—	675	—	—	675
ANG Audio Visual Services					
Invoice #16024	964	—	—	—	964
Commuter Industries					
Invoice #190051	1,992	—	—	—	1,992
CDM Smith, Inc.					
Invoice #90071790	—	6,752	—	—	6,752
Invoice #90073863	6,028	—	—	—	6,028
e-Builder					
Invoice #6869	—	44,893	—	—	44,893
Fugro USA Land, Inc.					
Invoice #04.72190201-2	—	1,175	—	—	1,175
Invoice #04.72190201-3	609,204	—	—	—	609,204
PlanNet					
Invoice #164761	14,634	—	—	—	14,634
	<u>\$ 2,372,964</u>	<u>\$ 53,495</u>	<u>\$ —</u>	<u>\$ 5,543</u>	<u>\$ 2,432,002</u>

*Totals may not foot due to rounding.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

Accounts Receivable Aging Schedule
As of May 31, 2019

<u>Receivable From:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>Total</u>
Department of Water Resources					
Invoice #DCA-FY18-19-010	\$ 656,454	\$ —	\$ —	\$ —	\$ 656,454
Invoice #DCA-FY18-19-011	1,528,072	—	—	—	1,528,072
Invoice #DCA-FY18-19-012	22,252	—	—	—	22,252
Invoice #DCA-FY18-19-013	23,116	—	—	—	23,116
	<hr/>				
	\$ 2,229,894	\$ —	\$ —	\$ —	\$ 2,229,894
	<hr/>				

*Totals may not foot due to rounding.

Statement of Cash Receipts and Disbursements

	Month Ended May '19	Year to Date Jul '18 - May '19
Receipts:		
Contributions	\$ 356,085	\$ 3,692,888
Interest receipts	—	7,641
Total receipts	<u>356,085</u>	<u>3,700,529</u>
Disbursements:		
Program management		
Executive director	111,058	731,134
External affairs	7,440	66,809
Treasury and accounting	3,753	63,973 ⁽¹⁾
Information technology	137,155	516,813
Legal	42,571	201,929
Staffing and administration	13,167	64,044
Program controls	11,540	710,238
Property acquisition	17,169	101,474
Environmental	10,085	112,068
Engineering management		
Programmatic	710,989	1,125,010
Total disbursements	<u>1,064,927</u>	<u>3,693,492</u>
Net change in cash	(708,842)	7,037
Cash at July 1, 2018	—	796,438
Cash at May 1, 2019	1,512,317	—
Cash at May 31, 2019	<u>\$ 803,475</u>	<u>\$ 803,475</u>

Profit & Loss

	Month Ended May '19	Year to Date Jul '18 - May '19
Revenues		
Contributions	\$ 2,585,979	\$ 5,922,782
Interest income	—	6,601
Total revenues	<u>2,585,979</u>	<u>5,929,383</u>
Expenses		
Program management		
Executive director	47,250	771,085
External affairs	—	66,810
Treasury and accounting	3,108	67,080 ⁽¹⁾
Information technology	46,532	618,257
Legal	—	189,566
Staffing and administration	9,126	73,845
Program controls	14,154	724,392
Property acquisition	20,719	122,193
Environmental	833	115,178
Engineering management		
Programmatic	2,231,242	3,357,427
Total expenses	<u>2,372,964</u>	<u>6,105,833</u>
Net gain (loss)	<u>\$ 213,015</u>	<u>\$ (176,450)</u>

* Totals may not foot due to rounding

**Balances may include prior month accruals that were not previously captured due to timing.

⁽¹⁾ Includes insurance premiums

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY

	Statement of Cash Receipts and Disbursements		Profit & Loss	
	Month Ended May '19	Year to Date Jul '18 - May '19	Month Ended May '19	Year to Date Jul '18 - May '19
Receipts/Revenues:				
Contributions	\$ 356,085	\$ 3,692,888	\$ 2,585,979	\$ 5,922,782
Interest receipts/income	—	7,641	—	6,601
Total receipts/revenues	<u>356,085</u>	<u>3,700,529</u>	<u>2,585,979</u>	<u>5,929,383</u>
Disbursements/Expenses:				
Program management				
Executive director	111,058	731,134	47,250	771,085
External affairs	7,440	66,809	—	66,810
Treasury and accounting	3,753	63,973 ⁽¹⁾	3,108	67,080 ⁽¹⁾
Information technology	137,155	516,813	46,532	618,257
Legal	42,571	201,929	—	189,566
Staffing and administration	13,167	64,044	9,126	73,845
Program controls	11,540	710,238	14,154	724,392
Property acquisition	17,169	101,474	20,719	122,193
Environmental	10,085	112,068	833	115,178
Engineering management				
Programmatic	<u>710,989</u>	<u>1,125,010</u>	<u>2,231,242</u>	<u>3,357,427</u>
Total disbursements/expenses	<u>1,064,927</u>	<u>3,693,492</u>	<u>2,372,964</u>	<u>6,105,833</u>
Net change in cash	(708,842)	7,037		
Cash at July 1, 2018	—	796,438		
Cash at May 1, 2019	<u>1,512,317</u>	<u>—</u>		
Cash at May 31, 2019	<u>\$ 803,475</u>	<u>\$ 803,475</u>		
Net gain (loss)			<u>\$ 213,015</u>	<u>\$ (176,450)</u>

* Totals may not foot due to rounding

**Balances may include prior month accruals that were not previously captured due to timing.

⁽¹⁾ Includes insurance premiums.

MWD Production
DCA Budget vs Cost by Program - PTD, YTD
Current Period: MAY-19

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Currency: USD
No specific APPROPRIATION requested

APPRO	<-----Period-to-date----->							<-----Year-to-date----->						
	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %
Program Management	140,890	2,036,080	1,652,867	1,895,190	93.1 %	1,511,978	91.5 %	2,511,355	19,926,800	13,550,156	17,415,445	87.4 %	11,038,801	81.5 %
Environmental	833	585,000	213,453	584,167	99.9 %	212,620	99.6 %	112,901	6,333,250	4,053,623	6,220,349	98.2 %	3,940,722	97.2 %
Contingency	0	3,533,235	0	3,533,235	100.0 %	0	0.0 %	0	38,865,585	0	38,865,585	100.0 %	0	0.0 %
Land Acquisition	0	0	0	0	0.0 %	0	0.0 %	0	1,000,000	0	1,000,000	100.0 %	0	0.0 %
Design Utilities, Power, & Road	0	322,700	0	322,700	100.0 %	0	0.0 %	0	17,791,500	0	17,791,500	100.0 %	0	0.0 %
Design Tunnel Pads and Shafts	0	140,000	337,343	140,000	100.0 %	337,343	100.0 %	0	1,220,542	18,272,861	1,220,542	100.0 %	18,272,861	100.0 %
Engineering Management Program	2,231,242	4,741,334	4,781,911	2,510,092	52.9 %	2,550,669	53.3 %	3,504,802	22,528,000	16,917,331	19,023,198	84.4 %	13,412,529	79.3 %
Construction Tunnel Pads & Shafts	0	1,709,750	0	1,709,750	100.0 %	0	0.0 %	0	12,841,500	0	12,841,500	100.0 %	0	0.0 %
Total	2,372,965	13,068,099	6,985,574	10,695,134	81.8 %	4,612,609	66.0 %	6,129,058	120,507,177	52,793,971	114,378,119	94.9 %	46,664,913	88.4 %

* Includes prior fiscal year actuals of \$23,224.

MWD Production
DCA Budget vs Cost by Organization - PTD, YTD
Current Period: MAY-19

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Currency: USD
No specific ORGANIZATION requested

ORG	-----Period-to-date-----							-----Year-to-date-----						
	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %
DC DCA	0	3,533,235	0	3,533,235	100.0 %	0	0.0 %	0	39,865,585	0	39,865,585	100.0 %	0	0.0 %
Executive Director	47,250	94,600	75,000	47,350	50.1 %	27,750	37.0 %	781,947	963,000	1,119,703	181,053	18.8 %	337,756	30.2 %
Program Advisory	0	25,000	0	25,000	100.0 %	0	0.0 %	0	200,000	0	200,000	100.0 %	0	0.0 %
Audit	0	0	0	0	0.0 %	0	0.0 %	0	25,000	25,000	25,000	100.0 %	25,000	100.0 %
Program Manager	0	116,000	75,000	116,000	100.0 %	75,000	100.0 %	0	1,190,000	375,000	1,190,000	100.0 %	375,000	100.0 %
Treasury and Accounting	3,108	40,000	20,860	36,892	92.2 %	17,752	85.1 %	67,081	420,000	218,618	352,919	84.0 %	151,537	69.3 %
External Affairs	0	183,000	183,000	183,000	100.0 %	183,000	100.0 %	66,809	1,179,000	1,681,065	1,112,191	94.3 %	1,614,256	96.0 %
Risk Management	0	14,000	14,000	14,000	100.0 %	14,000	100.0 %	0	56,000	28,000	56,000	100.0 %	28,000	100.0 %
Legal	0	136,000	150,000	136,000	100.0 %	150,000	100.0 %	201,929	1,088,000	918,628	886,071	81.4 %	716,699	78.0 %
Staffing & Administration	9,126	160,000	27,159	150,874	94.3 %	18,033	66.4 %	73,845	2,110,000	269,056	2,036,155	96.5 %	195,211	72.6 %
QA/QC	0	80,000	64,000	80,000	100.0 %	64,000	100.0 %	0	512,000	128,000	512,000	100.0 %	128,000	100.0 %
Program Controls	14,154	238,000	191,058	223,846	94.1 %	176,904	92.6 %	724,392	2,378,000	1,574,478	1,653,608	69.5 %	850,086	54.0 %
Information Technology	46,532	152,480	146,222	105,948	69.5 %	99,690	68.2 %	618,257	3,152,800	1,074,474	2,534,543	80.4 %	456,217	42.5 %
Property Acquisition	20,720	797,000	706,568	776,280	97.4 %	685,848	97.1 %	122,194	6,653,000	6,138,135	6,530,806	98.2 %	6,015,941	98.0 %
Engineering Design	2,231,242	5,204,034	5,119,254	2,972,792	57.1 %	2,888,012	56.4 %	3,357,427	41,540,042	35,190,192	38,182,615	91.9 %	31,832,765	90.5 %
Environmental & Planning	833	585,000	213,453	584,167	99.9 %	212,620	99.6 %	115,178	6,333,250	4,053,623	6,218,072	98.2 %	3,938,445	97.2 %
Engineering Construction	0	1,709,750	0	1,709,750	100.0 %	0	0.0 %	0	12,841,500	0	12,841,500	100.0 %	0	0.0 %
Total	2,372,965	13,068,099	6,985,574	10,695,134	81.8 %	4,612,609	66.0 %	6,129,058	120,507,177	52,793,971	114,378,119	94.9 %	46,664,913	88.4 %

* Includes prior fiscal year actuals of \$23,224.

MWD Production
DCA Budget vs Cost by Activity - PTD, YTD
Current Period: MAY-19

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Currency: USD
No specific ACTIVITY requested

ACTIV	<-----Period-to-date----->							<-----Year-to-date----->						
	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %	Actual	Budget	Forecast	Budget Var	Var %	Forecast Var	Var %
Staffing	0	80,000	10,000	80,000	100.0 %	10,000	100.0 %	32,349	640,000	127,969	607,651	94.9 %	95,620	74.7 %
Office Management	9,126	80,000	17,159	70,874	88.6 %	8,033	46.8 %	41,496	1,470,000	141,087	1,428,504	97.2 %	99,591	70.6 %
Standards	0	48,000	64,000	48,000	100.0 %	64,000	100.0 %	0	336,000	128,000	336,000	100.0 %	128,000	100.0 %
Performance Management	0	32,000	0	32,000	100.0 %	0	0.0 %	0	176,000	0	176,000	100.0 %	0	0.0 %
Project Controls	1,057	188,000	150,000	186,943	99.4 %	148,943	99.3 %	540,437	1,828,000	1,154,556	1,287,563	70.4 %	614,119	53.2 %
Procure & Contract	13,097	50,000	41,058	36,903	73.8 %	27,961	68.1 %	183,955	550,000	419,922	366,045	66.6 %	235,967	56.2 %
Central Administration	39,991	33,280	36,222	(6,711)	(20.2) %	(3,769)	(10.4) %	340,580	266,240	377,748	(74,340)	(27.9) %	37,167	9.8 %
General Tech	6,541	119,200	110,000	112,659	94.5 %	103,459	94.1 %	277,676	2,886,560	696,726	2,608,884	90.4 %	419,050	60.1 %
Right of Way, Survey, & Mapping	0	419,000	355,000	419,000	100.0 %	355,000	100.0 %	6,001	3,242,000	4,062,861	3,235,999	99.8 %	4,056,860	99.9 %
Appraisal & Acquisition	20,720	378,000	351,568	357,280	94.5 %	330,848	94.1 %	116,193	3,411,000	2,075,274	3,294,807	96.6 %	1,959,081	94.4 %
Chief Engineer	1,827	108,000	98,578	106,173	98.3 %	96,751	98.1 %	917,569	1,128,000	845,918	210,431	18.7 %	(71,651)	(8.5) %
EDM	1,620,212	1,000,000	1,000,000	(620,212)	(62.0) %	(620,212)	(62.0) %	1,620,212	6,750,000	4,750,000	5,129,788	76.0 %	3,129,788	65.9 %
Geo Tech	609,204	3,633,334	3,683,333	3,024,130	83.2 %	3,074,129	83.5 %	829,732	14,650,000	11,321,413	13,820,268	94.3 %	10,491,681	92.7 %
Environmental Permits	833	585,000	213,453	584,167	99.9 %	212,620	99.6 %	105,093	6,333,250	4,053,623	6,228,157	98.3 %	3,948,530	97.4 %
Feature Design	0	462,700	337,343	462,700	100.0 %	337,343	100.0 %	0	19,012,042	18,272,861	19,012,042	100.0 %	18,272,861	100.0 %
Feature Construction	0	1,709,750	0	1,709,750	100.0 %	0	0.0 %	0	12,841,500	0	12,841,500	100.0 %	0	0.0 %
DCA General Activity	50,358	4,141,835	517,860	4,091,477	98.8 %	467,502	90.3 %	1,117,765	44,986,585	4,366,014	43,868,820	97.5 %	3,248,248	74.4 %
Total	2,372,965	13,068,099	6,985,574	10,695,134	81.8 %	4,612,609	66.0 %	6,129,058	120,507,177	52,793,971	114,378,119	94.9 %	46,664,913	88.4 %

* Includes prior fiscal year actuals of \$23,224.

MWD Production
DCA by Program - Trend
Current Period: P13-19

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No specific APPROPRIATION requested

	<-----Period-to-date----->													
	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	P13-19	Total
APPRO														

Program Management	0	0	0	0	0	1,110,870	627,996	350,551	(79,155)	360,204	140,890	0	0	2,511,355
Environmental	0	0	0	0	0	8,784	63,199	30,000	0	10,085	833	0	0	112,901
Engineering Management Program	0	0	0	0	0	0	147,375	57,379	356,642	712,164	2,231,242	0	0	3,504,802
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Total	0	0	0	0	0	1,119,654	838,569	437,930	277,488	1,082,453	2,372,965	0	0	6,129,058

* Includes prior fiscal year actuals of \$23,224.

MWD Production
DCA by Organization - Trend
Current Period: P13-19

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Currency: USD
No specific ORGANIZATION requested

	<-----Period-to-date----->													
	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	P13-19	Total
ORG														

Executive Director	0	0	0	0	0	316,678	146,013	128,699	62,625	80,683	47,250	0	0	781,947
Treasury and Accounting	0	0	0	0	0	30,876	14,614	14,730	0	3,753	3,108	0	0	67,081
External Affairs	0	0	0	0	0	3,582	37,659	18,128	0	7,440	0	0	0	66,809
Legal	0	0	0	0	0	145,326	14,032	0	0	42,571	0	0	0	201,929
Staffing & Administration	0	0	0	0	0	44,928	13,653	(7,142)	(563)	13,842	9,126	0	0	73,845
Program Controls	0	0	0	0	0	329,643	249,116	119,939	0	11,540	14,154	0	0	724,392
Information Technology	0	0	0	0	0	237,793	95,061	49,508	6,158	183,206	46,532	0	0	618,257
Property Acquisition	0	0	0	0	0	2,044	57,849	24,412	0	17,169	20,720	0	0	122,194
Engineering Design	0	0	0	0	0	0	147,375	57,379	209,268	712,164	2,231,242	0	0	3,357,427
Environmental & Planning	0	0	0	0	0	8,784	63,199	32,277	0	10,085	833	0	0	115,178
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Total	0	0	0	0	0	1,119,654	838,569	437,930	277,488	1,082,453	2,372,965	0	0	6,129,058

* Includes prior fiscal year actuals of \$23,224.

MWD Production
DCA by Activity - Trend
Current Period: P13-19

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Currency: USD
No specific ACTIVITY requested

	<-----Period-to-date----->													
	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	P13-19	Total
ACTIV														

Staffing	0	0	0	0	0	44,928	7,915	(19,931)	(563)	0	0	0	0	32,349
Office Management	0	0	0	0	0	0	5,739	12,789	0	13,842	9,126	0	0	41,496
Project Controls	0	0	0	0	0	285,613	179,990	73,777	0	0	1,057	0	0	540,437
Procure & Contract	0	0	0	0	0	44,030	69,126	46,162	0	11,540	13,097	0	0	183,955
Central Administration	0	0	0	0	0	46,235	80,468	36,169	6,158	131,560	39,991	0	0	340,580
General Tech	0	0	0	0	0	191,558	14,593	13,339	0	51,646	6,541	0	0	277,676
Right of Way, Survey, & Mapping	0	0	0	0	0	0	0	6,001	0	0	0	0	0	6,001
Appraisal & Acquisition	0	0	0	0	0	2,044	57,849	18,412	0	17,169	20,720	0	0	116,193
Chief Engineer	0	0	0	0	0	0	147,375	57,379	0	710,989	1,827	0	0	917,569
EDM	0	0	0	0	0	0	0	0	0	0	1,620,212	0	0	1,620,212
Geo Tech	0	0	0	0	0	0	0	0	209,268	11,260	609,204	0	0	829,732
Environmental Permits	0	0	0	0	0	8,784	63,199	32,277	0	0	833	0	0	105,093
Feature Construction	0	0	0	0	0	0	18,080	(18,080)	0	0	0	0	0	0
DCA General Activity	0	0	0	0	0	496,462	194,238	179,637	62,625	134,446	50,358	0	0	1,117,765
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Total	0	0	0	0	0	1,119,654	838,569	437,930	277,488	1,082,453	2,372,965	0	0	6,129,058

* Includes prior fiscal year actuals of \$23,224.