

**LEASE OF CITY REAL PROPERTY
AT 1178 SONORA COURT TO
MP SONORA COURT ASSOCIATES, L.P.**

This lease of real property (“Lease”) at 1178 Sonora Court dated June 30, 2021, is by and between the City of Sunnyvale, a municipal corporation of the State of California, hereafter called “Lessor,” and MP Sonora Court Associates, L.P., a California limited partnership, hereafter called “Lessee”, collectively referred to as “the Parties”.

RECITALS

- A. WHEREAS**, lessor is the owner in fee of all that certain property described in Exhibit “A”, attached hereto and incorporated herein by this reference, along with all buildings and improvements located thereon, hereafter referred to as “Property”; and
- B. WHEREAS**, the City and Developer entered into that certain “Disposition and Development Agreement” dated May 19, 2020 (the “DDA”); and
- C. WHEREAS**, the DDA provided that upon the satisfaction of certain conditions, the City would ground lease the Property to Lessee; and
- D. WHEREAS**, Lessee has requested a short-term lease for the Property until June 30, 2023, and upon closing the construction loan will thereafter enter into the ground lease in accordance with the DDA.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the Parties agree as follows:

1. Lease of Property. Lessor hereby leases to Lessee the building and improvements located at 1178 Sonora Court in the City of Sunnyvale, California, particularly described in Exhibit “A”.

2. Term of Lease. The term of this Lease shall be for two (2) years and shall commence on July 1, 2021 and shall expire June 30, 2023. At the end of the term the Parties may mutually agree to extend the term on a month-to-month basis for a period of two (2) years. The Parties may also mutually agree to an early termination in accordance with Section 8 below.

3. Condition of Property. Lessee is fully aware of the existing condition of the Property and accepts the Property in said condition.

4. Rent. Rent shall be \$1,000 per month paid on or before the 1st of each and every month of the Term and any extensions herein. In the event this rent amount is not received by Lessor by the 1st of the month, a late fee of \$50.00 shall be assessed, except that the late fee shall not be assessed until the 10th of the month for the first month's rent only.

5. Use of Property. The Property shall be used for general office purposes and no demolition, alterations or construction shall occur during the term unless otherwise authorized in accordance with Section 16 below. Additionally, Lessee is required to maintain the Property in accordance with Section 13 below and keep the Property secured at all times.

6. Assignment and Sublease. Lessee shall not assign this Lease or any interest therein, nor let or sublet the whole or any part of the said Property without the express written consent of Lessor.

7. Expiration. Upon the expiration of the term of this Lease, or of any mutually agreed upon extension, Lessee shall quit and surrender the Property in as good state and condition, reasonable wear and tear excepted, as its condition at the commencement of said term.

8. Early Mutual Termination. The Parties may agree to Terminate this Lease prior to the end of the Term and enter into a ground lease in accordance with the DDA. In the event of early termination, any partial month's rent shall be prorated accordingly.

9. Compliance with All Laws. Lessee, at its sole cost, shall comply with all applicable lawful requirements, policies, statutes and ordinances with respect to the use of the Property.

10. Utilities. Lessee shall pay all charges for utilities and other services upon the Property, including but not limited to gas, electricity, sewer, water and garbage charges.

11. Indemnification and Hold Harmless. Lessee shall defend, indemnify and hold harmless Lessor, its officers, agents, and employees against any liability, claim or loss for damage to any property or injury to or death of any person or persons arising from or connected with the exercise by Lessee of its rights with respect to the Property under this Lease, except to the extent such liability claim or loss is attributable to the gross negligence or willful misconduct of Lessor, its officers, agents, or employees.

12. Hazardous Materials.

A. Hazardous materials are those substances listed in Division 4, Chapter 30, Article 9 of Title 22, California Code of Regulations, or those which meet the toxicity, reactivity, corrosiveness or flammability criteria of Article 11 of the above Code, as well as any other substance which poses a hazard to health or environment.

B. Except as otherwise permitted in the Lease, Lessee shall not use, create, store or allow any such substances on the Property. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

C. In no case shall Lessee cause or allow the deposit or disposal of any such substance on the Property.

D. However, household products necessary for routine cleaning and maintenance of the property may be kept on the Property in quantities reasonable for current needs.

E. Lessor, or its agents or contractors, shall at all times have the right, upon reasonable notice, to go upon and inspect the Property and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or testing soils or underground tanks on the Property.

F. Breach of any of these covenants, terms and conditions shall give Lessor authority to immediately terminate this Lease. It is the intent of the parties hereto that the Lessee shall be responsible for and bear the entire cost of removal and disposal of hazardous materials or waste introduced to the Property during the term of this Lease. The Lessee shall also be responsible for any cleanup and decontamination on or off the Property necessitated by such materials or waste.

G. Lessee shall further indemnify, defend, and hold Lessor and its officers or employees, harmless from any and all responsibility, loss, damage, liability and expenses (including reasonable attorneys' fees) resulting from the presence or use of hazardous materials on the Property during the Lessee's periods of use and possession.

13. Maintenance and Repairs. Except as provided herein, Lessee at its cost shall maintain and repair all Lessee's personal property. Lessee shall be responsible for maintenance and repair of the building's HVAC, plumbing, electrical, lighting, interior walls, ceilings, floors, windows, doors, plate glass and skylights. Lessor shall not maintain any part of the property.

14. Taxes.

14.1. Lessee shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Lessee's personal property installed or located in or on the Property, and that become payable during the term of this Lease. On demand by Lessor, Lessee shall furnish Lessor with satisfactory evidence of these payments.

14.2. Lessor shall pay all possessory interest taxes assessed against the Property.

15. Insurance. As a condition precedent to this Lease, Lessee shall provide evidence of insurance in accordance with the insurance requirements shown in Exhibit "B" and incorporated herein by reference. Lessee shall maintain these insurance requirements throughout the lease term and name Lessor as additional insured on its insurance policies.

16. Alterations, Additions and Improvements.

16.1. Lessee shall not undertake any demolition, building, construction, reconstruction or development on the Property without submitting to Lessor a plan and receiving Lessor's approval thereof. Any such approved alterations, additions or improvements shall be made solely at the cost of Lessee.

16.2 Lessee shall keep the Property free and clear of any and all liens or encumbrances. Lessor shall have the right to post and keep posted in a conspicuous place on the Property a notice of non-responsibility during the period of time during which any alterations, additions or improvements may be made by Lessee.

17. Waiver. No waiver by either party at any time of any of the terms, conditions or covenants of this Agreement shall be deemed as a waiver at any time thereafter of the same or of any other term, condition or covenant herein contained, nor of the strict and prompt performance thereof. No delay, failure or omission of Lessor to reenter the Property or to exercise any right, power or privilege or option arising from any breach shall impair any such rights, power, privilege or option or be construed as a waiver of such breach or a relinquishment of any right or acquiescence therein.

18. Default. Should Lessee default at any time in the payment of any installment of rent, or of any other charges when the same become due, or should Lessee default in the performance of any covenant or agreement or condition hereunder, including the use of the Property, and fail to cure the default after thirty (30) days' written notice of such default by Lessor to Lessee, Lessor shall have the right to terminate this Lease forthwith. In the event of such termination, Lessee shall quit and surrender the Property to Lessor and Lessor shall have the right of immediate reentry. The right to terminate this Lease shall be in addition to the other rights or remedies of Lessor in the event of a default.

19. Binding on Successors. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

20. Severability. If any section, paragraph, sentence, clause, phrase, or portion of this Lease is invalid or shall be held to be invalid, such invalidity shall not affect the validity of the balance of the Lease.

21. Notice. Any notices 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 personally delivered to the other party or deposited in the United States mail, postage prepaid and addressed as follows:

To Lessee:

MP Sonora Court Associates, L.P.
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attn: Jan Lindenthal
jlindenthal@midpen-housing.org
650-356-2900

To Lessor:

City of Sunnyvale – Dept. of Public Works
City Property Administrator
456 West Olive Avenue
P.O. Box 3707
Sunnyvale, California 94088-3707
(408) 730-7527
snafie@sunnyvale.ca.gov

22. Destruction of Property. In the event the Property is totally or partially destroyed, rendering the Property totally or partially inaccessible or unusable, either party may terminate this Lease by giving written notice of such termination to the other party. In the event of such destruction, Lessor shall be entitled to any and all proceeds from fire or other hazard insurance, which is based on the replacement value of the Property.

23. Taking by Eminent Domain. If, during the term of this Lease there is any taking of all or any part of the Property or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to this paragraph. If the Property is totally taken by condemnation,

this Lease shall terminate on the date of taking. If any portion of the Property is taken by condemnation, the lease terminates as to the part taken and remains in effect as to the remainder. The terms of this Lease shall remain in effect, including a pro rata percentage of the rent commensurate with the percentage of the remainder, as to the remainder unless Lessee shall give written notice of termination to Lessor within thirty (30) days of the date of taking. In the event of either a total or partial taking by condemnation, Lessor shall be entitled to all compensation paid as a result of the taking, whether by negotiated settlement or judgment entered by a court, and Lessee shall have no claim to or interest in any of the proceeds of such eminent domain action.

24. Memorandum of Lease. A short form Memorandum of Lease referring to this Lease shall be executed by Landlord and Tenant and recorded in the Official Records of the County of Santa Clara, California.

25. Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions will be exclusively vested in a state court in the County of Santa Clara. The parties agree that subject matter and personal jurisdiction are proper in state court in the County of Santa Clara and waive all venue objections.

26. Integrated Agreement; Amendment. This document represents the entire and integrated agreement between Lessor and Lessee and supersedes all prior negotiations, representations, and agreements, either written or oral. This document may be amended only by written instrument signed by both Lessor and Lessee.

27. Electronic Execution and Counterparts. The Parties agree that this Lease may be signed electronically and may be executed in counterparts.

[SIGNATURES ON NEXT PAGE]

LESSOR:

CITY OF SUNNYVALE

DocuSigned by:



40B2D2DBFEDC4D8...

Kent Steffens, City Manager

LESSEE:

MP Sonora Court Associates, L.P.
a California limited partnership

By: MP Sonora Court LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Baker Park, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

APPROVED AS TO FORM:

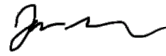
DocuSigned by:



4831B00AA570435...

John Nagel, City Attorney

DocuSigned by:



4429057BF5AD4D5...

By
Name: Jan M. Lindenthal
Its: Assistant Secretary

Exhibit A

THAT CERTAIN LAND SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SANTA CLARA DESCRIBED AS FOLLOWS:

Real property in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

ALL OF PARCEL 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "PARCEL MAP BEING A RESUBDIVISION OF A PORTION OF LOT 2 OF THAT CERTAIN MAP ENTITLED, 'PLAN OF LAND OF NORWOOD,' RECORDED IN [BOOK E OF MAPS, AT PAGE 91](#), SANTA CLARA COUNTY RECORDS," WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON JUNE 12, 1975 IN [BOOK 357 OF MAPS, AT PAGE 26](#).

EXCEPTING THEREFROM ALL OIL, GAS, PETROLEUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, TOGETHER WITH THE RIGHT TO USE THAT PORTION ONLY OF SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF SAID LAND FOR THE PURPOSES OF PROSPECTING FOR, DEVELOPING AND/OR EXTRACTING SAID OIL, GAS, PETROLEUM AND OTHER MINERAL OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND BY MEANS OF WELLS DRILLED INTO SAID SUBSURFACE OF SAID LAND FROM DRILL SITES LOCATED ON OTHER LAND. IT BEING EXPRESSLY UNDERSTOOD AND AGREED THAT THE GRANTOR THEREIN, ITS SUCCESSORS AND ASSIGNEES, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF SAID LAND OR TO USE SAID LAND OR ANY PORTION THEREOF FROM THE SURFACE TO SAID DEPTH OF 500 FEET FOR ANY PURPOSES WHATSOEVER, AS RESERVED IN THAT CERTAIN GRANT DEED RECORDED JULY 19, 1974 IN [BOOK B001, PAGE 243](#) OF OFFICIAL RECORDS.

APN: 205-50-013

Exhibit B

INSURANCE REQUIREMENTS FOR LESSEES

Lessee shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Lessee, his agents, representatives, or employees.

Minimum Scope and Limits of Insurance Lessee shall maintain limits no less than:

1. **Commercial General Liability**: \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury, personal injury and property damage. ISO Occurrence Form CG 0001 or equivalent is required.
2. **Workers' Compensation**: Statutory Limits **Employer's Liability**: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared and approved by the City of Sunnyvale. The lessee shall guarantee payment of any losses and related investigations, claim administration and defense expenses within the deductible or self-insured retention.

Other Insurance Provisions

The **general liability** and **automobile liability** policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Sunnyvale, its officials, employees, agents and volunteers are to be covered as additional insureds with respects to liability arising out of activities performed by or on behalf of the Lessee; products and completed operations of the Lessee; Property owned, occupied or used by the Lessee; or automobiles owned, leased, hired or borrowed by the Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the City of Sunnyvale, its officers, employees, agents or volunteers.
2. For any claims related to this projects, the Lessee's insurance shall be primary. Any insurance or self-insurance maintained by the City of Sunnyvale, its officers, officials, employees, agents and volunteers shall be excess of the Lessee's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not effect coverage provided to the City of Sunnyvale, its officers, officials, employees, agents or volunteers.
4. The Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City of

Sunnyvale.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City of Sunnyvale.

Verification of Coverage

Lessee shall furnish the City of Sunnyvale with an original Certificate of Insurance effecting the coverage required. The certificates are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates are to be received and approved by the City of Sunnyvale prior to commencement of lease.