

**AMENDED LEASE AGREEMENT BETWEEN
THE CITY OF GARDEN GROVE AND
NORTH COUNTY SENIOR SERVICES, LLC
11391 Acacia Parkway
APN 090-154-57**

This Lease Agreement (“Lease”) is made and entered into by and between the CITY OF GARDEN GROVE, a California municipal corporation (“Landlord”) and NORTH COUNTY SENIOR SERVICES, LLC, a California limited liability company (“Tenant”). Landlord and Tenant are referenced in the aggregate as the “Parties” and sometimes, when a provision applies to each of them individually, as a “Party.”

Recitals

- A. Landlord owns certain real property located at 11391 Acacia Parkway, in the City of Garden Grove, County of Orange, State of California, identified as Assessor’s Parcel No. 090-154-57 (“Premises”). The Premises is comprised of an approximately 1.57 acre parcel of improved land, with adjoining buildings, one totaling 8600 sq. ft. and a smaller 4800 sq. ft. building (“Building”).
- B. Acacia Adult Day Services, a California nonprofit corporation (Acacia) and the Garden Grove Agency for Community Development, a public body, corporate and politic (RDA) initially entered into a Ground Lease of the Premises dated November 12, 1996, wherein Acacia built the Building and has had possession of the Premises.
- C. Pursuant to State law (AB 26, 2011) dissolving redevelopment agencies and the RDA effective February 1, 2012, the RDA was dissolved and its Successor Agency transferred the Premises to the Landlord on June 30, 2015.
- D. On November 1, 2018, Acacia merged into Tenant and was dissolved. Tenant is managed by Alzheimer’s Orange County, a California nonprofit corporation.
- E. Tenant wishes to continue to use the Premises for the purpose of operating Acacia’s business, which includes the operation of an adult day care center for senior citizens with illnesses or disabilities, or who are otherwise in need of limited supervision (“Business”).
- C. Pursuant to this Amended Lease (“Lease”), which shall replace the prior lease of the Premises between the RDA and Acacia, Landlord has agreed to continue to let the Premises to Tenant subject to the terms and conditions of this Lease.

NOW THEREFORE, the Parties hereto agree as follows:

Agreement

1. Lease of Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises according to the terms of this Lease.

(b) The Effective Date of this Lease is December 1, 2019.

(c) Tenant accepts the Premises in an "As Is" condition without any representations or warranties being made by Landlord. Landlord expressly disclaims any warranty or representation with regard to the condition, safety or security of the Premises or the suitability of the Premises for Tenant's intended use.

(d) This is a Triple-Net Lease.

(e) Landlord may assign this Lease to another governmental entity or nonprofit corporation under common management with Landlord. Landlord shall notify Tenant in writing of any such assignment.

2. **Rent.** Tenant agrees to pay Landlord, in advance, without notice or demand, offset or deduction, rent in the sum of \$1.00 per year, due and payable to Landlord at the address of Landlord provided herein for the giving of Notices.

3. **Term and Termination.**

(a) Term and Renewal. This Lease shall be for a period of 10 years, commencing as of the Effective Date, through November 30, 2029, unless terminated earlier as provided in this Lease. Tenant may extend the term for an additional 5-year extension upon giving Landlord written notice of its election to extend the term 180 days but no less than 90 days prior to the end of the initial term.

(b) Termination and Holding Over. Landlord or Tenant may terminate this Lease for any reason upon 270 days written notice to the other Party, termination of which shall be effective immediately upon the end of the 270 days' period. Upon termination of this Lease, possession of the Premises, including all structures, building, and/or improvements thereon, shall be surrendered to Landlord immediately. In the event Tenant holds over beyond the term herein provided with the express or implied consent of the Landlord, such holding over shall be from month to month only, subject to the conditions of this Lease. Such holding over shall not be construed as a renewal of this Lease and shall be at the monthly compensation of \$1,000.00 per month. Such holdover period shall be subject to termination upon 30 days' notice.

(c) Trade Fixtures and Personal Property. Upon the termination of the Lease, Tenant shall remove all of its trade fixtures, furniture, equipment, and signs on the Premises to the extent they are not permanently affixed, and immediately repair any damage resulting from such removal so as to leave the Premises in the condition required in this section. Upon the removal of Tenant's exterior signage, Tenant shall, at its sole cost, restore any building face to the condition required by this Lease, including conditions related to Hazardous Materials. Tenant may finance its movable fixtures and equipment installed in the Premises, and such financing will not be considered an Assignment, provided it does not confer an interest in the Premises.

(d) Ownership of Improvements; Condition on Tenant's Surrender. The Building and all improvements constructed, attached or used on the Premises are and shall remain the property of Landlord. On the date of termination of this Lease, Tenant shall peaceably surrender and quit the Premises and all improvements broom clean, in good order, condition and repair, reasonable wear

and tear excepted only, free of Hazardous Materials caused to have occurred or been released at, on, or about the Premises during Tenant's occupancy during this Lease and the 1996 prior ground lease, and lien free. At its expense, Tenant shall remove all its trade fixtures and personal property and repair any damage to the Premises occasioned by removal of these items.

4. **Security Deposit.** None required.

5. **Possession.**

(a) **Delivery of Possession.** Landlord shall be deemed to have delivered possession of the Premises to Tenant upon the Effective Date.

(b) **Governmental Approvals.** Tenant shall be responsible for achieving all approvals and permits from governmental agencies having jurisdiction over the Premises and/or the Business necessary to conduct the Business on the Premises.

6. **Use of Premises.**

(a) **General Use; Resident Preference.** Tenant shall use and occupy the Premises, solely for its customary use in the operation of an adult day care center for senior citizens with illnesses or disabilities, or who are otherwise in need of limited supervision. Tenant agrees to give preference to residents of Garden Grove and fifty percent (50%) of the adult day care spaces shall be reserved for residents of the City and the adult children and parents of residents of the City. Should any of the spaces so reserved become open and there is no one on the Tenant's waiting list which is a resident of the City or an adult child or parent of a resident of the city, then the Tenant may make such space available to other persons. In such case, the next available space shall then be reserved for residents of the City and the adult children and parents of residents of the City.

(b) **Limitations.** Notwithstanding the foregoing permitted use in subsection (a), Tenant shall not cause or permit the Premises to be used in any way that: (i) constitutes a violation of any law, ordinance, or governmental regulation or order regulating the manner of use by Tenant of the Premises (including, without limitation, any law, ordinance, regulation or order relating to Hazardous Materials), (ii) constitutes a nuisance or waste, or (iii) increases the cost of any insurance relating to the Premises. Tenant shall obtain, at its sole cost and expense, all governmental permits, licenses and authorizations of whatever nature required by any governmental agencies having jurisdiction over Tenant's Business and use of the Premises. Further, Tenant, at its sole cost, will comply with all applicable governmental laws and regulations in connection with its operations.

(c) **Safety.** Tenant shall immediately correct any unsafe condition of the Premises, as well as any unsafe practices occurring thereon. Tenant shall cooperate fully with Landlord in the investigation of any injury or death occurring on the Premises, including a prompt report thereof to Landlord's City Manager or designee.

(d) **Nuisances and Annoyances.** Tenant shall not use or permit the use of the Premises in any manner which creates a nuisance or measurable annoyance to persons outside the Premises, including, without limitation, live, recorded or broadcast entertainment or the use of loudspeakers or sound or light apparatus other than as may be required by law or necessary or advisable for safety

purposes.

7. Taxes.

(a) Real Property Taxes. Should the property interest conveyed by this Lease be subject to real property taxation and/or assessments, Tenant shall pay, before delinquency, all lawful taxes, assessments, fees or charges which may be levied by the State, County, City, or any other tax or assessment-levying body upon the Premises and any improvements thereon. "Taxes" shall include any form of tax or assessment, including possessory interest taxes, if any (whether special or general, ordinary or extraordinary, foreseen or unforeseen), license fee, license tax, tax or excise on Rent or any interest of Landlord or Tenant (including any legal or equitable interest of Landlord or its beneficiary under a deed of trust, if any) in the Premises or the underlying realty. Pursuant to Revenue & Taxation Code §107.6, should a property interest be created herein, it may be subject to property taxation and Tenant may be subject to property taxes levied on such interest. In no event shall Landlord be liable for any taxes owed as a result of this Lease or Tenant's use of the Premises. Landlord shall use reasonable efforts to cause all bills for Taxes payable by Tenant hereunder to be sent directly to Tenant, in which event, from and after the Effective Date, Tenant shall pay, prior to delinquency, all Taxes assessed during the Term. Taxes for any partial year shall be prorated.

(b) Personal Property Taxes. Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall use commercially reasonable efforts to have personal property taxed separately from the Premises. If any of Tenant's personal property is taxed with the Premises and paid by Landlord, Tenant shall reimburse Landlord the taxes for the personal property within 15 days after Tenant receives a written statement from Landlord for such personal property taxes, together with reasonable evidence showing the amount of personal property taxes paid by Landlord.

(c) Contesting Taxes. Tenant shall have the right to contest any Taxes, at its own cost and in its own name, and Landlord shall not pay any such Taxes; provided, however, that Tenant shall take such steps as may be required to perfect the contest, including payment of the Taxes under protest prior to an appeal of adverse determination of the contest. Upon final determination of any such contest (and if the Taxes have not already been paid under protest), Tenant shall pay the Taxes for which it is responsible hereunder as they are finally determined and all penalties, interest, costs, and expenses which may thereupon be due or have resulted therefrom. If Tenant contests any Taxes and such contest interferes with any proposed sale, financing or refinancing affecting the Premises, which Landlord has either commenced or is about to commence, upon Landlord's written request, Tenant shall either furnish to Landlord security in the amount of such contested Taxes, plus estimated costs and interest, or a bond of a responsible corporate surety in such amount.

8. Utilities.

(a) Electrical and Plumbing. Tenant shall provide the physical installation of electrical and plumbing (including landscape irrigation) utilities to the Premises.

(b) Utility Charges. Tenant agrees to pay directly to the appropriate utility company all charges for all utilities, including electric, gas, telephone, cable television, telecommunications, water, sanitary sewer lines, drainage facilities, trash, or any other utilities and other systems and

lines exclusively serving the Premises.

(c) Waiver of Liability. Regardless of the entity supplying any of the utilities or providing any service referred to in this section, Landlord shall not be liable in damages for any failure or interruption of any utility or service unless such failure was due to the intentional or negligent acts of Landlord or its agents. No failure or interruption of any utility or service shall entitle Tenant to terminate this Lease or discontinue making payments of Rent.

(d) Tenant's Nonpayment. If Tenant fails to timely pay any charges referred to in this section, Landlord may pay the charge and Tenant shall reimburse Landlord such amount, as Additional Rent, within 5 days of demand therefor.

9. Improvements and Signage. Except as may exist on the Premises as of the Effective Date, no structure, sign or other improvement of any kind shall be constructed on the Premises by Tenant, its employees, agents or contractors without the prior written approval of Landlord in each case. Approval may be withheld, conditioned or delayed in Landlord's sole and absolute discretion. No changes, modifications or alterations from approved plans and specifications may be made without Landlord's prior written approval. No approval by Landlord of any plans or specifications shall constitute (i) approval of architectural or engineering sufficiency or representation, or (ii) warranty by Landlord as to the adequacy or sufficiency of the plans and specifications or the improvements contemplated for Tenant's use or purpose. Landlord, by approving the plans and specifications, assumes no responsibility or liability for any defect in any improvements constructed on the basis of the plans and specifications. Tenant expressly agrees to comply with all applicable signage ordinances and shall be responsible for the general maintenance and repair of any signage to the Landlord's satisfaction.

10. Maintenance and Repairs.

(a) Maintenance. The following requirements shall apply to Tenant upon the effective date of this Lease or occupancy of the Premises by Tenant.

(1) In General. Tenant shall, at Tenant's sole expense, keep the Premises, utility installations, landscaping, trees and other improvements in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specially including the procurement and maintenance of the service contracts required by subdivision (a)(2) below. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. All replacements shall be of a quality equal to or exceeding that of the original.

(2) Service Contracts. Tenant shall, at Tenant's sole expense, procure and maintain contracts in customary form and substance for, and with licensed contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, (iii) clarifiers, (iv) trees and landscaping. Tenant shall provide Landlord copies of work performed by said contractors upon demand. Landlord retains the right, upon failure of Tenant, after 15 days' notice and demand to contract with a contractor as required herein, to procure and maintain any or all of such service contracts, and Tenant shall reimburse Landlord, upon demand, for the cost thereof.

(3) Failure to Perform. If Tenant fails to perform Tenant's obligations under this section, Landlord may, but shall not be obligated to, enter upon the Premises after 10 days' prior written notice to Tenant (except in the case of emergency, in which case no notice shall be required), and perform such obligations on Tenant's behalf, and put the Premises in good order, condition and repair, without liability to Tenant for any loss that may accrue to Tenant's Business as a result, and Tenant shall promptly pay to Landlord a sum equal to 115% of the cost thereof.

(4) Parking Lot at Northern 70 Feet. Pursuant to Landlord's reservation in Section 27 of the northern 70 feet of the Premises for parking lot purposes, Tenant shall not have any maintenance responsibilities for the northern 70 feet of the Premises.

(5) Parking Lot Light Fixtures. In addition to Landlord's maintenance of the parking lot area reserved in Section 27, Landlord agrees to facilitate the maintenance of the parking lot light fixtures in the parking lot area not reserved by Landlord.

(b) Damage. Tenant shall be responsible for any damage done in or to the Premises caused by Tenant or its employees, agents, contractors, customers or invitees, or any burglar, vandal, or unauthorized entrant.

(c) Capital Repairs and Improvements. Tenant acknowledges and agrees that Tenant has inspected the Premises and has substantial knowledge as to the condition of the Premises. As such, should the need for capital repairs or improvements to the Premises arise during the Lease (including, without limitation (i) improvement or repair of the structural components of any improvements on the Premises, including, the exterior walls, foundation, slab and structural columns and all components of the roof, (ii) improvement, repair or replacement of any plumbing, electric, fire sprinkler, lighting, HVAC, mechanical and sewer systems in or servicing any improvements on the Premises, or (iii) any retrofits, upgrades, replacements and the like), such repairs or improvements shall be made by Tenant and at Tenant's sole cost and expense. In consideration of the reduced rent hereunder, Tenant hereby waives and releases any right it may have to make repairs at Landlord's expense under Section 1941 and 1942 of the California Civil Code, or under any similar law, statute or ordinance.

11. Landlord's Right of Entry. Landlord or its authorized representatives may enter the Premises following at least 48 hours' notice to Tenant during Tenant's regular business hours (except in a case of emergency) to: (a) inspect the Premises; (b) perform any obligation or exercise any right or remedy of Landlord under this Lease; (c) make repairs, alterations, improvements or additions to

the Building or to other portions of the Premises; (d) perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; and (e) perform work that Landlord deems necessary to prevent waste or deterioration of the Premises should Tenant fail to promptly commence and complete such repairs within 15 days after Notice. In exercising its right of entry provided for herein, Landlord and its contractors shall minimize any alteration or disruption to Tenant's Business.

12. Liens. Tenant shall not permit to be placed against the Premises, or any other part of the Premises, any mechanics', materialmen's, contractors', subcontractors' or other liens. Tenant shall indemnify, defend (with counsel acceptable to Landlord) and hold Landlord harmless from all liability for any and all liens, claims and demands, together with the costs of defense and reasonable attorneys' fees related to same. Landlord reserves the right, at any time and from time to time, to post and maintain on the Premises, any portion thereof or on the improvements on the Premises any notices of non-responsibility or other notice as may be desirable to protect Landlord against liability. In addition to and not in limitation of Landlord's other rights and remedies under this Lease, should Tenant fail, within 15 days of a written request from Landlord, to discharge any lien or claim related to Tenant's use of the Premises or the Premises, or to indemnify, hold harmless and defend Landlord from and against any loss, damage, injury, liability or claim arising out of Tenant's use of the Premises as provided above, then Landlord, at its option, may elect to pay any lien, claim, loss, demand, injury, liability or damages, or settle or discharge any action or satisfy any judgment and all costs, expenses and attorneys' fees incurred in doing so shall be paid to Landlord by Tenant upon written demand, together with interest thereon at the rate of 7% per annum (but in no event more than the maximum interest rate permitted by law) from the date incurred or paid through and including the date of payment.

13. Drainage and Water Quality Requirements. Without limiting any other provisions contained in this Lease, Tenant acknowledges that with regard to surface drainage and groundwater and surface water quality, the Premises are subject to the requirements of the United States Environmental Protection Agency ("EPA"), the California State Water Resources Control Board ("State Board"), the Regional Water Quality Control Board ("Regional Board"), the County of Orange, and the City of Garden Grove. Accordingly, Tenant shall comply, at its sole cost and expense, with all laws, rules and regulations regarding drainage and water quality (collectively, "Water Quality Laws") including the Federal Clean Water Act, the Federal Coastal Zone Management Act, the Porter-Cologne Water Quality Control Act and The California Coastal Act. In addition, Tenant agrees to obtain any and all permits which may be required pursuant to the Water Quality Laws in connection with Tenant's use or operation of the Premises to comply with the requirements of any such permits and, to the extent applicable, the requirements of any similar permits covering the Premises generally. Such permits may include, without limitation, National Pollutant Discharge Elimination System ("NPDES") permits (and the associated Storm Water Pollution Prevention Plan ("SWPPP") required by the State of California General Permit for storm water associated construction activity), County storm water permits, County drainage area management plans or Regional Board issued *de minimis* permits. Furthermore, Tenant agrees to comply with all rules and regulations adopted by the State Board, Regional Board or other governmental authority authorized by the EPA to implement the NPDES or similar programs. Tenant shall coordinate with the appropriate governmental authorities to ensure Tenant's compliance with the requirements of this section.

14. Environmental Matters.

(a) Hazardous Materials Laws; Hazardous Materials. "Hazardous Materials Laws" means any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law") relating to hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq., any amendments to the foregoing, and any similar federal, state or local laws, ordinances, rules, decrees, orders or regulations. "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is a flammable explosive, asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, gasoline, petroleum product or other product used in the servicing of motor vehicles, polychlorinated biphenyls or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; or (iv) gives rise to any liability, responsibility or duty on the part of Tenant or Landlord with respect to any third person under any Hazardous Materials Law.

(b) Use. Tenant shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on, under or about, or transported from, the Premises, unless: (a) such use is specifically disclosed to and approved by Landlord (which approval may be granted or withheld in Landlord's sole discretion) prior to such use; and (b) such use is conducted in compliance with the provisions of this section. Landlord may approve such use subject to conditions to protect the Premises and Landlord's interests. Landlord may, without limitation, withhold approval if Landlord determines that such proposed use involves a risk of a release or discharge of Hazardous Materials or a violation of any Hazardous Materials Laws or that Tenant has not provided adequate assurances of its ability to remedy such a violation and fulfill its obligations under this section. Notwithstanding the foregoing, this provision shall not be construed or understood to prohibit Tenant from allowing Hazardous Materials to be brought upon the Premises so long as they are Hazardous Materials which are customary and common to the normal course of business and so long as such Hazardous Materials are used, stored and disposed of in strict accordance with all applicable Hazardous Materials Laws. Upon the expiration of the Term, any extensions or holdover period, or sooner termination of this Lease, Tenant shall remove any equipment, improvements or storage facilities utilized by Tenant or any assignee or subtenant of Tenant or their respective agents, contractors, employees, concessionaires, licensees, or invitees in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of Hazardous Materials. Tenant shall be solely responsible, both financially and legally, for remediation of Hazardous Materials on the Premises to the extent such Hazardous Materials were released, discharged, used, or stored on or about the Premises during the Term or any extension or holdover period of this Lease.

(c) Compliance with Hazardous Materials Laws. Tenant and its agents, contractors, employees, assignees, sublessees, licensees, concessionaires, and invitees shall strictly comply with, and shall operate and maintain the Premises in compliance with Hazardous Materials Laws. Tenant

shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Tenant's operations on the Premises under any Hazardous Materials Laws and shall comply with all terms and conditions thereof. At Landlord's request, Tenant shall deliver copies of, or allow Landlord to inspect, all such permits, licenses and approvals. Tenant shall not perform any monitoring, investigation, clean-up, removal or other remedial work including, without limitation, the preparation and implementation of any closure, remedial action or other required plans in connection therewith (collectively, "Remedial Work") in response to the presence of any Hazardous Materials in or about the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear or otherwise appropriately assert and protect Landlord's interest with respect thereto. Landlord shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work, in order to protect Landlord's interests. Upon Landlord's approval of the work to be performed and provided that Landlord does not elect to perform said work as provided hereinbelow, Tenant shall perform any Remedial Work required as a result of any release or discharge by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees of Hazardous Materials affecting the Premises or any violation of Hazardous Materials Laws by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees. Landlord shall have the right, but not the obligation, to remedy any violation by Tenant of the provisions of this section or to perform any Remedial Work which is necessary or appropriate as a result of any governmental order, investigation or proceeding and Tenant shall pay, upon demand, all costs (including attorneys' fees and other costs) incurred by Landlord in remedying such violations or performing all Remedial Work, together with interest thereon at the legal rate from the date of payment by Landlord. Tenant shall not be responsible for remediation of Hazardous Materials on the Premises which were released, discharged, used, or stored prior to the Effective Date.

(d) Notice; Reporting. Tenant shall notify Landlord within 2 days after any of the following: (1) a release or discharge of any Hazardous Materials, whether or not the release or discharge is in quantities that would otherwise be reportable to a public agency; (2) Tenant's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws; (3) Tenant's receipt of any warning, notice of inspection, notice of violation or alleged violation, or Tenant's receipt of notice or knowledge of any proceeding, investigation or enforcement or regulatory action, pursuant to any Hazardous Materials Laws; (4) Tenant's receipt of notice or knowledge of any report made to any environmental agency arising out of or in connection with any Hazardous Materials in or about the Premises or removed therefrom, including any complaints, notices, warnings or asserted violations in connection therewith; or (5) Tenant's receipt of notice or knowledge of any claims made or threatened by any third party against Landlord or Tenant relating to any loss or injury resulting from Hazardous Materials. Tenant shall deliver to Landlord copies of all test results, reports and business or management plans required to be filed with any governmental agency pursuant to any Hazardous Materials Laws, including without limitation copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises. In connection with any Hazardous Materials involving the Premises with respect to which Tenant is responsible hereunder, Tenant shall make all reports and filings required by any Hazardous Materials Laws, and provide Landlord with the

same for Landlord's review and approval prior to filing.

(e) Other Requirements.

(1) Additional Insurance or Financial Capacity. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or other means of financial capacity to enable Tenant to fulfill its obligations to Landlord under this Lease, whether or not then accrued, liquidated, conditional or contingent, Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time reasonably request.

(2) Landlord's Maintenance. The parties agree that although Landlord shall have the right to enter upon the Premises upon at least 48 hours' notice during Tenant's regular business hours to monitor and enforce Tenant's compliance with the requirements of this section, Landlord does not have the power or authority to control Tenant's actual use of the Premises beyond the commitments and covenants set forth herein and therefore shall have no responsibility for the same.

15. Indemnity. As a material part of the consideration to Landlord, Tenant shall pay for, defend (with an attorney approved by Landlord), indemnify, and hold Landlord and its elected and appointed officials, officers, employees, representatives and agents (together "Indemnitees") harmless from any real or alleged damage or injury and from all claims, judgments, liabilities, penalties, costs and expenses, including attorneys' fees and costs (collectively, "Costs"), in any way connected to Tenant's (or anyone acting directly or indirectly by or through Tenant) use or operation of the Premises, or any repairs, alterations or improvements which Tenant may make or cause to be made on the Premises, or by any breach of this Lease by Tenant, or by any existing or future condition, defect, matter or thing or about the Premises or any part thereof or any equipment or appurtenance therein and any loss or interruption of business or loss of Rent income resulting from any of the foregoing; provided, however, Tenant shall not be liable for Costs to the extent such damage or injury is ultimately determined to be caused by the willful negligence or misconduct of Landlord. Notwithstanding the foregoing, Tenant shall in all cases accept any tender of defense of any action or proceeding in which any of the Indemnitees is or are named or made a party and shall, notwithstanding any allegations of willful negligence or misconduct on the part of any of the Indemnitees, defend the Indemnitees as provided herein until a final determination of willful negligence or misconduct is made. Costs shall also include all of Indemnitees' attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by any of the Indemnitees or their counsel(s) from the first Notice that any claim or demand is to be made or may be made. Notwithstanding any other provision hereof, Tenant's obligations under this section shall survive the termination of this Lease.

16. Insurance.

(a) Commercial General Liability. Tenant, at its sole cost and expense, shall, during the entire Term, any extension and holdover period, keep in full force and effect a policy or policies of commercial general liability insurance and property damage insurance with respect to the Premises and the business operated by Tenant in which the combined single limit of liability shall be not less than \$2,000,000. Tenant shall also maintain a standard form all-risk policy covering fire and

extended coverage, vandalism, malicious mischief, sprinkler leakage and other perils of direct physical loss or damage insuring the personal property, trade fixtures and equipment of Tenant. Said policies shall name Landlord as additional insured and contain a clause that the insurer may not cancel or change the insurance coverage limits without first giving Landlord 30 days' prior written notice, except cancellation for nonpayment of premium, in which case only 10 days' prior written notice shall be required. Tenant's commercial general liability insurance shall include a contractual liability endorsement insuring performance of all indemnities of Tenant under this Lease and a cross-liability endorsement to the extent insurable. Said insurance policy shall be with an insurance company or companies with general policy holders' rating of not less than "A-VIII" as rated in the most current available Best's Key Rating Guide and which are qualified to do business in the state in which the Premises are located.

(b) Risk of Loss. Landlord shall not be liable for injury to any person or for any damage to personal property sustained by Tenant or others that are caused by any defects in said Premises or the Premises, or any service facilities or due to the happening of accident, including any damage caused by water, wind storm, or by any gas, steam, electrical wiring, sprinkler system, plumbing, heating or conditioning apparatus; theft; or acts or omissions of co-tenants or other occupants of the Premises, or hereafter occurring therein or due to any part or appurtenance thereof, including any and all furniture, fixtures, and equipment of Tenant becoming out of repair, or from any act or omission of Tenant.

(c) Waiver of Subrogation. Tenant hereby releases Landlord from liability and waives all right of recovery against Landlord for any loss in or around the Premises from perils insured against under its fire or liability insurance contracts, including any all risk endorsements thereof, whether due to negligence or any other cause, provided that this section shall be inapplicable if it would have the effect, but only to the extent it would have the effect, of invalidating any insurance coverage of Landlord or Tenant. Nothing herein shall relieve Tenant of its obligation to request and procure, to the extent available on a commercially reasonable basis, the necessary endorsements required to validly waive subrogation in accordance with this section. Tenant shall, at the request of Landlord, execute and deliver to Landlord a Waiver of Subrogation in the form and content as reasonably required by Landlord's insurance carrier. To the extent Tenant fails to maintain the insurance required under the terms of this Lease, such failure shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant due to circumstances that would have been covered had such required insurance been maintained.

(d) Certificate of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Tenant under the provisions of this Lease shall be delivered to Landlord upon or before the delivery of the Premises to Tenant for any purpose. Each of said certificates of insurance and each such policy of insurance required to be maintained by Tenant hereunder shall expressly evidence insurance coverage as required by this Lease.

17. Destruction.

(a) Non-Termination and Non-Abatement. Except as expressly provided in subsection (b)(1), no destruction or damage to the Premises or any improvements located thereon by fire, windstorm or other casualty, whether insured or uninsured, shall entitle Tenant to terminate this Lease or to an abatement of Rent hereunder; provided, however, that both Landlord and Tenant each

reserve rights to terminate this Lease upon 30 days' notice as provided herein.

(b) Repair of Damage.

(1) Destruction. If the Building is totally destroyed or damaged or rendered wholly untenable by fire or other casualty, then Landlord and Tenant shall each have the right to terminate this Lease by giving Notice to the other Party within 30 days after the date of destruction. If Tenant does not terminate the Lease within 30 days from the expiration of such 30-day period, Tenant shall pay Rent unabated and all insurance proceeds shall be paid to Landlord. If the Building is partially damaged or rendered partially untenable by fire or other casualty, Tenant shall, within 30 days from the date of such destruction, begin the repair or replacement of the portion of the Building affected; provided, however, that both Landlord and Tenant each reserve rights to terminate this Lease upon 30 days' notice as provided herein.

(2) Application of Insurance Proceeds. Insurance proceeds recovered on account of damage or destruction less the cost of such recovery, shall either be applied to the payment of the cost of repairing and replacing the Building, or to the demolition of the damaged Building and clearing of the Premises. Whether or not the Lease is terminated, if net available insurance proceeds are insufficient to pay the entire cost of such work, or if the damage or destruction is the result of a cause not required to be insured against, then Tenant shall bear the cost thereof in excess of the net available insurance proceeds. Any balance of the net insurance proceeds may be kept by Tenant. Upon termination of this Lease, the Premises shall be redelivered to Landlord after removal, at Tenant's expense, of debris and all removable fixtures, furniture and equipment, if requested by Landlord, and all insurance proceeds received by or due to Tenant shall be paid to Landlord after deducting such expenses.

(c) Continued Rent. There shall be no abatement of Rent during any period of repair, irrespective of the continued operation of Tenant's business during such period.

(d) Waiver of Statutory Rights of Termination. Tenant waives any statutory rights of termination based on a partial or total destruction of the Premises.

18. Default and Remedies. Should Tenant be in default with respect to any monetary obligation pursuant to the terms of this Lease for a period of 15 days, or should Tenant vacate or abandon the Premises, then Landlord may treat any such event as a material breach of this Lease and in addition to any or all other rights or remedies of Landlord by law provided, should Tenant be in default with respect to any other obligation contained in this Lease, then Landlord may request by written notice that Tenant cure the breach within 15 days. If Tenant does not cure the breach within 15 days, then Landlord may terminate this Lease. Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to Tenant or any other person to declare the Lease terminated and to re-enter and take possession of the Premises and remove all persons therefrom. Should Landlord elect to terminate this Lease pursuant to this section, Landlord may recover from Tenant all damages caused as a result of Tenant's default.

19. Waiver. Any waiver by Landlord of any default or breach of any covenant, condition, term, and agreement contained in this Lease, shall not be construed to be a waiver of any subsequent or other default or breach, nor shall failure by Landlord to require exact, full, and complete compliance

with any of the covenants, conditions, terms, or agreements contained in this Lease be construed as changing the terms of this Lease in any manner or preventing Landlord from enforcing the full provisions hereof. No delay, failure, omission of Landlord to exercise any right, power, privilege, or option arising from any default or breach, nor any subsequent acceptance of payment then or thereafter by Landlord, shall impair any such right, power, privilege, or option or be construed as a waiver of or acquiescence in such default or breach, or as a relinquishment of any right. The rights, powers, options, privileges, and remedies available to Landlord under this Lease shall be cumulative.

20. Attorneys' Fees. Should either party to this Lease have to resort to litigation to enforce any provision of this Lease, the prevailing party shall be entitled to its attorneys' fees and reasonable costs incurred in litigating any dispute.

21. Inspection. Landlord and its representatives, employees, agents or independent contractors may enter and inspect the Premises or any portion of the Premises or any improvements on the Premises at any time during business hours and at other times after Landlord has provided Tenant with 48 hours advanced notice to show the Premises to potential buyers, investors or tenants or other parties, inspect the Premises, make repairs or replacements, or for any other purpose Landlord reasonably deems necessary. All visitors shall be accompanied by a Landlord representative and shall provide Tenant with identification and the purpose of the visit/inspection upon demand.

22. Prohibition on Assignment and Subletting. Tenant may not assign, sublet or otherwise transfer its interest under this Lease without Landlord's prior written consent, which consent may be withheld, conditioned or delayed in Landlord's sole and absolute discretion. Any attempted assignment, sublet or transfer made in violation of this provision shall be void.

23. Notices. All notices, demands and requests which may be given or which are required to be given by any party to this Agreement, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective either: (1) on the date personally delivered to the address below prior to 5:00 p.m. (Pacific Standard Time), as evidenced by written receipt therefore, whether or not actually received by the person to whom addressed; (2) on the third (3rd) business day after being sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; (3) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service (i.e., FedEx, UPS, or DHL) addressed to such party at the address specified below; or (4) on the business day sent via facsimile transmission to the facsimile numbers below, as evidenced by a printed confirmation of the successful electronic transmission of the message prior to 2:00 p.m. (Pacific Standard Time), or otherwise delivery shall be considered to be on the following business day. For purposes of this section, the addresses of the parties for all notices are as follows:

To Landlord: City of Garden Grove
Attn.: City Manager
11222 Acacia Parkway
Garden Grove, CA 92840
Fax (714) 741-5044

To Tenant: North County Senior Services, LLC

Attn.: James E. McAleer
2515 McCabe Way, Suite 200
Irvine, CA 92614

24. No Principal/Agent Relationship and No Third Party Beneficiary. Nothing contained in this Lease shall be construed as creating the relationship of principal and agent or of partnership or joint venture between Landlord and Tenant, nor shall it be construed to benefit any third party.

25. Authority to Enter Into Agreement. Each Party to this Lease represents and warrants that its respective signatory has the authority to enter into this Lease and to bind it to the terms of this Lease.

26. Waiver of Relocation Rights. As consideration for entering into this Lease, Tenant expressly, voluntarily and knowingly understands, acknowledges and agrees that its status is and will be and remain as a "post acquisition tenant" with no eligibility or rights to relocation assistance or benefits thereunder pursuant to the Relocation Assistance Laws. Tenant acknowledges the rights granted by State and/or Federal Relocation Assistance Laws and regulations and, notwithstanding any other provision of this Lease, expressly waives all such past, present and future rights, if any, to which Tenant might otherwise be or become entitled with regard to this Lease and the business operated on the Premises. Tenant hereby waives any right to relocation assistance, moving expenses, goodwill or other payments to which Tenant might otherwise be entitled under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. § 4601 et seq., and/or the California Relocation Assistance Law, as amended, Government Code § 7260 et seq. Tenant fully, intentionally, knowingly and voluntarily waives, releases and discharges Landlord, and its appointed and elected officials, officers, directors, employees, contractors, and agents (together "Indemnitees") from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to (i) the sale of the Premises or the relocation of any of Tenant's business operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Premises, including the specific waiver and release of any right to any relocation benefits, assistance and/or payments under the Relocation Assistance Laws notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under such state or federal law; and (ii) compensation for any interest in the business operations at, on, or about the Premises including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, leasehold interest, goodwill, severance damage, attorneys' fees or any other compensation of any nature whatsoever.

27. Reservations. Landlord reserves to itself, its successors and assigns, along with the right to grant and transfer:

(a) Nonexclusive easements on behalf of itself for the installation, emplacement, maintenance and replacement of electric, gas, telephone, cable television, telecommunications, water, sanitary sewer lines, drainage facilities or any other utilities (collectively, "Utilities"), together with the right to enter upon the Premises in order to service, maintain, repair, reconstruct, relocate or replace any Utilities. Landlord shall repair, reconstruct and restore any Utilities to its

condition prior to such entry by Landlord for the purposes set forth in this section.

(b) Nonexclusive easements on, over, under or across the Premises within 10 feet from all property lines bordering on a public or private street or drive for the installation, emplacement, replacement, repair, operation and maintenance of any Utilities.

(c) Any and all water, and all rights or interests therein, together with the right to explore, drill, redrill, remove and store the same from the Premises or to divert or otherwise utilize such water, rights or interests on any other property owned or leased by Landlord, but without, however, any right to enter upon the surface of the Premises in the exercise of such rights. In exercising its rights reserved herein, Landlord shall use commercially reasonable efforts not to materially and unreasonably interfere with the operation of Tenant's business on the Premises.

(d) The northern 70 feet of the Premises consisting of two-rows of parking spaces. Notwithstanding the provisions of this Lease pertaining to Tenant's maintenance responsibilities, Landlord or Landlord's assign will maintain this portion of the Premises for parking lot purposes.

28. Applicable Law and Venue. This Lease shall be construed and enforced in accordance with, and governed by, the laws of the State of California. The parties consent to the jurisdiction of the California courts with venue in Orange County.

29. Counterparts and Facsimiles. This Lease may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Any facsimile of any original document shall be treated as an original document. The Party submitting any facsimile must also submit a copy of the original to the other Party within a reasonable time after the transmission of the facsimile.

30. Miscellaneous.

(a) The headings of this Lease are for purposes of reference only and shall not limit or define the meaning of any provision.

(b) The above Recitals are an integral part of this Lease and made part hereof.

(c) If any provision of this Lease or its application is found to be invalid or unenforceable, such determination shall not affect the other provisions of this Lease and they shall remain valid and enforceable.

(d) Time is of the essence in all provisions of this Lease.

31. Complete Agreement. This Lease constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter of this Lease and supersedes all prior and contemporaneous agreements, representations and understandings of Landlord and Tenant, oral or written.

32. Brokers. There have been no brokers, finders or agents involved in this Lease, and each party agrees to hold the other harmless from the failure to pay any broker, finder or agent

making a claim for compensation, commission or charges with respect to this Lease and/or the negotiation hereof.

33. Modification. No supplement, modification, amendment or change in any terms of this Lease shall be binding on the Parties unless in writing and executed by Tenant and Landlord.

34. Termination of Prior Lease. The 1996 lease between Acacia and the RDA is hereby terminated upon the effective date of this Lease.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument as of the dates below stated.

LANDLORD

CITY OF GARDEN GROVE,
a California Municipal Corporation

By: _____
Its: City Manager
Dated: _____

Attest:

City Clerk
Dated: _____

Approved as to form:

City Attorney

TENANT

NORTH COUNTY SENIOR SERVICES,
LLC, A California Limited Liability Company

By: ALZHEIMER'S ORANGE COUNTY
A California Nonprofit Corporation
Its: Manager

By: _____
Its: CEO
Dated: _____