

**SECOND AMENDMENT TO AMENDED AND RESTATED STANDARD FORM
OFFICE BUILDING LEASE**

THIS SECOND AMENDMENT TO AMENDED AND RESTATED STANDARD FORM OFFICE BUILDING LEASE ("Amendment"), dated as of the date upon which the last Party hereto signs this Amendment (the "Effective Date"), is made and entered into by and between **SUNCHASER REAL ESTATE TWO LLC**, a Delaware limited liability company ("Landlord"), and **MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT** ("Tenant"). Landlord and Tenant shall be collectively referred to herein as the "Parties," and each a "Party."

RECITALS

A. Tenant and Landlord (as successor in interest to Trimark Communities, LLC) are parties to that certain Standard Form Office Building Lease, dated June 27, 2006, as amended by that certain Amended and Restated Standard Form Office Building Lease, dated December 12, 2006, that certain Confirmation of Phase II Tenant Improvement Construction, and that certain First Amendment to Amended and Restated Standard Form Office Building Lease, dated June 8, 2011 (collectively, the "Lease"), pursuant to which Tenant leases from Landlord the Premises more fully described in the Lease and located within Mountain House Corporate Center Office Building Number 1, Mountain House, California.

B. The Lease Term is scheduled to expire on December 13, 2016, and Landlord and Tenant desire to amend the Lease to extend the Lease Term and make certain other modifications to the Lease as set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby affirm and ratify the Lease, and agree as follows:

1. Defined Terms. All capitalized terms used herein and not otherwise defined herein shall be defined as set forth in the Lease.
2. Extension of Lease Term. The Lease Term is hereby extended such that the Lease Term shall now extend through and will expire on December 31, 2019.
3. Condition of Premises; Acceptance. Tenant is currently in possession of the Premises, and accepts the Premises during the extended Lease Term in its existing "as-is, where-is, with all faults" condition, and except as otherwise provided for in the Lease, including without limitation Article 15: Damage and Destruction, Landlord shall have no obligation whatsoever to refurbish or otherwise improve the Premises at any time through the expiration of the Lease Term (as extended by this Amendment). Any improvements or alterations Tenant desires to make to the Premises shall be done at Tenant's sole cost and expense, and shall be subject to (and Tenant must strictly comply with) the terms and conditions of this Lease, including, without limitation, Article 12 [Alterations and Additions] of the Lease.
4. Base Rent. From the Effective Date through and including the last day of the month in which the Effective Date falls, Tenant shall continue to pay Base Rent in accordance with the Base Rent schedule attached to the Lease as Exhibit A. Beginning on the first (1st) day of the

month immediately following the month in which the Effective Date falls, through and including December 31, 2014, Tenant shall pay monthly Base Rent for the Premises in the amount of \$20,343.75 per month. Commencing on January 1, 2015, and continuing through the remainder of the Lease Term (as extended by this Amendment), Tenant shall pay monthly Base Rent for the Premises in accordance with the following schedule:

<u>Period</u>	<u>Rate/RSF/month</u>	<u>Monthly Installment (based on 13,125 RSF)</u>
1/1/15 – 12/31/15	\$1.60	\$21,000.00
1/1/16 – 12/31/16	\$1.65	\$21,656.25
1/1/17 – 12/31/17	\$1.70	\$22,312.50
1/1/18 – 12/31/18	\$1.75	\$22,968.75
1/1/19 – 12/31/19	\$1.80	\$23,625.00

5. Additional Rent. Throughout the Lease term (as extended by this Amendment), Tenant shall continue to pay Tenant's Share of Direct Expenses and Additional Rent in accordance with the terms and conditions of the Lease.

6. Option to Extend Lease Term. Landlord hereby grants to Tenant an option to further extend the Lease term, the terms of which are set forth in the Option to Extend attached hereto as Exhibit A and incorporated herein by this reference.

7. Use of Board Room. Tenant may use the Board Room primarily for Tenant's board hearings and meetings and in addition for all other meetings or functions that are directly related to the Tenant's professional business as long as at least one staff or Board member of Tenant is present during the entire time of the use and the use is consistent with general professional office building use and conduct. Prior approval from Landlord for such uses is not required. Notwithstanding the previous sentences, the following specific types of uses shall not be allowed: (1) any type of recreational use or use involving fitness and/or other exercise activities, (2) activities or programs serving or oriented toward minors, (3) arts and crafts, (4) child care, (5) blood drives, (6) library uses, (7) dances or musical events, and (8) any other use that would disturb other tenants in the building.

8. Utility Usage Disclosures. If Landlord has an obligation under applicable government laws, rules, regulations and/or guidelines, to make disclosures regarding the utility usage of all or any portion of the Building ("Utility Usage Disclosures"), Tenant hereby agrees that Landlord shall have the right to make such Utility Usage Disclosures with respect to Tenant's utility usage, regardless of whether any utility service provided to the Premises is separately metered, and Tenant further agrees to cooperate with Landlord in connection with obtaining all required data. If and to the extent that any utility service provided to the Premises is separately metered, Tenant hereby authorizes every provider of such utility service to disclose usage information to Landlord and/or to any third party, at the written request of Landlord, provided such disclosure is reasonably necessary in connection with required Utility Usage Disclosures.

9. Brokers. Tenant warrants that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Amendment, and Tenant agrees to indemnify Landlord and hold Landlord harmless from and against any and all costs, expenses, or liability for commissions or other compensations or charges claimed by any broker or agent claiming to have represented Tenant with respect to this Amendment.

10. Transfer of Landlord's Interest. In the event Landlord transfers all or part of its interest in the Building, Real Property and/or this Lease, Landlord shall retain, on a non-exclusive basis, the benefit of all of the following: (i) any and all obligations of Tenant under this Lease to protect, defend, indemnify and hold harmless Landlord; (ii) any and all assumptions of liability, waivers and releases made by Tenant for the benefit of Landlord under this Lease; (iii) any and all obligations of Tenant to pay Rent attributable to periods during which Landlord holds or held an interest in the Building, Real Property and/or this Lease; (iv) any and all obligations of Tenant under Article 9, related to Hazardous Material; (v) all obligations under section 26.1, concerning attorneys' fees; and (vi) all obligations which, by their terms, are intended to survive the expiration or termination of this Lease.

11. Certified Access Specialist Inspection. Pursuant to Civil Code Section 1938, Landlord states that, to its knowledge, as of the date of this Amendment, the Premises has not undergone inspection by a Certified Access Specialist, as that term is defined in Civil Code Section 55.52.

12. No Other Amendments. This Amendment and the Lease contain all of the agreements and understandings made between the Parties with respect to the terms set forth in this Amendment. No prior or contemporaneous oral or written understandings or representations other than as set forth in this Amendment and the Lease shall be enforceable against either Party.

13. Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Lease, the terms and provisions of this Amendment shall supersede and control.

14. Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if the Parties had all signed the same document. For all purposes, facsimile signatures or scanned/emailed signatures shall be treated the same as original signatures. All counterparts shall be construed together and shall constitute one agreement.


15. Governing Law. This Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

[SIGNATURE PAGE TO FOLLOW]

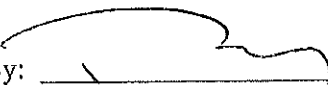
IN WITNESS WHEREOF, the Parties have duly executed this Amendment as of the dates set forth below.

LANDLORD:

SUNCHASER REAL ESTATE TWO LLC,
a Delaware limited liability company

By: 

Duane Grimsman, Manager

By: 

Philip J. Handley, Manager

Date: 8/29/14

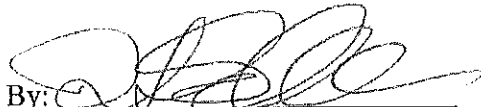
TENANT:

**MOUNTAIN HOUSE COMMUNITY
SERVICES DISTRICT**

By: Gabriel Karam
_____, its General Manager

Date: 9/9/14

APPROVED AS TO FORM:

By: 

Daniel J. Schroeder, District Counsel

EXHIBIT A
OPTION TO EXTEND

Option to Extend Term. Landlord grants to Tenant one (1) option to extend the Lease Term (the "Extension Option"), for a period of three (3) years (the "Option Term"), subject to the conditions described in this Exhibit A. Tenant shall have no other right to extend the Lease Term other than as set forth herein.

1. Conditions of Option. The Extension Option is subject to the following conditions:

(a) The Extension Option may be exercised only by written notice delivered by Tenant to Landlord as provided in this Exhibit A, and only if, as of the date of delivery of the notice, Tenant is not in default under this Lease (as the same may be amended).

(b) The right to extend the Lease Term contained in this Exhibit A: (i) shall be personal to and solely for the benefit of the originally named Tenant; (ii) may be exercised only by the originally named Tenant (and not any assignee, sublessee, or other transferee of Tenant's interest in this Lease); and (iii) may be exercised only if the originally named Tenant occupies the entire Premises as of the date it exercises the Extension Option in accordance with the terms of this Exhibit A.

(c) If Tenant properly exercises the Extension Option, and provided Tenant is not in default under this Lease on the date immediately preceding the commencement of the Option Term, the Lease Term, as it applies to the entire Premises then leased by Tenant, shall be extended for the Option Term.

Notwithstanding the foregoing, if during the Lease Term (as the same may have been extended) more than three (3) times, or if during the Lease Term more than one (1) time in any six (6) month period, Tenant has failed to pay Rent as and when due (even if cured), the Extension Option shall terminate and may not be exercised.

2. Option Rent. The Base Rent payable by Tenant during the first year of the Option Term ("Option Rent") shall be equal to the greater of: (a) an amount equal to one hundred percent (100%) of the Fair Market Rental Value of the Premises (as defined in subsection 2.1.) as of the commencement date of the Option Term; or (b) one hundred three and one-half percent (103.5%) of the Base Rent payable immediately prior to the first year of such Option Term. The Option Rent shall increase by three percent (3%), compounded, upon each anniversary date during the Option Term such that the Option Rent due for the second year and each subsequent year of the Option Term shall equal one hundred three percent (103%) of the Option Rent due for the immediately preceding year of the Option Term. Tenant shall continue to be responsible for the payment of Additional Rent during the Option Term.

2.1. Fair Market Rental Value. For purposes of this Exhibit A, Fair Market Rental Value of the Premises ("Fair Market Rental Value of the Premises") shall be the rental rate, determined in accordance with subsection 2, at which tenants lease comparable space as of the commencement of the Option Term. For this purpose, comparable space ("Comparable Space") shall be space that is:

- (a) Not subleased;
- (b) Not subject to another tenant's expansion rights;
- (c) Comparable in size, location, and quality to the Premises;
- (d) Leased for a term comparable to the Option Term; and
- (e) Located in comparable buildings.

2.2. Rental Rate of Comparable Space. In determining the rental rate of Comparable Space, the Parties shall include all escalations and take into consideration the following concessions:

(a) Rental abatement concessions, if any, being granted to tenants in connection with the Comparable Space; and

(b) Tenant improvements or allowances provided or to be provided for the Comparable Space, taking into account the value of the existing improvements in the Premises, based on the age, quality, and layout of the improvements.

2.3. Adjustment for Improvement Allowance. If in determining the Fair Market Rental Value of the Premises the Parties determine that the economic terms of leases of Comparable Space include an improvement allowance, Landlord may, at Landlord's sole option, elect to do the following:

(a) Grant some or all of the value of the improvement allowance as an allowance for the refurbishment of the Premises; and/or

(b) Reduce the base rent component of the Fair Market Rental Value of the Premises to be an effective rental rate that takes into consideration the total dollar value of that portion of the improvement allowance that Landlord has elected not to grant to Tenant (in which case that portion of the improvement allowance evidenced in the effective rental rate shall not be granted to Tenant).

3. Exercise of Option. The Extension Option must be exercised by Tenant, if at all, only at the time and in the manner provided in this section 3.

3.1. Interest Notice. If Tenant wishes to exercise an Extension Option, Tenant shall deliver written notice ("Interest Notice") to Landlord no more than twelve (12) months and no less than nine (9) months before the expiration of the Lease Term.

3.2. Option Rent Notice. After receipt of Tenant's Interest Notice, Landlord shall deliver notice ("Option Rent Notice") to Tenant no less than seven (7) months before the expiration of the Lease Term stating the Option Rent based on Landlord's determination of the Fair Market Rental Value of the Premises as of the commencement date of the Option Term.

3.3. Exercise Notice. If Tenant wishes to exercise the Extension Option, Tenant must, on or before the later of (a) the date occurring six (6) months before the expiration of the Lease Term, or (b) the date occurring five (5) business days after Tenant's receipt of the Option Rent Notice, exercise the Extension Option by delivering written notice ("Exercise Notice") to Landlord.

3.4. Objection to Option Rent. If Tenant wishes to contest the Option Rent stated in the Option Rent Notice, Tenant must provide, with the Exercise Notice, written notice to Landlord that Tenant objects to the stated Option Rent. If Tenant provides such written objection, the Parties shall follow the procedure described in section 5, and the Option Rent shall be determined as set forth in that section.

3.5. Failure to Deliver Timely Notice. If Tenant fails to deliver a timely Interest Notice or Exercise Notice, Tenant shall be considered to have elected not to exercise the Extension Option and the Extension Option shall terminate.

4. Amendment to Lease. If Tenant timely exercises the Extension Option, Landlord and Tenant shall, within fifteen (15) days after the Option Rent is determined under this Exhibit A, execute an amendment to this Lease extending the Lease Term on the terms and conditions set forth in this Exhibit A, provided that no changes to the terms and conditions of the Lease other than as expressly provided in this Exhibit A shall be made as a result of Tenant's exercising the Extension Option.

5. Resolving Disagreement over Option Rent. If Tenant timely and effectively delivers the Exercise Notice but objects to the Option Rent stated in the Option Rent Notice, the disagreement shall be resolved under this section 5 and section 6.

5.1. Negotiated Agreement. Landlord and Tenant shall diligently attempt in good faith to agree on the Option Rent on or before the tenth (10th) day after Tenant's delivery of the Exercise Notice and objection to the Option Rent stated in the Option Rent Notice ("Outside Agreement Date").

5.2. Parties' Separate Determinations. If Landlord and Tenant fail to reach agreement on or before the Outside Agreement Date, Landlord and Tenant shall each make a

separate determination of proposed Option Rent and notify the other Party of this determination within ten (10) days after the Outside Agreement Date.

5.3. Two Determinations. If each Party makes a timely determination of proposed Option Rent, those determinations shall be submitted to arbitration in accordance with section 6.

5.4. One Determination. If Landlord or Tenant fails to make a determination of proposed Option Rent within the ten (10) day period, that failure shall be conclusively considered to be that Party's approval of the proposed Option Rent submitted within the ten (10) day period by the other Party.

6. Arbitration. If both Parties make timely individual determinations of proposed Option Rent under section 5.2, the Option Rent shall be determined by arbitration under this section 6.

6.1. Scope of Arbitration. The determination of the arbitrator shall be limited to the sole issue of whether Landlord's or Tenant's submitted proposed Option Rent is the most reasonable, as determined by the arbitrator.

6.2. Qualifications of Arbitrator. The arbitrator must be a licensed real estate broker or a licensed real estate appraiser who has been active in the leasing or appraisal of office buildings comparable to the building in the San Joaquin County area over at least the last five-year (5-year) period ending on the date of appointment as arbitrator.

6.3. Parties' Appointment of Arbitrators. Within twenty (20) days after the Outside Agreement Date, Landlord and Tenant shall each appoint one arbitrator and notify the other Party of the arbitrator's name and business address.

6.4. Appointment of Third Arbitrator. If each Party timely appoints an arbitrator, the two (2) arbitrators shall, within ten (10) days after the appointment of the second arbitrator, agree on and appoint a third arbitrator (who shall be qualified under the same criteria set forth above for qualification of the initial two (2) arbitrators) and provide notice to Landlord and Tenant of the arbitrator's name and business address.

6.5. Arbitrator's Decision. Within thirty (30) days after the appointment of the third arbitrator, the third arbitrator shall decide whether the Parties will use Landlord's or Tenant's submitted proposed Option Rent and shall notify Landlord and Tenant of his/her decision.

6.6. If Only One Arbitrator Is Appointed. If either Landlord or Tenant fails to appoint an arbitrator within twenty (20) days after the Outside Agreement Date, the arbitrator timely appointed by one of them shall reach a decision and notify Landlord and Tenant of that

decision within thirty (30) days after the arbitrator's appointment. The arbitrator's decision shall be binding on Landlord and Tenant.

6.7. If a Third Arbitrator Is Not Appointed. If each Party appoints an arbitrator in a timely manner, but the two (2) arbitrators fail to agree on and appoint a third arbitrator within the required period, the arbitrators shall be dismissed without delay and the issue of Option Rent shall be submitted to binding arbitration under the commercial/real estate arbitration rules of The American Arbitration Association, provided, however, that in the event of any inconsistency between such arbitration rules and the terms and conditions of this Section, the terms and conditions of this Exhibit A shall govern.

6.8. If No Arbitrator Is Appointed. If Landlord and Tenant each fail to appoint an arbitrator in a timely manner, the matter to be decided shall be submitted without delay to binding arbitration under the commercial/real estate arbitration rules of The American Arbitration Association, subject to the provisions of this Exhibit A.

6.9. Cost of Arbitration. The cost of the arbitration shall be paid by the losing Party.

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