



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Consider Request for Fee Payment Agreement for 1222 Pixley Parkway (G & B Development, LLC)

MEETING DATE: August 18, 2010

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Consider request for Fee Payment Agreement for 1222 Pixley Parkway from G & B Development, LLC.

BACKGROUND INFORMATION: The project is located at 1222 Pixley Parkway and consists of a commercial building constructed by G & B Development, LLC (Developer) and leased to the Department of Motor Vehicles (DMV).

Developer has requested a Fee Payment Agreement for Development Impact Mitigation Fees for the proposed project (\$248,625.52). Developer has also requested that the payment of fees be made in 20 equal semi-annual installments (\$13,501.84) over a 10-year period. Interest would be charged at the current Local Agency Investment Fund (LAIF) rate plus one percent (1.60 percent).

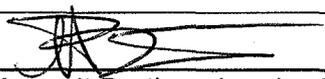
In the past, City staff has required developers to address three criteria when requesting a deferral of impact fees. The developer must show that there is a benefit to public policy, the project contains economic development benefits, and there is an economic need.

Attached is a letter and proforma presenting the Developer's justification for granting the Fee Payment Agreement. The benefit to public policy was not addressed in this letter, and Developer has not convinced staff an economic need exists. The letter states that Developer is using all local businesses for the project, however, this cannot be considered as an economic development benefit as most projects in Lodi could meet this criterion. In summary, the submitted information notes monthly rent revenue of \$33,352.00 and monthly expenses of \$20,502 (loan and operations). There is no reference to the lending institution's denial to fund the impact fees through the construction loan. If a 10-year Fee Payment Agreement is approved, the monthly payment (principal and interest) would be \$2,250.31.

On September 17, 1997, the Council authorized the City Manager to execute standard fee payment agreements as an economic development incentive. Since 1997, there have been 31 Fee Payment Agreements authorized by the City Manager and the Council. The City Manager was given the authority to approve Fee Payment Agreements having a term of seven years or less and \$50,000 or less. Currently there are five active fee payment agreements including Holiday Inn Express, Pacific Coast Producers, Evergreen Pharmacy of California, First Nazarene Church of Lodi, and Flame Liquors.

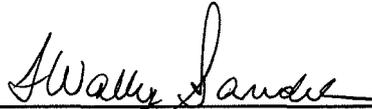
A representative from G & B Development, LLC, will be at the Council meeting to make a presentation.

FISCAL IMPACT: While the fee payment agreement reduces impact fee revenue in the current year, the interest rate being charged will offset the loss of interest earnings to the Impact Fee Fund. It would not result in the delay of program projects. Increased property taxes are estimated to be \$25,000 a year.

APPROVED: 
Konradt Bartlam, Interim City Manager

Consider Request for Fee Payment Agreement for 1222 Pixley Parkway (G & B Development, LLC)
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FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

Prepared by Chris Boyer, Junior Engineer
FWS/CB/pmf
Attachment

G & B Development/Lodi LLC
18032-C Lemon Drive, Suite 407
Yorba Linda, California 92886-4202

June 30,2010

City of Lodi
Attn: Wally Sandelin, Public Works Director
221 West Pine Street
Lodi, CA 95241-1910

Regarding: Deferred Payment Plan for Development Fees, New DMV Lodi

Dear Wally,

This letter is to re-iterate our position as it relates to our need for the City of Lodi to provide the deferred payment program offered to us as of April 2009. On April 7,2009, we attended a meeting at the city of Lodi with Sharon A. Welch, Senior Civil Engineer Development Service, along with several other city representatives. During the meeting, we discussed the DMV project status as of that date. We advised those present that we had become aware of Development Fees in excess of \$260,000. These fees were not in our Development Performa and would force us to terminate our development plans for this project. Based on the large development fees requested, we asked if the city could waive these fees so we could move forward. We were told the fees could nor be waived and based on that information we stated we could not proceed with the project.

Sharon then advised us that the City of Lodi can provide a deferred payment plan if that would help us to proceed. The cost would be 1% over L.A.I.F. rate which was then 1.869%. Based on the offer, we requested and received the deferred payment plan showing the applicable rate and payment structure. We were told that we could elect to pay monthly, semi annually or annually. We stated we would pay semi annually. Based on the offer provided we elected to go forward with the project. We purchased four parcels from local owners and committed to a long-term lease with the State of California.

We asked Sharon what the process would require and were advised that subject to our building permit, we would fill out the necessary paperwork and pay a processing fee. Sharon stated the process would be completed prior to our Certificate of Occupancy. Placing reliance on the city provided deferred payment plan we were able to obtain the necessary financing for our project through Community Business Bank, located in Lodi.

As previously advised by Sharon we proceeded with our engineering and obtained the required Building Permits. As required, we then provided our request with the required fee for the deferred payment plan previously offered. Please be advised that our project would not have gone forward without the reliance placed on the City offered "Deferred Payment Plan."

The benefits to the community created by the new DMV are as follows:

- A. More than doubled the current parking of the existing DMV, added public convenience/increased public safety.
- B. The placement of the new DMV on Pixley Parkway will provide the seven adjacent landowners a viable reason to go forward and develop their current parcels.
- C. The more than doubling in size of the new DMV will provide retention of the employees current jobs and a more than doubling of jobs in the future.
- D. The new project will provide the community with much needed property taxes estimated at \$25,000 a year.

As of this date, we have utilized the following local businesses for our project.

• Katakian, Williams and Associates	(Lodi)	Value	1,125,000 • (Land cost/6% commission)
• Community Business Bank	(Lodi)	Value	1,924,000 • (Actual loan amount)
• Delta Builders (Vern Vierra)	(Lodi)	Value	208,900 • (Contract)
• Mid Valley Electric	(Lodi)	Value	110,000 • (Contract)
• Dietle Plumbing	(Lodi)	Value	37,000 • (Contract)
• California Waste Recovery	(Lodi)	Value	5,000 • (Contract)

I am attaching the following documents for your review.

- A. The Project Cost Analysis Performa which we provided to the Lender to obtain the project loan
- B. A memorandum of our April 7,2009 city meeting
- C. Our Current draw request to Community Business Bank
- D. State Lease
- E. Deferred payment schedule (provided by city)
- F. Copy of letter and check related to deferred payment request.

If we can provide and further information, please don't hesitate to call.

Sincerely,



Bill Estanislau
Managing Director
Cell: 714 420-3871



**G B Development/Lodi LLC
DMV Lodi
Project Cost Analysis**

Estimated Project Costs and Income

Project Cost		
A Development Costs		\$100,000.00
B R/E Consulting Fee/Escrow Fees/Appraisal Costs, Etc		\$30,000.00
C Land (paid by G & B Development/Lodi LLC)		\$1,125,000.00
D Construction Cost		\$1,475,800.00
E Construction Permits		\$55,000.00
** F Development Impact Fees		\$262,667.00
G Architect, Engineer & Leads Certification		\$145,000.00
	Sub Total	\$3,193,467.00
H Points (Construction and Permanent)		\$31,600.00
I Construction Carry and 2nd TD Interest (7months)		\$82,600.00
J Misc Bank Fees		\$4,000.00
	Project Total	\$3,311,667.00

** Development Impact Fees (By City)		\$262,667.00
Terms 10 years, 2.869% Fully Amortized	Monthly	\$2,521.00
Balance end of 10 years = \$0.00		
<hr/>		
1st Trust Deed (By Bank)		\$1,924,000.00
Terms 25 years, 7 1/4%, Fully Amortized	Monthly	\$13,907.00

Estimated Monthly Expenses

Alarm	\$75.00
Verizon	\$75.00
Water & Trash	\$200.00
Landscaping	\$150.00
insurance	\$280.00
Yearly Fire Inspection	\$90.00
Property Taxes	\$2,200.00
Back Flow Testing	\$30.00
General Maintenance	\$100.00
Accounting	\$175.00
Property Management	\$1,000.00
Janitorial (.24 sq.ft.)	\$1,888.00
Reserve (5%)	\$332.00
	Total
	\$6,595.00

**DMV LODI
CONSTRUCTION COST ESTIMATE**

**Architect, Engineers & Leed Certification
(G On Proposed Partnership)**

Estimate

Architect/Structural Engineer	50,000.00
Civil Engineer	10,000.00
Electrical Engineer	9,000.00
Leed Consultant	46,578.40
Plumbing & Mechanical Engineer	10,000.00
Soil Report and Level One	4,000.00
Landscape Architect	4,000.00
Plan Reproductions	2,000.00
	2,000.00
Survey	5,000.00
Reserve	2,421.60
Total Architect, Engineers & Leed Cost	145,000.00

Building Costs

Structural Steel/Metal Building	208,900.00
Building Concrete	63,000.00
Ext. Metal Wall Framing	85,000.00
Stucco System	53,700.00
CBC Engineering	2,500.00
Interior Walls	60,000.00
Exterior Wall Insulation	7,000.00
Ceiling	24,000.00
Doors & Hardware	15,000.00
Overhead & Folding Wall	8,400.00
Cabinetry	4,800.00
Electrical	110,000.00
Fire Sprinklers	25,000.00
Floor Covering and Staining	45,000.00
Glazing	57,000.00
H.V.A.C.	67,000.00
Plumbing	35,000.00
Data, Alarm and Cameras	44,000.00
Tile, Granite and Exterior Stone	49,200.00
Painting	38,504.00
Restroom Parts and Accessories	15,000.00
Building Costs Sub Total	1,018,004.00

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Earthwork	30,000.00
Two Offsite Driveways	
Masonry	10,000.00
Parking Lot	100,000.00
Curbs, Sidewalks and Lt. Basis	80,000.00
Landscaping	25,000.00
Wrought Iron Fencing	40,000.00
Site Utilities	24,000.00
Sitework Sub Total	309,000.00
General Conditions	110,000.00
Liability/Workers Comp Insurance	5,000.00
General Conditions Sub Total	115,000.00
Sub Total	1,442,004.00
Overhead and Profit (1%)	15,000.00
Building Contingency	18,796.00
	1,475,800.00

G & B Development/Lodi LLC

**Memorandum of Meeting with City of Lodi
April 7,2010**

Our requested fee agreement is based on our meeting with Sharon A. Welch, senior civil engineer for the City of Lodi, on April 7,2010.

- A. At said meeting, we were advised that the fees could not be waived.
- B. We stated at that time we could not proceed with the project do to these additional costs.
- C. Sharon advised us that the “city could provide us with a low interest deferred payment plan of 1% over L.A.I.F. rate.”
 - She provided us with a rate chart showing a 10-year loan with a 1.869 rate in effect for L.A.I.F.
 - She stated we could pay monthly semi annually or annually.
 - She stated the pager work would be done after the permit is issued and would be completed prior to certificate of occupancy.

C

DMV LODI PROJECT CONSTRUCTION BUDGET AND DRAW REQUEST

To: Community Business Bank
1540 West Kettleman Lane
Lodi, CA 95242

From: G & 8 Development/Lodi LLC 714-693-3649
18032-C Lemon Drive 407
Yorba Linda, CA 92886

Total acres 1.9										
Building 8,469 sq.ft.										
Canopy/Drive thru 1,207 sq.ft.										

A	Development Fee	100,000.00										
Expense Item			Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded		Amount Invoiced this Draw 5/28/10	% Complete	Amt remaining on contract	
A-01	Development Fee	100,000.00				100,000.00	100,000.00			100%	0.00	
R/E Consulting/Escrow/Appraisal Fees		30,000.00										
Expense Item			Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded		Amount Invoiced this Draw 5/28/10	% Complete	Amt remaining on contract	
B-01	Escrow	10,000.00		1,000.00		11,000.00	11,000.00			100%	0.00	
8-02	Bank Appraisal/Environmental Report	3,950.00				3,950.00	3,950.00			100%	0.00	
8-03	Bank Appraisal/Community Bank	5,500.00				5,500.00	5,500.00			100%	0.00	
8-04	Clark Insurance/Liability-Course of Const	1,857.30				1,857.30	1,857.30			100%	0.00	
8-05	Real Estate Consultant	5,000.00				5,000.00	5,000.00			100%	0.00	
8-06	Legal Fees	2,745.00	(450.00)			2,295.00	2,295.00			100%	0.00	
8-07	Contingency(misc)	947.70	450.00	(1,000.00)		397.70	0.00			0%	397.70	
B-08		30,000.00				30,000.00	29,602.30		0.00		397.70	
C		Land 1,125,000.w)	Equity						N/A			
C-01	Land Purchase		1,125,000.00									
D		Building Costs	1,475,800.00									
Expense Item		Budget	Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded		Amount Invoiced this Draw 5/28/10	% Complete	Amt remaining on contract	
D-01	Structural Steel/Metal Building	208,900.00				208,900.00	127,600.00		54,530.25	87%	26,769.75	
D-05												
D-06	Building Concrete	63,000.00	(350.00)			62,650.00	8,000.00		49,426.81	91%	5,463.50	
D-07												
D-08	Ext. Metal Wall Framing	85,000.00				85,000.00				0%	85,000.00	
D-09	Stucco System	53,700.00				53,700.00				0%	53,700.00	
D-11	CBC Engineering	2,500.00				2,500.00	2,500.00			100%	0.00	
D-12	Interior Walls	60,000.00				60,000.00				0%	60,000.00	
D-13	Exterior Wall Insulation	7,000.00				7,000.00				0%	7,000.00	
D-14	Ceiling	24,000.00				24,000.00				0%	24,000.00	
D-15	Doors & Hardware	15,000.00				15,000.00				0%	15,000.00	
D-16	Overhead & Folding Wall	8,400.00				8,400.00				0%	8,400.00	
D-17	Cabinetry	4,800.00				4,800.00				0%	4,800.00	
D-18	Electrical	110,000.00	(900.00)			109,100.00	10,017.90		42,618.60	48%	56,463.50	
D-19	Fire sprinklers	25,000.00				25,000.00	2,500.00			10%	22,500.00	

D-20	Floor Covering and Staining	450,000.00				45,000.00				0%	45,000.00
D-21	Glazing	57,000.00	(1.00)		5,720.00	52,719.00				0%	62,719.00
D-22	H.V.A.C.	67,000.00	(4,500.00)			62,500.00				0%	62,500.00
D-23	Plumbing	35,000.00	(100.00)			34,900.00		13,960.00	40%	20,940.00	
D-24	Data, Alarm and Cameras	44,000.00				44,000.00			0%	44,000.00	
D-25	Tile, Granite and Exterior Stone	49,200.00				49,200.00			0%	49,200.00	
D-26	Painting	38,504.00				38,504.00			0%	38,504.00	
D-27	Restroom Parts and Accessories	15,000.00				15,000.00			0%	15,000.00	
D-9R											
D-29		1,018,004.00									
	Sitework										
D-30	Earthwork	30,000.00		(1,014.20)	(357.90)	28,627.90	28,627.90		100%	0.00	
D-31	Two Offsite Driveways										
D-32	Masonry	10,000.00				10,000.00					10,000.00
D-33	Parking Lot	100,000.00		(3,985.80)	985.80	97,000.00	357.90	2,344.76	3%	94,297.34	
D-34	Curbs, Sidewalks and Lt Basis	80,000.00				80,000.00		20,656.05	26%	59,343.95	
D-35	Landscaping	25,000.00				25,000.00	2,622.48	4,931.36	30%	17,446.16	
D-36	Wrought iron Fencing	40,000.00				40,000.00			0%	40,000.00	
D-37	Site Utilities	24,000.00	(1,000.00)	5,000.00		28,000.00	28,000.00		100%	0.00	
D-38											
D-39		309,000.00									
U-40	General Conditions	110,000.00				110,000.00	27,686.22	25,775.95	49%	56,537.83	
D-41	Liability/Workers Comp Insurance	5,000.00	(290.00)		1,782.57	6,492.57	4,710.39	1,782.57	100%	-0.39	
		115,000.00									
		1,442,004.00									
D-42	Overhead and Profit (1%)	15,000.00				15,000.00	2,426.65	2,157.56	31%	10,415.79	
D-43	Building Contingency	18,796.00	7,141.00		(8,372.28)	17,564.72			0%	17,564.72	
		1,475,800.00				1,475,800.00	245,049.44	218,183.91		1,012,566.65	
E	Construction Permits	55,000.00									
	Expense Item		Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded	Amount Invoiced this Draw 5/28/10	% Complete	Amt remaining on contract	
E-01	Grading Plan Check	1,457.36				1,457.36	1,457.36		100%	0.00	
E-02	Grading Permit	989.40				989.40	989.40		100%	0.00	
E-03	Building Plan Check	7,201.14				7,201.14	7,201.14		100%	0.00	
E-04	Wildlife Fee	13,398.80				13,398.80	13,398.80		100%	0.00	
E-05	Lot Merger Plan Check	850.00				850.00	850.00		100%	0.00	
E-06	PG & E (Gas Deposit)	4,455.61				4,455.61	4,455.61		100%	0.00	
E-07	Public Works Fee / Abandon Two Existing Water	2,200.00				2,200.00	2,200.00		100%	0.00	
E-08	Public Works Fee / Regional Transportation	1,243.02				1,243.02	1,243.02		100%	0.00	
E-09	Public Works Fee / Commercial Water Meter	4,608.00				4,608.00	4,608.00		100%	0.00	
E-10	Disabled Veteran Voice and News	300.00				300.00	300.00		100%	0.00	
11	Building Permit	16,000.00				16,000.00	16,000.00		100%	0.00	
c-12	Lot Merger Fee	1,447.00				1,447.00	1,447.00		100%	0.00	
E-13	Contingency (Misc)	849.67	(487.00)			362.67		196.49	54%	166.18	
	CBC/ADA Compliance Fee										
	Flag Pole Plan					0.00					
	Misc Plan Fees					0.00					
		55,000.00				54,513.00	54,150.33	196.49		166.18	
F	Development Impact Fees	262,667.00							N/A		
G	Architect, Engineer & Leads Certification	145,000.00							% Complete	Amt remaining on contract	
	Expense Item		Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded	Amount Invoiced this Draw 5/28/10	Complete	Amt remaining on contract	
G-01	Architect/Structural Engineer	50,000.00				50,000.00	50,000.00		100%	0.01	

	Civil Engineer	10,000.00		1,491.65			11,491.65	11,491.65			100%	0.00
	Electrical Engineer	9,000.00		138.29			9,138.29	9,138.29			100%	0.00
	Lead Consultant	50,000.00		(3,422.00)			46,578.00	24,181.36	5,667.36		64%	16,729.28
	Plumbing & Mechanical Engineer	10,000.00		456.06			10,456.06	10,456.06			100%	0.00
	Soil Report and Level One	4,000.00					4,000.00	4,000.00			100%	0.00
	Landscape Architect	4,000.00		(1,223.81)			2,776.19	2,776.19			100%	0.00
	Plan Reproductions	1,500.00		2,746.82			4,246.82	1,413.76	482.63		45%	2,350.43
	Survey	5,000.00					5,000.00	1,730.00	1,245.00		60%	2,025.00
	Reserve	1,500.00		(1,500.00)			0.00					0.00
G-11												
G-12												
		145,000.00					143,687.01	115,187.31	7,394.99			21,104.71
H	Points and Bank Fees	31,600.00										
	Expense Item			Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded	Interest and inspection Fees	Amount invoiced this Draw 5/28/10	% Complete	Amt remaining on contract
H-01	Construction Loan / Points & Fees	9,970.00					9,970.00	9,970.00			100%	0.00
H-02	Construction Loan / Perminate Loan Fee	19,590.00					19,590.00	19,590.00			100%	0.00
H-03	Misc Bank Fees from 04/16/10 Statement	2,040.00		4,487.00	(266.00)		6,261.00	6,261.00			100%	0.00
H-04	Bank inspection Fees			1,312.99	266.00		1,578.99	266.00			17%	1,312.99
		31,600.00					37,399.99	36,087.00				1,312.99
I	Construction Carry and 2nd TD interest	82,600.00										
	Expense Item			Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded		Amount invoiced this Draw 5/28/10	% Complete	Amt remaining on contract
I-01	Construction Carry	43,908.00					43,908.00	5,665.32			13%	38,242.61
I-02	JJKA	27,765.00					27,765.00	21,595.00		3,085.00	89%	3,085.00
I-03	Eldon Kuntz	10,927.00					10,927.00	6,244.00		1,561.00	71%	3,122.00
		82,600.00					82,600.00	33,504.32		4,646.00		44,449.68
J	Misc Bank Fees	4,000.00										
	Expense Item			Change to Budget/Contract 4/6/10	Change to Budget/Contract 4/30/10	Change to Budget/Contract 5/28/10	Revised Budget/Contract 5/28/10	Amt Previously Funded		Amount invoiced this Draw 5/28/10	% Complete	Amt remaining on contract
J-01	Misc Bank Fees	\$4,000.00		(4,000.00)			0.00					0.00
		\$4,000.00					0.00					
		Project Cost	Equity				Revised Budget/Contract 5/28/10	Total Previously Funded	Interest and Inspection Fees 5/28/10	Total Draw 3 Request 5/28/10		Amt remaining on contract

Notes:



STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION

STANDARD LEASE FORM

LEASE COVERING PREMISES LOCATED AT East side of Pixley Parkway, north of Kettleman Lane APNs: 049-270-01; 049-270-02; 049-270-07 & 049-270-08 San Joaquin County, Lodi, CA 95240
LESSOR'S FED. TAX I.D. NO. OR SOCIAL SECURITY NO. 32-0279240
TENANT AGENCY Department of Motor Vehicles

File No.: 6049-001
Project No.: 126476

Preamble THIS LEASE, made and entered into this 25th day of March, 2009, by and between

G & B DEVELOPMENT/ LODI, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

hereinafter called the Lessor, without distinction as to number or gender, and the State of California, acting by and through the Director of the Department of General Services, hereinafter called the State;

WITNESSETH

Description

1. The Lessor hereby leases unto the State and the State hereby hires from the Lessor those certain premises with appurtenances situated in the City of Lodi, County of San Joaquin, State of California, and more particularly described as follows:

Approximately 7,866 net usable square feet of office space consisting of the entire single story building located on 1.9 acres of land situated on the east side of Pixley Parkway (APNs 049-270-01; 049-270-02; 049-270-07 & 049-270-08), and as further described in the attached Facilities Design Program, Exhibit "A", together with specifications marked Exhibit "B", and lessor compliance procedures marked Exhibit "C", and General Requirements marked Exhibit "D", said Exhibits "A" and "B" and "C" and "D", Project No. 126476 dated December 1, 2008, hereby being incorporated into this lease, and including 84 non-exclusive unobstructed parking spaces contiguous to the subject building, and unlimited use of the building's common facilities. The State shall have access to and use of the leased premises 24 hours per day, seven (7) days per week with no exceptions.

The final construction documents referred to in General Note 1 of Exhibit "A", Facilities Design Program, will be provided by the Lessor and will be known as Exhibit "E". Exhibit "E" shall be incorporated into this lease by this reference.

Term

2. The term of this lease shall commence on December 1, 2009, and shall end on November 30, 2029, with such rights of termination as may be hereinafter expressly set forth.

Early Termination

3. The State may terminate this lease at any time effective on or after November 30, 2019, by giving written notice to the Lessor at least thirty (30) days prior to the date when such termination shall become effective. If the State fails to complete its move out within the notice period and remains in the premises, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

Rent

4. Rental shall be paid by the State in arrears on the last day of each month during said term as follows:

THIRTY-THREE THOUSAND THREE HUNDRED FIFTY-TWO AND 00/100 DOLLARS
(\$33,352.00) from December 1, 2009, through November 30, 2010; then

THIRTY-FOUR THOUSAND THREE HUNDRED THIRTY-ONE AND 00/100 DOLLARS
(\$34,331.00) from December 1, 2010, through November 30, 2011; then

THIRTY-FIVE THOUSAND THREE HUNDRED FORTY AND 00/100 DOLLARS
(\$35,340.00) from December 1, 2011, through November 30, 2012; then

THIRTY-SIX THOUSAND THREE HUNDRED SEVENTY-NINE AND 00/100 DOLLARS
(\$36,379.00) from December 1, 2012, through November 30, 2013; then

THIRTY-SEVEN THOUSAND FOUR HUNDRED FORTY-NINE AND 00/100 DOLLARS
(\$37,449.00) from December 1, 2013, through November 30, 2014; then

THIRTY-EIGHT THOUSAND FIVE HUNDRED FIFTY-ONE AND 00/100 DOLLARS
(\$38,551.00) from December 1, 2014, through November 30, 2015; then

THIRTY-NINE THOUSAND SIX HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS
(\$39,687.00) from December 1, 2015, through November 30, 2016; then

FORTY THOUSAND EIGHT HUNDRED FIFTY-SIX AND 00/100 DOLLARS
(\$40,856.00) from December 1, 2016, through November 30, 2017; then

FORTY-TWO THOUSAND SIXTY AND 00/100 DOLLARS
(\$42,060.00) from December 1, 2017, through November 30, 2018; then

FORTY-THREE THOUSAND THREE HUNDRED ONE AND 00/100 DOLLARS
(\$43,301.00) from December 1, 2018, through November 30, 2019; then

FORTY-THREE THOUSAND EIGHT HUNDRED SEVENTY-ONE AND 00/100 DOLLARS
(\$43,871.00) from December 1, 2019, through November 30, 2020; then

FORTY-FIVE THOUSAND ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS
(\$45,187.00) from December 1, 2020, through November 30, 2021; then

FORTY-SIX THOUSAND FIVE HUNDRED FORTY-THREE AND 00/100 DOLLARS
(\$46,543.00) from December 1, 2021, through November 30, 2022; then

FORTY-SEVEN THOUSAND NINE HUNDRED THIRTY-NINE AND 00/100 DOLLARS
(\$47,939.00) from December 1, 2022, through November 30, 2023; then

FORTY-NINE THOUSAND THREE HUNDRED SEVENTY-SEVEN AND 00/100 DOLLARS
(\$49,377.00) from December 1, 2023, through November 30, 2024; then

FIFTY THOUSAND EIGHT HUNDRED FIFTY-EIGHT AND 00/100 DOLLARS
(\$50,858.00) from December 1, 2024, through November 30, 2025; then

FIFTY-TWO THOUSAND THREE HUNDRED EIGHTY-FOUR AND 00/100 DOLLARS
(\$52,384.00) from December 1, 2025, through November 30, 2026; then

FIFTY-THREE THOUSAND NINE HUNDRED FIFTY-SIX AND 00/100 DOLLARS
(\$53,956.00) from December 1, 2026, through November 30, 2027; then

FIFTY-FIVE THOUSAND FIVE HUNDRED SEVENTY-FOUR AND 00/100 DOLLARS
(\$55,574.00) from December 1, 2027, through November 30, 2028; then

FIFTY-SEVEN THOUSAND TWO HUNDRED FORTY-ONE AND 00/100 DOLLARS
(\$57,241.00) from December 1, 2028, through November 30, 2029, and thereafter.

Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to Lessor at the address specified in Paragraph 5 or to such other address as the Lessor may designate by a notice in writing. If the premises are not complete pursuant to Paragraph 6 by the date shown in Paragraph 2, it is understood and agreed by and between the parties that, at the State's sole option, the dates shown in Paragraphs 2 and 3 and the dates and dollar amounts shown in Paragraph 4 may be adjusted to the first of the month following the State's acceptance of the completed premises, such acceptance shall not unreasonably be withheld. If the State exercises this option, it is agreed the State will complete unilaterally an amendment to the lease to revise the herein above stated dates. Any accrued rents for the period of time prior to the unilaterally adjusted commencement date will be paid in accordance with Paragraph 8. Additionally, it is understood and agreed between the parties that, at the State's option, the dates shown in the "CPI Escalator Operating Expenses" paragraph, if incorporated herein, shall be adjusted to reflect the time delay between lease commencement and the first of the month following the actual acceptance date. In the event this lease agreement contains a provision granting the State an Option to Purchase the premises, it is further agreed herein by the parties that, notwithstanding the provision of the Option to Purchase paragraph herein, the effective dates and corresponding purchase option prices of said Option to Purchase shall be adjusted consistent with any adjustment to the lease commencement date, as stated above, which initial purchase option date shall in no event be less than twenty-four (24) months nor more than thirty-six (36) months from the "adjusted" commencement date. Said "adjusted" purchase option dates shall be established consistent herewith and incorporated into said lease with a unilateral amendment by the State.

Notices

5. All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and either: 1) deposited in the United States Mail, certified and postage prepaid; or 2) sent via an alternate commercial overnight delivery service (i.e. FedEx or similar) with receiver's signature required; and addressed as follows:

To the Lessor G & B Development/ Lodi, LLC
Attn: Kelly Estanislau
18032-C Lemon Drive, Suite 407
Yorba Linda, CA 92886 Phone No. (714) 693-3649
FAX No. (714) 693-3094

and to the State:

DEPARTMENT OF GENERAL SERVICES,
REAL ESTATE SERVICES DIVISION **PHONE NO. (916) 375-4172**
LEASE MANAGEMENT "C" 6049-001
707 THIRD STREET, SUITE 5-305 **FAX NO. (916) 375-4173**
WEST SACRAMENTO, CA 95605

ALL NOTICES AND CORRESPONDENCE MUST REFERENCE
TENANT AGENCY AND PREMISES ADDRESS

Rental warrants shall be made payable to: G & B Development/ Lodi, LLC

and mailed to: G & B Development/ Lodi, LLC
18032-C Lemon Drive, Suite 407
Yorba Linda, CA 92886

Nothing herein contained shall preclude the giving of any such written notice by personal service. The address to which notices and correspondence shall be mailed to either party may be changed by giving written notice to the other party.

Completion and Compliance with Plans and Specifications

6. Lessor agrees that, prior to December 1, 2009, and at Lessor's sole cost and expense, all required construction, improvements and/or alterations, if any, shall be completed and the leased premises made ready for State's occupancy in full compliance with Exhibit "A", consisting of 56 pages titled, "Facility Design Program, Project No. 126476" dated December 1, 2008, and in accordance with Exhibit "B", consisting of 83 pages, titled, "Outline Specifications, Project No. 126376" dated December 1, 2008, and Exhibit "C" consisting of 19 pages titled, "State Fire Marshal, CBC-**ADA** Access Compliance & Sustainable Measure Procedures Project No. 126476" dated December 1, 2008, and Exhibit "D" consisting of 19 pages titled, "General Requirements - Communications Cable - Processor Room / Field Office" dated December 1, 2008, and Exhibit "E" which shall consist of the construction drawings and shall be incorporated herein upon completion, which Exhibits "A" and "B" and "C" and "D" and "E" are by this reference incorporated herein.

Notice of Completion and Access to Premises during Construction

7. Lessor shall notify the State in writing by certified mail of the date the leased premises **will** be completed and ready for occupancy at least thirty (30) days prior thereto. Such notice shall be a condition precedent to the accrual of rental hereunder, except however, that if the State occupies the premises prior to the receipt of such notice or prior to the expiration of the notice period of such notice, rental shall commence to accrue as of the date of occupancy.

Following execution of this lease, and not more than sixty days (60) prior to completion of construction and occupancy under this lease, State or its contractors or other representatives shall have the right to enter the premises for the purpose of installing certain equipment such as, but not limited to, modular system furniture, and electrical and telecommunications cabling and equipment.

State agrees to indemnify and hold Lessor harmless from and against any claims, damages, or other injury suffered by Lessor as a result of the **work** to be performed pursuant to this right to enter the premises prior to State's acceptance and occupancy of the premises. Lessor agrees to indemnify and hold State and its agents, contractors or other representatives harmless from and against any claims, damages, injury or other harm suffered by reason of the negligence or other wrongful act of Lessor or any of Lessor's agents, contractors, or other representatives.

In no event shall the exercise of this right of entry be construed so as to cause an acceleration of the occupancy date of this lease or the obligation of the State to pay rent.

Lessor and State shall each make all reasonable efforts to ensure that the respective construction and installation work is scheduled in such a manner so as to not interfere with or delay the other.

In the event that one or the other party causes a delay in the other party's work, such injured party shall be compensated in the following manner:

Delays caused by the Lessor:

Credit the State a compensating day of delay in the occupancy date and corresponding day of delay in payment of rent.

Delays caused by the State:

Credit the Lessor a compensating day of payment of rent from the actual date of occupancy.

Compensation will be in one day increments.

The parties agree that this shall be the sole remedy for delay, in that the calculation of damages in any other manner is too uncertain and not susceptible of accurate determination.

Early Occupancy

8. Lessor agrees that if the leased premises are ready for occupancy prior to the completion date specified above in Paragraph 6, State may elect to occupy the premises on the earliest date practical after its receipt of the herein required completion notice. The rent payable for any such early occupancy by the State shall be at the rate of THIRTY-THREE THOUSAND THREE HUNDRED FIFTY-TWO AND 00/100 DOLLARS (\$33,352.00) per month, and shall be prorated on a daily basis for any partial month.

- A. Sewer, trash disposal, and water service, including both hot and cold water to the lavatories except lavatories in Employment Development Department public toilet rooms in lobby areas which need only cold water.
- B. Elevator (if any) service.
- ~~C. Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning, and electrical or gas service as needed for State's operations.~~
- D. Janitorial services as described below, sufficient to maintain the interior in a clean well-maintained condition; that is, to eliminate all visible dust, dirt, litter, grime, stains, smears, finger marks, etc., to the greatest practical degree possible, by performing at least the following:

Daily:

- ~~(1) Empty and clean all trash containers, and dispose of all trash and rubbish.~~
- ~~(2) Clean and maintain in a sanitary and odor free condition all floors, wash mirrors, basins, toilet bowls, and urinals.~~
- ~~(3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, toilet tissue, and sanitary napkins). Furnish and replenish paper towel supply in all areas of the leased space.~~
- ~~(4) Sweep or dust mop all hard surface floors, and carpet sweep all carpeted areas, including stairways and halls. Offices with hard surface floors in the public lobby area shall be damp mopped daily.~~
- ~~(5) Remove finger marks and smudges from all glass entrance doors.~~
- ~~(6) Specifically check, and if action is needed, then:

 - a. ~~Dust the tops of all furniture, counters, cabinets, and window sills, (which are free of interfering objects).~~
 - b. ~~Remove spots and/or spills from the carpets, floors, and stairways.~~~~

As needed, but not less frequently than:

~~***Twice Weekly:*** Vacuum all carpets.~~

Weekly:

- ~~(1) Damp mop all hard surface floors.~~
- ~~(2) Dust all window blinds.~~
- ~~(3) Treat stainless steel fountains and sinks to eliminate stains and mineral deposits.~~
- ~~(4) Spot clean the walls.~~

Quarterly:

- ~~(1) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.~~
- ~~(2) Treat carpets for static electricity control (if not integrated in the fabric).~~

~~***Semi-annually:*** Wash all windows, window blinds, light fixtures, walls, and painted surfaces.~~

~~***Annually:***~~

- ~~(1) Steam clean carpets to remove all stains and spots.~~
- ~~(2) Clean window coverings.~~

Description of innitorial services:

Lessor, at Lessor's sole cost and expense, during the term of this lease shall shall provide janitorial services, described as follows:

Unless otherwise arranged in writing with the State, janitorial service must be performed after close of business hours. On day(s) when the Control Cashier Room in the premises is due to be cleaned, the janitorial contractor shall start that service 30 minutes prior to the close of business hours. All janitorial service must be completed no later than 7:00 a.m. the following business day.

- ii. Change liners if soiled or torn as needed.
- iii. Clean the interior/exterior of wastebaskets/trash receptacles if soiled.
- iv. Remove any empty boxes (unless otherwise marked as save or recycle) by breaking down and discarding into appropriate bin.
- f. Wipe with disinfectant cleaner all drinking fountains (including underneath, front, and sides), sinks, break room tables and counters, removing all fingerprints and debris.
- g. Wipe phones with disinfectant cleaner.
- h. Clean any interior windows or glass below seventy-two inches (72") above ground, except in the lobby and entranceways clean any interior windows or glass below eight (8') feet above ground. (Wipe **away** any residual cleaner from sills, walls, and frames.) Use a non-streaking window cleaner.
- i. Clean all interior and exterior glass entrance doors. (Wipe away any residual cleaner from sills, walls, and frames.) Use a non-streaking window cleaner.
- j. Clean and polish interior and exterior doors including: doorframes, handles, doorknobs, kick plates, push plates, push bars, threshold, and components. Remove all foreign residues on or around door and components.
- k. Lobby & Break Room Chairs – Wipe clean, removing all dirt, grease, fingerprints, food, gum, and other foreign residue (must check underside of chairs daily and clean on an as needed basis.)
- l. Spot clean signs.
- m. Carpet Spot Cleaning
 - i. Contractor must use the appropriate cleaner for the type of spot/stain, gum, adhesives, oil barrier (foods), coffee, tannin (chocolate & teas), protein-based spots, paint, grease, delible ink, markers, and rust.
 - ii. Test spot cleaning solution on an inconspicuous piece of carpet for colorfastness. Use a clean white towel to blot the area to check for color bleeding. (If carpet bleeds, do not use that cleaner; test another spotting solution.)
 - iii. Apply spotting product (avoid over application).
 - iv. Allow dwell time for difficult spots.
 - v. Agitate using a bone scraper or similar tool.
 - vi. Blot using a spotting brush or similar with a "tamping motion" (i.e., place clean white towel over the spot and tamp (pat/hit) the towel with the brush to blot up the stain and spotting product.
 - vii. Repeat process as long as there is improvement.
 - viii. Rinse well with water and blot dry. (Do not over saturate carpet.)
 - ix. Do not clean the stains in a circular grinding motion with the towel. This will cause the dirt to be driven further down into the carpet.
 - x. Gum removal – Poke holes in the gum before applying the appropriate cleaning solvent to allow better penetration.

n. HARD RESILIENT FLOORS - Terrazzo, VCT, VAT, Rubber & Tile

- i. Dry sweep or dust mop floor to remove loose debris.
- ii. Move chairs, mats, waste receptacles, and delineators (stanchions) prior to sweeping or mopping. DO NOT DRAG THE CHAIRS ACROSS THE LOBBY FLOORS.
- iii. Using a neutral cleaner, damp mop removing oil, dirt, grit, and any other debris from floor. (Do not saturate floor with water.)
- iv. Rinse floor with clean cotton loop mop and clean/clear water.
- v. Using a wet/dry vacuum, remove all wet residue from floor.
- vi. Wipe all baseboards and stationary furniture/equipment clean of cleaner and water.
- vii. Apply a light mist of Ramsey's Sure Pass Spray Buff (or similar product) to the floor and buff until glossy and dry.
- viii. Floors must be thoroughly dry before returning chairs, mats, waste receptacles, and delineators (stanchions) to original locations (otherwise stains/rust, will occur and damage flooring).
- ix. For restroom floors, mix a bacteria killing enzyme deodorizer in the rinse water (similar to Ramsey's Kil-Order) and pour mop bucket water down the floor and/or sink drains.
- x. Gum Removal
 - xi. Use a small amount of citrus gel specifically for gum removal.
 - xii. Poke holes in gum before applying the appropriate cleaning solvent to allow better penetration. Use only enough solvent to cover the affected spot.
 - xiii. Rinse solvent thoroughly with clean mop or towel and clean/clear water.
 - xiv. Dry area with soft towel or wet/dry vacuum.

3. OUTSIDE ENTRANCES – Building must be secured if left unoccupied. (Cleaning will be done in inclement weather.)

- a. Clean and polish kick plates, push plates, and push bars: removing all foreign residue on or around door and components.
- b. Empty trash receptacles. Change liners if soiled or torn, as needed. Clean the interior/exterior of trash receptacles if soiled.
- c. Clean all cigarette and cigar receptacles. Replace sand as needed.

B) WEEKLY

1. Spot dust furniture and horizontal and diagonal surfaces seventy-two inches (72") from the floor with treated dust cloth.
2. Sweep full floor in storage spaces.
3. Damp mop (with neutral cleaner) and spray buff all hard resilient floors in storage spaces.

C) EVERY TWO WEEKS

1. Reapply floor finish (except storage spaces), between the normal (Quarterly) stripping and re-application of floors:



2. Damp mop.
3. Apply three (3) coats of finish (making sure that each application has thoroughly dried before the next coat is applied).
4. Sprav buff floors to a high gloss, non-slip finish.

D) MONTHLY (Work to be completed during the first weekend of each month.)

1. Dust blinds and window coverings.
2. Dust interior and exterior light fixtures.
3. Damp wipe all glass in partitions, pictures, bookcases, and any other glass within approximately seventy-two inches (72") from the floors.
4. Clean exterior windows, including windowsills and frames, below eight feet (8') above ground. Wipe clean any cleaner or water from the surrounding areas. use a non-streaking window cleaner.
5. Dust and clean all air conditioning vents, return grills and covers, and surroundine ceiling tiles to remove dirt, grease and residual cleaner and water. Wipe surrounding areas to be free of cleaner and water.
6. Dust walls to ceiling areas removing spider webs and dirt.
7. Dust wall hangings, ceiling fans, clocks, and moldings.

E) SPECIAL MAINTENANCE AREAS

1. Control Room – EVERY WEDNESDAY AND FRIDAY. Apply the daily room cleaning specifications to this area.
2. Carpet spot cleaning – DAILY. Spot clean carpets using the appropriate cleaner for the type of stain. For gum removal, use a citrus gel gum remover. Poke holes in gum to allow deeper penetration, aitate area, and remove.

F) MISCELLANEOUS DUTIES ON AN AS NEEDED BASIS

1. Damp wipe delineator (stanchion) ropes and stands.
2. Lighting – Replace all burned out fluorescent tubes, light bulbs, and modular furniture liehts (if applicable).
3. Polish all metal/brass surfaces to a bright finish.
4. Clean all mops, riles, mop buckets to keep odor free.
5. Clean janitor closet, keeping it neat and free from foul odors.
(Note: Electrical panel is to remain unobstructed.)
6. If furniture/appliances have been moved exposing uneven floor maintenance, treat the floors.
7. Notify DMV Project Manager when supplies are low in stock.

G) MISCELLANEOUS DUTIES

1. Check all rooms, set lights for the night, secure building, activate alarms, and exit through designated doors.

Report fires, hazardous conditions, and items in need of repair to the DMV Project Manager

In the event of failure by the Lessor to furnish any of the above services or supplies in a satisfactory manner, the State may furnish the same at its own cost; and, in addition to any other remedy the State may have, may deduct the

amount thereof, including State's administrative costs, from the rent that may then be, or thereafter become due hereunder.

Repair and
Maintenance

14. **A.** During the lease term, the Lessor shall maintain the leased premises in good repair and tenantable condition, so as to minimize breakdowns and loss of the State's use of the premises caused by deferred or inadequate maintenance, including, but not limited to:

- (1) Generally maintaining the leased premises in good, vermin-free, operating condition and appearance.
- (2) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.
- (3) Furnishing preventative maintenance, including, but not limited to, manufacturer's recommended servicing of equipment such as elevator (if any), heating, ventilating and air conditioning equipment, and fixtures.
- (4) Furnishing ongoing maintenance and prompt repair of any and all special equipment and systems referenced in Exhibits **A** and **B** and **D** including but not limited to, security and access control systems, fire suppression systems, special HVAC systems for computer rooms, and UPS systems.
- (5) Furnishing and promptly replacing any inoperative light bulbs, fluorescent tubes, ballast, starters, and filters for the heating, ventilating and air conditioning equipment as required.
- (6) Furnishing remedial painting as necessary to maintain the premises in a neat, clean and orderly condition.
- (7) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.
- (8) Repairing and replacing as necessary intrabuilding network cable and inside wire cable used for voice and data transmission.
- (9) Repairing and replacing parking lot bumpers and paving as necessary. Repaint directional arrows, striping, etc., as necessary.
- (10) On a weekly basis, sweeping parking areas and sidewalks, maintaining landscaped areas, including sprinklers, drainage, etc., in a growing, litter-free, weed-free, and neatly mowed and/or trimmed condition.
- (11) Repairing and replacing floor covering as necessary. Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repairing or replacement of floor covering.
- (12) Keeping all walkways, parking lots, entrances, and auxiliary areas free of snow, water, oil spills, debris, or other materials which may be hazardous to users of the building.

B. Lessor shall provide prompt repair or correction for any damage except damage arising from a willful or negligent act of the State's agents, employees or invitees.

C. Except in emergency situations, the Lessor shall give not less than 48 hour prior notice to State tenants, when any pest control, remodeling, renovation, or repair work affecting the State occupied space may result in employee health concerns in the work environment.

D. In case Lessor, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, the State may terminate this lease without further obligation or at its option, perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the State required for the administration of such maintenance and repairs, from the rent that may then be or thereafter become due hereunder.

See Lease Paragraph 32 (Additional Lessor Obligations).

Painting

15. In addition to any painting completed prior to the commencement of this lease and touch-up painting required after initial occupancy upon receipt of written request from the State, Lessor agrees at Lessor's sole cost and expense to repaint all painted surfaces (interior and exterior) of the leased premises in accordance with the attached Exhibits "A" and "B". In no event shall Lessor be required to repaint more than once during the first sixty (60) month period of this lease after the painting completed prior to the commencement date, and once during any succeeding sixty (60) month period. Lessor shall, within forty-five (45) days from the giving of any such notice, arrange for and complete the painting. Colors are to be approved by the State. Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repainting, and provide drop cloths, and covers as necessary.

**Change Orders
and Alterations**

16. The State shall have the right during the existence of this lease to make change orders and alterations; attach fixtures; and erect additions, structures, or signs in or upon the leased premises. Such fixtures, additions, structures, or signs so placed in or upon or attached to the premises under this lease or any extension hereof shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this lease or any renewal or extension hereof, or **within** a reasonable time thereafter.

In the event alterations, fixtures, additions, structures, or signs in or upon the leased premises are desired by State and State elects not to perform the work, any such work, when authorized in writing by the State shall be performed by the Lessor in accordance with plans and specifications provided by State. Lessor agrees to obtain competitive bids from at least three licensed contractors and to contract with the lowest bidder. Lessor further agrees that the overhead and profit for the work shall not exceed fifteen percent (15%) total for Lessor and any general contractor combined. Within forty-five (45) days after receiving Lessor's notice of completion of the requested work and an invoice requesting payment therefor, together with a complete detailed accounting of all costs for each trade, State agrees to either reimburse Lessor by a single total payment for the cost of such work; or, with Lessor's prior written approval, State will amortize the cost of the requested work over the remaining term of this lease by increasing the monthly rent by an amount to include principal and interest on the unpaid balance. The interest rate may not exceed the prime rate (the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation's 30 largest banks) as of the date of the State's written authorization to proceed.

In the event State terminates this lease on or after the end of the firm term, but before the expiration date of the lease, State agrees to pay to Lessor the portion of the principal balance which is unamortized as of the effective date of termination. Said payment shall be a single payment to be made within forty-five (45) days after the effective date of the termination.

**Assignment and
Subletting**

17. The State shall not assign this lease without prior written consent of the Lessor, which shall not be unreasonably withheld, but shall in any event have the right to sublet the leased premises.

Quiet Possession

18. The Lessor agrees that the State, while keeping and performing the covenants herein contained, shall at all times during the existence of this lease, peaceably and quietly have, hold, and enjoy the leased premises without suit, trouble, or hindrance from the Lessor or any person claiming under Lessor.

Inspection

19. The Lessor reserves the right to enter and inspect the leased premises at reasonable times, and to render services and make any necessary repairs to the premises.

Destruction

20. If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render ten percent (10%) or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30) days.

In the event such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option may terminate this lease or, upon notice to Lessor, may maintain occupancy and elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event of any such destruction other than total, where the State has not terminated the lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of said premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified in Lessor's notice in connection with partial destruction aggregating more than ten percent (10%), the State shall have the **option to** terminate this lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event the State remains in possession of said premises though partially damaged, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to

the total net square feet in the leased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

It is understood and agreed that the State or its agent has the right to enter its destroyed or partially destroyed leased facilities no matter what the condition. At the State's request, the Lessor shall immediately identify an appropriate route through the building to access the State leased space. If the Lessor cannot identify an appropriate access route, it is agreed that the State may use any and all means of access at its discretion in order to enter its leased space.

Subrogation Waived

21. To the extent authorized by any fire and extended coverage insurance policy issued to Lessor on the herein leased premises, Lessor hereby waives the subrogation rights of the insurer, and releases the State from liability for any loss or damage covered by said insurance.

Prevailing Wage Provision

22. For those projects defined as "public works" pursuant to Labor Code § 1720.2, the following shall apply:

A. Lessor/contractor shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with § 1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.

B. The Lessor/contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Lessor will post at the job site. All prevailing wage rates shall be obtained by the Lessor/contractor from:

Department of Industrial Relations
Division of Labor Statistics and Research
455 Golden Gate Avenue, 8th Floor
San Francisco, California 94102
Phone: (415) 703-4774
Fax: (415) 703-4771

For further information on prevailing wage: http://www.dir.ca.gov/dlsr/statistics_research.html

- 23. Lessor/contractor shall comply with the payroll record keeping and availability requirement of § 1776 of the Labor Code.
- D. Lessor/contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with the Labor Code.
- E. Prior to commencement of work, Lessor/contractor shall contact the Division of Apprenticeship Standards and comply with § 1777.5, § 1777.6, and § 1777.7 of the Labor Code and Applicable Regulations

Fair Employment Practices

23. During the performance of this lease, the Lessor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Lessor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Lessor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

**DVBE
Participation
Requirement**

24. Lessor hereby represents and certifies that it has fully complied with all Disabled Veteran Business Enterprise (DVBE) participation goals or has made good faith efforts, as the case may be, as required by Public Contract Code §10115 et seq., and further agrees that the State or its designees will have the right to review, obtain, and copy all records pertaining to the contract. Lessor agrees to provide the State or its designee with any requested relevant information and shall permit the State or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. Lessor further agrees to maintain such records for a period of three (3) years after final payment under the contract.

Upon completion of this lease, Lessor agrees to submit a final report identifying all DVBEs used in providing services or supplies to this lease. Efforts to include DVBEs in this contract shall continue throughout the lease term and any extensions or renewals hereof involving purchases of materials and supplies by the Lessor.

**Service
Companies**

25. Within fifteen (15) days after occupancy of the leased premises by the State, Lessor shall provide the State with the name, address, and telephone number of an agency or person convenient to the State as a local source of service regarding the Lessor's responsibilities under this lease as to repairs, maintenance, and servicing of the premises and any or all related equipment, fixtures, and appurtenances.

Service Credit

26. Lessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Lessor in accordance with Paragraph 13 hereof. In the event the State vacates the premises prior to the end of the term of this lease, or, if after notice in writing from the State, all or any part of such services, utilities, or supplies for any reason are not used by the State, then, in such event, the monthly rental as to each month or portion thereof as to which such services, utilities, or supplies are not used by the State shall be reduced by an amount equal to the average monthly costs of such unused services, utilities, or supplies during the six-month period immediately preceding the first month in which such services, utilities, or supplies are not used.

Holding Over

27. In the event the State remains in possession of the premises after the expiration of the lease term, or any extension or renewal thereof, this lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable. If the last rental amount shown in Paragraph 4 included the amortization of a capital sum expended by Lessor for certain alterations and improvements, as described in a separate paragraph herein, and the capital sum has been fully amortized, the holdover rent shall be reduced by the amount of the monthly amortization. If the State fails to vacate the premises within the notice period and remains for an extended period, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

**Surrender of
Possession**

28. Upon termination or expiration of this lease, the State will peacefully surrender to the Lessor the leased premises in as good order and condition as when received, except for reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which State has no control or for which Lessor is responsible pursuant to this lease. The State shall have no duty to remove any improvements or fixtures placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event State elects to remove any such improvements or fixtures and such removal causes damages or injury to the leased premises, and then only to the extent of any such damage or injury.

**Time of Essence,
Binding upon
Successors**

29. Time is of the essence of this lease, and the terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns to the respective parties hereto. All of the parties hereto shall be jointly and severally liable hereunder.

**No Oral
Agreements**

30. It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

Service Contracts
Wages and
Benefits

31. All janitorial and housekeeping services, custodians, food services workers, laundry workers, window cleaners and security guards provided by Lessor pursuant to the provisions of this lease, shall be in full compliance with the requirements of Government Code (GC) 19134 if applicable, including but not limited to the following:

- a) Lessor agrees that service contract agreements for such services will provide employee wages and benefits that are valued at eighty-five (85%) of the State Employer cost of providing comparable wages and benefits to state employees performing similar duties. For these purposes, benefits includes health, dental, and vision benefits and it also includes retirement benefits, holiday pay, sick pay and vacation pay.
- b) Lessor shall ensure that each contractor and subcontractor providing such services is provided a copy of the applicable regulations for GC 19134.
- c) Lessor agrees to certify on a quarterly basis that all contracts executed by Lessor are in compliance with GC 19134.
- d) Lessor agrees to include in the service contract agreements the applicable reporting, audit and termination for breach provisions as described in the applicable regulations for GC 19134.

Lessor's
Additional
Obligations

32. During the Lease Term and any extended term, Lessor shall keep the leased premises, and the property of which it is a part, including all improvements upon said premises and all site improvements required under the lease and Exhibits "A", "B", "C" and "D", including contiguous parking requirements, in good condition and repair, including without limitation: foundation; exterior and interior walls and doors, including loading and emergency doors, if any; roof; downspouts and gutters; interior and exterior structural components of the leased premises (including mens and womens restrooms); lighting, electrical distribution and other electrical system components; dumbing systems; heating, ventilation, air conditioning and all mechanical equipment and components; fire sprinkler systems; security and other alarm systems; utility lines located inside or outside the leased premises or below the foundation or slab; and all other building systems and components. In addition, Lessor shall perform or cause to be performed all maintenance, repair and other services relating to the premises and the property of which it is a part as and when the same are reasonably necessary, including, but not limited to, landscape maintenance, driveway and parking area maintenance for the premises and contiguous parking and site improvements, exterior lighting maintenance, waste removal, repair and maintenance of paved areas, cleaning supplies, miscellaneous building supplies, exterior painting for the building, exterior plumbing for the building, exterior window washing, insect and pest extermination, security guards or security system for the premises and building, signs for the premises and building and miscellaneous maintenance.

In case Lessor, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, the State may make such repair at its own cost and, in addition to any other remedy the State may have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the State required for the administration of such repairs, from the rent that may then be or thereafter become due hereunder.

LEED
Certification

33. Within ninety (90) days of the State's occupancy, Lessor shall submit all required documents to the United States Green Building Council for LEED certification to meet a minimum of LEED NC Silver Certification. Lessor agrees to provide the State evidence by the United States Green Building Council that the leased space meets LEED NC Silver Certification within twelve (12) months of occupancy. The State reserves the right to reduce the rent in accordance with paragraph 9 herein for failure to submit or provide the certification as identified herein, providing for a fair and reasonable allowance for delays caused by the United States Green Building Council which are beyond control of Lessor.

Option To
Purchase

34. The State shall have the option to purchase the leased premises, and the 1.9 acre property of which it is a part, including all improvements upon said premises and all site improvements required under the lease and Exhibits "A", "B", "C" and "D", including all contiguous parking and site requirements. It is agreed that the State's option to purchase the leased premises may be assigned to another State agency or any other nominee designated by the State.

The option to purchase said property may be exercised upon the following terms and conditions:

A. State will give Lessor written notice of the exercise of its option not less than ninety (90) days prior to the date of purchase.

B. The purchase price as of each of the dates listed shall be as follows:

Date	Purchase Price
November 30, 2019	\$ 5,679,086
November 30, 2024	\$ 6,583,714
November 30, 2029	\$ 7,632,343

~~C. The purchase price as of the first day of any intermediate month shall be the option price of the previous listed date adjusted by the prorate difference between that option price and the option price on the next listed date.~~

D. The conveyance shall be by grant deed in fee simple, free and clear of all liens, encumbrances, easements, or any other title exception save and except public utility easements and matters which may be acceptable to the State.

E. At least twenty (20) days prior to the date of purchase set forth in said notice, Lessor shall furnish to the State an invoice for the purchase price and payment shall be made at close of escrow.

F. The purchase shall be handled through escrow opened by the Lessor with a title company approved by the State. The State will be furnished with a standard CLTA policy of title insurance in the amount of the purchase price showing title vested in the State as aforesaid. All expenses of such escrow, including the title insurance premium, shall be paid by the Lessor.

G. Lessor agrees that if State elects to exercise the purchase option hereinabove provided, Lessor will, at his sole cost and expense, repair or remedy any deficiencies in the leased premises which prevent the leased premises from fully complying with lease Exhibits "A", "B" and "C." Within thirty (30) days after State exercises its option to purchase the leased premises, State will notify Lessor of those deficiencies which require repair or remedy. If after receiving said notification, Lessor should fail, neglect, or refuse to correct the specified deficiencies within forty-five (45) days, State and Lessor will direct the escrow company to deduct and hold from the purchase proceeds the estimated total costs (including a reasonable allowance for State's expenses) of the necessary corrective action. State shall then repair those specified deficiencies not completed by Lessor and shall be reimbursed from the held purchase proceeds. If any held purchase proceeds remain after State's reimbursement, the State will direct the escrow company to release the balance to Lessor. Any above mentioned withholding of purchase proceeds shall in no manner constitute grounds for delaying the close of escrow past the date specified in State's written notice of the exercise of the option.

H. The State is hereby authorized to record a Request for Notice of Default, and in order to cure any mortgage payment default, deduct any amounts so paid from the following rental payments due. Lessor agrees to provide a fully executed and properly acknowledged Grant Deed into escrow thirty (30) days prior to the effective date of purchase as set forth in State's written notice to exercise purchase. Lessor's submittal of the signed and acknowledged Grant Deed into escrow shall not be contingent upon submittal of buyers escrow instructions.

IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date first above written.

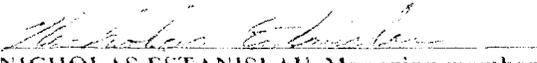
STATE OF CALIFORNIA
Approval Recommended

LESSOR

DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION
PROFESSIONAL SERVICES BRANCH II

G & B DEVELOPMENT/ LODI, LLC,
a California Limited Liability Company

By 
MATT B. KEEFE, Senior Real Estate Officer
Real Estate Leasing and Management Section

By 
NICHOLAS ESTANISLAU, Managing member

Date 5-7-2009

Date 4.27.09

Approved

DIRECTOR OF THE DEPARTMENT
OF GENERAL SERVICES

By 
PATRICK FOSTER, Assistant Chief
Real Estate Leasing and Management Section

Date 5/13/2009

(E)

FEE PAYMENT AMORTIZATION SCHEDULE

DMV Facility
1222 Pixley Parkway

APN # 049-270-01. 049-270-02. 049-270-07 and 049-270-08

Total Fees: \$248,625.52

Interest Rate: 2.869% (1.869LAIF rate plus 1%)

Term: 10 years

Payment No.	Unpaid Balance	Monthly Payment	Principal	Interest
1	\$248,625.52	\$2,385.74	\$1,791.32	\$594.42
2	\$246,834.20	\$2,385.74	\$1,795.60	\$590.14
3	\$245,038.60	\$2,385.74	\$1,799.90	\$585.85
4	\$243,238.70	\$2,385.74	\$1,804.20	\$581.54
5	\$241,434.50	\$2,385.74	\$1,808.51	\$577.23
6	\$239,625.99	\$2,385.74	\$1,812.84	\$572.91
7	\$237,813.16	\$2,385.74	\$1,817.17	\$568.57
8	\$235,995.99	\$2,385.74	\$1,821.51	\$564.23
9	\$234,174.47	\$2,385.74	\$1,825.87	\$559.87
10	\$232,348.60	\$2,385.74	\$1,830.23	\$555.51
11	\$230,518.37	\$2,385.74	\$1,834.61	\$551.13
12	\$228,683.76	\$2,385.74	\$1,839.00	\$546.74
13	\$226,844.76	\$2,385.74	\$1,843.39	\$542.35
14	\$225,001.37	\$2,385.74	\$1,847.80	\$537.94
15	\$223,153.57	\$2,385.74	\$1,852.22	\$533.52
16	\$221,301.35	\$2,385.74	\$1,856.65	\$529.09
17	\$219,444.70	\$2,385.74	\$1,861.09	\$524.66
18	\$217,583.61	\$2,385.74	\$1,865.54	\$520.21
19	\$215,718.08	\$2,385.74	\$1,870.00	\$515.75
20	\$213,848.08	\$2,385.74	\$1,874.47	\$511.28
21	\$211,973.62	\$2,385.74	\$1,878.95	\$506.79
22	\$210,094.67	\$2,385.74	\$1,883.44	\$502.30
23	\$208,211.23	\$2,385.74	\$1,887.94	\$497.80
24	\$206,323.29	\$2,385.74	\$1,892.46	\$493.28
25	\$204,430.83	\$2,385.74	\$1,896.98	\$488.76
26	\$202,533.85	\$2,385.74	\$1,901.52	\$484.22
27	\$200,632.33	\$2,385.74	\$1,906.06	\$479.68
28	\$198,726.27	\$2,385.74	\$1,910.62	\$475.12
29	\$196,815.65	\$2,385.74	\$1,915.19	\$470.55
30	\$194,900.46	\$2,385.74	\$1,919.77	\$465.97
31	\$192,980.69	\$2,385.74	\$1,924.36	\$461.38
32	\$191,056.34	\$2,385.74	\$1,928.96	\$456.78
33	\$189,127.38	\$2,385.74	\$1,933.57	\$452.17
34	\$187,193.81	\$2,385.74	\$1,938.19	\$447.55
35	\$185,255.62	\$2,385.74	\$1,942.83	\$442.92
36	\$183,312.79	\$2,385.74	\$1,947.47	\$438.27
37	\$181,365.32	\$2,385.74	\$1,952.13	\$433.61
38	\$179,413.19	\$2,385.74	\$1,956.79	\$428.95
39	\$177,456.40	\$2,385.74	\$1,961.47	\$424.27
40	\$175,494.93	\$2,385.74	\$1,966.16	\$419.58

Payment No.	Unpaid Balance	Monthly Payment	Principal	Interest
41	\$173,528.76	\$2,385.74	\$1,970.86	\$414.88
42	\$171,557.90	\$2,385.74	\$1,975.58	\$410.17
43	\$169,582.32	\$2,385.74	\$1,980.30	\$405.44
44	\$167,602.03	\$2,385.74	\$1,985.03	\$400.71
45	\$165,616.99	\$2,385.74	\$1,989.78	\$395.96
46	\$163,627.21	\$2,385.74	\$1,994.54	\$391.21
47	\$161,632.68	\$2,385.74	\$1,999.30	\$386.44
48	\$159,633.37	\$2,385.74	\$2,004.08	\$381.66
49	\$157,629.29	\$2,385.74	\$2,008.88	\$376.87
50	\$155,620.41	\$2,385.74	\$2,013.68	\$372.06
51	\$153,606.73	\$2,385.74	\$2,018.49	\$367.25
52	\$151,588.24	\$2,385.74	\$2,023.32	\$362.42
53	\$149,564.92	\$2,385.74	\$2,028.16	\$357.58
54	\$147,536.76	\$2,385.74	\$2,033.01	\$352.74
55	\$145,503.76	\$2,385.74	\$2,037.87	\$347.88
56	\$143,465.89	\$2,385.74	\$2,042.74	\$343.00
57	\$141,423.15	\$2,385.74	\$2,047.62	\$338.12
58	\$139,375.53	\$2,385.74	\$2,052.52	\$333.22
59	\$137,323.01	\$2,385.74	\$2,057.43	\$328.32
60	\$135,265.59	\$2,385.74	\$2,062.34	\$323.40
61	\$133,203.24	\$2,385.74	\$2,067.27	\$318.47
62	\$131,135.97	\$2,385.74	\$2,072.22	\$313.52
63	\$129,063.75	\$2,385.74	\$2,077.17	\$308.57
64	\$126,986.58	\$2,385.74	\$2,082.14	\$303.60
65	\$124,904.44	\$2,385.74	\$2,087.12	\$298.63
66	\$122,817.33	\$2,385.74	\$2,092.11	\$293.64
67	\$120,725.22	\$2,385.74	\$2,097.11	\$288.63
68	\$118,628.11	\$2,385.74	\$2,102.12	\$283.62
69	\$116,525.99	\$2,385.74	\$2,107.15	\$278.59
70	\$114,418.85	\$2,385.74	\$2,112.19	\$273.56
71	\$112,306.66	\$2,385.74	\$2,117.23	\$268.51
72	\$110,189.43	\$2,385.74	\$2,122.30	\$263.44
73	\$108,067.13	\$2,385.74	\$2,127.37	\$258.37
74	\$105,939.76	\$2,385.74	\$2,132.46	\$253.28
75	\$103,807.30	\$2,385.74	\$2,137.56	\$248.19
76	\$101,669.74	\$2,385.74	\$2,142.67	\$243.08
77	\$99,527.08	\$2,385.74	\$2,147.79	\$237.95
78	\$97,379.29	\$2,385.74	\$2,152.92	\$232.82
79	\$95,226.37	\$2,385.74	\$2,158.07	\$227.67
80	\$93,068.30	\$2,385.74	\$2,163.23	\$222.51
81	\$90,905.06	\$2,385.74	\$2,168.40	\$217.34
82	\$88,736.66	\$2,385.74	\$2,173.59	\$212.15
83	\$86,563.07	\$2,385.74	\$2,178.78	\$206.96
84	\$84,384.29	\$2,385.74	\$2,183.99	\$201.75
85	\$82,200.30	\$2,385.74	\$2,189.21	\$196.53
86	\$80,011.08	\$2,385.74	\$2,194.45	\$191.29
87	\$77,816.64	\$2,385.74	\$2,199.69	\$186.05
88	\$75,616.94	\$2,385.74	\$2,204.95	\$180.79
89	\$73,411.99	\$2,385.74	\$2,210.23	\$175.52
90	\$71,201.76	\$2,385.74	\$2,215.51	\$170.23
91	\$68,986.25	\$2,385.74	\$2,220.81	\$164.93
92	\$66,765.44	\$2,385.74	\$2,226.12	\$159.63
93	\$64,539.33	\$2,385.74	\$2,231.44	\$154.30
94	\$62,307.89	\$2,385.74	\$2,236.77	\$148.97

Payment No.	Unpaid Balance	Monthly Payment	Principal	Interest
95	\$60,071.12	\$2,385.74	\$2,242.12	\$143.62
96	\$57,828.99	\$2,385.74	\$2,247.48	\$138.26
97	\$55,581.51	\$2,385.74	\$2,252.86	\$132.89
98	\$53,328.66	\$2,385.74	\$2,258.24	\$127.50
99	\$51,070.42	\$2,385.74	\$2,263.64	\$122.10
100	\$48,806.77	\$2,385.74	\$2,269.05	\$116.69
101	\$46,537.72	\$2,385.74	\$2,274.48	\$111.26
102	\$44,263.24	\$2,385.74	\$2,279.92	\$105.83
103	\$41,983.33	\$2,385.74	\$2,285.37	\$100.38
104	\$39,697.96	\$2,385.74	\$2,290.83	\$94.91
105	\$37,407.13	\$2,385.74	\$2,296.31	\$89.43
106	\$35,110.83	\$2,385.74	\$2,301.80	\$83.94
107	\$32,809.03	\$2,385.74	\$2,307.30	\$78.44
108	\$30,501.73	\$2,385.74	\$2,312.82	\$72.92
109	\$28,188.91	\$2,385.74	\$2,318.35	\$67.39
110	\$25,870.56	\$2,385.74	\$2,323.89	\$61.85
111	\$23,546.67	\$2,385.74	\$2,329.45	\$56.30
112	\$21,217.23	\$2,385.74	\$2,335.01	\$50.73
113	\$18,882.21	\$2,385.74	\$2,340.60	\$45.14
114	\$16,541.62	\$2,385.74	\$2,346.19	\$39.55
115	\$14,195.42	\$2,385.74	\$2,351.80	\$33.94
116	\$11,843.62	\$2,385.74	\$2,357.43	\$28.32
117	\$9,486.20	\$2,385.74	\$2,363.06	\$22.68
118	\$7,123.13	\$2,385.74	\$2,368.71	\$17.03
119	\$4,754.42	\$2,385.74	\$2,374.37	\$11.37
120	\$2,380.05	\$2,385.74	\$2,380.05	\$5.69
121	\$0.00			
TOTALS:		\$286,288.98	\$248,625.52	\$37,663.46

(F)

G & B Development/Lodi LLC
18032-C Lemon Drive, Suite 407
Yorba Linda, California 92886-4202

February 10, 2010

City of Lodi
Public Works Department
Attention: Wesley K. Fujitani
Senior Civil Engineer / Development Services
221 West Pine Street
Lodi, CA 95241-1910

Regarding: Request for Loan Amortization relating to new DMV Development on Pixley Parkway

Dear Wesley,

Per our meeting of April 7, 2009 with Wally Sandelin, Public Works Director, and you, the City offered to help arrange for an amortized 10-year loan for the development impact fees relating to our above stated project. The amount to be amortized is \$248,625.52. The term requested is ten years and we would like to pay semi-annually if possible.

We believe the current rate of interest will be 2.869 % for 10 years. (Per amortization schedule provided 4/7/09) We are aware that this request must be scheduled for City Council approval.

We are providing a check in the amount of \$78,00 for the application process.

Sincerely,



Nic Estanislau
G & B Development/Lodi LLC

001015

G & B Development /Lodi LLC
18032-C Lemon Dt., Suite 407
Yorba Linda, CA 92886

001015
90-4419/1211

Date

Date 2/11/10

Pay to

Pay To The Order Of

City of Lodi

\$ 78⁰⁰

For

seventy eight & ⁰⁰/₁₀₀

Dollars



COMMUNITY BUSINESS BANK

1540 West Kettleman Lane Ste A Lodi Ca 95242

\$

Amortization Processing

[Signature]

⑈001015⑈ ⑆121144191⑆ 202002176⑈

WHEN RECORDED, RETURN TO:

City Clerk
City of Lodi
221 West Pine Street
Lodi, CA 95240

FEE PAYMENT AGREEMENT

1222 Pixley Parkway

THIS AGREEMENT is made and entered into by and between the CITY OF LODI, hereinafter referred to as "City" and G & B DEVELOPMENT CO., LLC, hereinafter referred to as "Owner".

RECITALS:

Owner is the owner of that certain real property situated in the City of Lodi, County of San Joaquin, and described as follows:

APN: 049-270-01

Parcel 1, as shown and delineated on that certain parcel map filed for record December 23, 2004, in book 23 of parcel maps, page 84, San Joaquin County records, Certificate of Correction recorded February 18, 2006 as document No, 2006-036971 of official records.

APN: 049-270-02

Parcel 2, as shown and delineated on that certain parcel map filed for record December 23, 2004, in book 23 of parcel maps, page 84, San Joaquin County records, as amended by a certificate of Correction recorded February 18, 2006 as instrument No, 2006-036971, official records.

APN: 049-270-07

Parcel one:

Parcel 7, as shown and delineated on that certain parcel map filed for record December 23, 2004, in book 23 of parcel maps, page 84, San Joaquin County Records.

Reserving therefrom as an appurtenance to the grantor's remaining lands, a non-exclusive easement for private roadway and utility purposes and incidentals thereto, over and across that portion of said parcel lying within the 35 foot private roadway and utility easement as shown on said map.

Certificate of Correction for City of Lodi Parcel Map, recorded February 16, 2006, Recorder's Serial No. 2006-036971, San Joaquin Records.

Parcel two:

A Non-Exclusive easement for private roadway and utility purposes and incidentals thereto, over and across those portions or Parcels 5, 6, 8, 9, 10, 11 and 12 of said Parcel Map lying within the 35 foot private roadway and utility easement as shown on said parcel map.

APN: 049-270-08

Parcel one:

Parcel 8, as shown and delineated on that certain Parcel Map filed for record December 23, 2004, in Book 23 of parcel maps, page 84, San Joaquin County Records. As amended by a Certificate of Correction recorded February 18, 2006 as instrument No, 2006-036971, Official Records.

Parcel two:

A non-exclusive easement for Private Roadway and utility purposes and incidentals thereto, over and across those portions of said Parcel 5, 6, 9, 10, 11 and 12 of said Parcel Map lying within the 35 foot private roadway and utility easement as shown on said parcel map.

Parcel three:

A Non-Exclusive easement for private utility purposes. Over and across that portion of Parcel 12 designated as "6' Private Utility Easement", as shown on said parcel map

Owner is desirous of complying with existing City ordinances and policies regarding payment of the Development Impact Mitigation Fees as set forth in Title 13, Chapter 13.12 and Title 15, Chapter 15.64, respectively, of the Lodi Municipal Code. However, Owner has requested payment of the Impact Mitigation Fees in twenty (20) equal semi-annual installments over a ten (10) year period.

Council of the City will approve the payment of fees in twenty (20) equal semi-annual installments on condition that the owner first enter into and execute this agreement with the City.

NOW THEREFORE, in order to insure satisfactory performance by Owner of Owner's obligations under said City Code, the parties agree as follows:

1. Owner agrees to pay Development Impact Mitigation Fees amount TWO HUNDRED FORTY EIGHT THOUSAND SIX HUNDRED TWENTY FIVE AND 52/100 DOLLARS (\$248,625.52) in twenty (20) equal semi-annual payments of THIRTEEN THOUSAND FIVE HUNDRED ONE AND 84/100 DOLLARS (\$13,501.84) at an interest rate of 1.60 percent. The principal amount represents \$248,625.52 for Development Impact Mitigation Fees is shown on the attached Development Impact Mitigation Fee Summary Sheet (Exhibit B).
2. The first payment shall be due no later than January 1, 2011. All subsequent payments are due no later than January 1 and July 1 of each year.
3. Each payment shall be credited first on interest due and the remainder on principal.
3. Upon sale, transfer or any other conveyance of the property, all fees payable under this agreement shall become immediately due and payable. This agreement shall have no right of assignment.
5. If Owner fails to meet any specified payment as set forth in Item #1 above within fifteen (15) days following the due date, the City Manager or the City Council may serve written notice upon Owner for breach of this agreement and the default of Owner.
6. In the event of any such notice of breach, Owner shall have the duty to pay, in full, the balance of the required fees. If the Owner, within five days after the serving of notice, does not give the City written notice of its intention to pay in full the balance of the unpaid development impact mitigation fees and wastewater capacity impact fee, and does not make such payment within five days after its notice to City, this agreement shall be considered void. City shall institute legal proceedings to recover the balance of the unpaid fees and for any excess cost or damage occasioned City thereby.
7. A copy of the Agreement shall be recorded in the office of the San Joaquin County Records, P. O. Box 1968, Stockton, California 95201-1968.

8. All notices herein required shall be in writing, and delivered in person or sent by registered mail, postage prepaid.

Notices required to be given to City shall be addressed as follows:

F. Wally Sandelin
Public Works Director
City of Lodi
P. O. Box 3006
Lodi, CA 95240-1910

Notices required to be given to Owner shall be addressed as follows:

G & B Development Co., LLC
18032-C Lemon Drive
Yorba Linda, CA 92886

IN WITNESS WHEREOF, the parties hereto have set their hands the day, month and year appearing opposite their names.

CITY OF LODI, a Municipal Corporation

Dated: _____ 2010

By: _____
Konradt Bartlam, Interim City Manager

Attest: _____
Randi Johl, City Clerk

G & B DEVELOPMENT CO., LLC

Dated: _____ 2010

Signature

Name: _____

Title: _____

Approved as to form: _____
D. Stephen Schwabauer
City Attorney 

Dated: _____ 2010