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August 24, 2017

Corban Holland  
Pacifica Commercial Realty  
504 First St., Suite A  
Paso Robles, CA 93446

**Re: Non-Binding Letter of Intent (LOI) to Lease:  
8845 El Camino Real, Atascadero, CA**

Dear Corban:

On behalf of San Joaquin Valley College, Inc. (SJVC), herein referred as ("Tenant"), Hyde Commercial Real Estate is pleased to present this Letter of Intent to Dang AB & Lam NN Living Trust, herein referred as ("Landlord") in regards to the rental space defined below.

This LOI describes the lease terms for consideration and is not an offer, reservation or option, but rather for discussion purposes only. Likewise, these terms are for the review, approval, and/or disapproval by the representatives of Tenant and Landlord. The parties shall not be bound by these or any subsequent discussions or negotiations until both the Landlord and Tenant sign a fully executed lease.

If the following terms and conditions meet your approval, please sign below and proceed to have a lease document drafted by Landlord's council to incorporate such terms and conditions.

On behalf of the Tenant, the lease proposal is as follows:

Landlord: Dang AB & Lam NN Living Trust  
Tenant: San Joaquin Valley College, Inc.  
Tenant's Trade Name: SJVC  
Effective Date: December 1, 2017 is the intended "Effective Date" in which a lease will be fully executed by both parties, contingent upon SJVC receiving approval from its accrediting commission, *Western Association of Schools and Colleges (WASC)*, to operate a college in Atascadero, CA.

Premises: 8845 El Camino Real, Atascadero, CA

Permitted Use: General office and classroom instruction in connection with the operation of a vocational education institution under the name of San Joaquin Valley College; and any ancillary uses related thereto.

Size (square feet): Approximately 6,710± sq. ft.  
As identified on **Exhibit A** – Campus Facility Floor Plan

Delivery Date: Landlord shall deliver the Premises for possession to Tenant on or about December 1, 2017.

Rent  
Commencement Date: Rent and all other charges shall commence upon completion of the Tenant Improvements including Tenant's receipt of a Certificate of Occupancy issued from the City of Atascadero's Building Department. Tenant agrees upon execution of this Letter of Intent to commence design drawings and submit plans to Landlord for approval within 45 days. Tenant agrees to apply for building permit within 5 days after Landlord's approval of Tenant's plans.

Initial Term: Five (5) Years from the Rent Commencement Date.

Base Rent:	<u>Year</u>	<u>Monthly Rent PSF</u>
	1	\$6,710.00
	2	\$6,911.30
	3	\$7,118.64
	4	\$7,332.20
	5	\$7,552.16

Lease Type: Gross (Base Rent + Utilities)

#### UTILITIES

In addition to the Base Rent, Tenant shall be responsible for the payment of the following separately metered utilities to the Premises: electricity, gas, water, sewer, trash refuse collection, telecommunications/internet, interior janitorial and alarm service.

#### CAM's (Common Area Maintenance/Operating Expenses)

Excluding the utilities defined above, Landlord shall be responsible for all other operating expenses, which include but are not limited to the following: management fees, the foundation, exterior walls (including graffiti removal), roof maintenance, HVAC maintenance, parking lot maintenance (including monthly sweeping/blowing & preventative slurry seal with striping every 3 to 5 years), concrete car bumpers (if any), parking lot light fixtures, landscaping, and any other maintenance or capital improvement expenses associated to the exterior of the Premises.

Landlord shall maintain and operate the Premises, Building, and Property in a first class condition equal to a standard comparable to other first-class developments within the general vicinity of the Building.

#### PROPERTY TAXES + PROPERTY INSURANCE

Landlord shall be responsible for all Property Taxes assessments to the Property and Fire/Casualty Property Insurance for 100% replacement value.

Option(s): Upon expiration of the initial term, Tenant shall have the right to execute TWO – two (2) year options as follows:

Option 1 – Months 61 - 96  
Option 2 – Months 97 - 132

By written notice to Landlord no less than six (6) months prior to the expiration of the Lease term. The rent payable by Tenant during the option terms shall be the then Fair Market Value.

Security Deposit: Upon Tenant's execution of the Lease, Tenant shall pay a security deposit equal to one (1) month of the Base Rent (\$6,710.00).

Landlord's Delivery: Landlord, at Landlord's expense, shall be responsible for the following:

- A. Demo the interior of the Premises back to a "shell" condition.
- B. Delivery air conditioning unit(s) packaged with 1 ton per 250 square foot. Special requirements or loads that exceed this configuration are the sole responsibility of the Tenant. All air conditioning and heating units to be serviced and in good working order prior to tenant's occupancy. Roof is to be in good working order free of any defects as well as the parking lot asphalt is to be repaired, striped and in good condition free of any defects prior to Tenant's occupancy.
- C. Landlord shall provide an electrical meter with a minimum service of 800 amps (120/208 volts, 3-phase, 4 wire service) and provide homerun conduit(s) from the main electrical room into the Premises. From this point, Tenant shall be responsible for installing all electrical wiring needs throughout the interior of the Premises.

Tenant Improvements: Tenant, at Tenant's expense, shall improve the Premises per approved construction plans and install trade fixture and signage suitable to Tenant's use of the Premises, subject to Landlord's prior written approval. It is understood that Tenant's plans and specifications for improvements are subject to the approval of the applicable local government authorities and Landlord. Signage shall be in compliance with a "Comprehensive Sign Plan" approved by both parties.

Hazardous Substances: Landlord shall warrant that the Premises has no asbestos or other hazardous materials. If Tenant discovers such hazardous substances during the construction phase of the Premises, Landlord shall be fully responsible to remediate such condition.

Tenant shall pay for necessary costs and expenses of Tenant Improvements incurred. Tenant will procure unconditional lien waivers and indemnity forms from all contractors and materialmen who performed work in the Premises.

Signage: Tenant will be provided exclusive use of signage located on the building parapet as indicated in **Exhibit B** – Proposed Building Sign Locations. All signage shall be approved by Landlord and shall be installed at Tenant's cost.

American With Disabilities Act: If the permit to be pulled for the Premises triggers any City Code requirements for ADA compliance on the exterior of the Premises (i.e. parking lot handicap stalls,

concrete ramps or sidewalk approaches to the entry of the Premises, etc.) then the Landlord shall be fully responsible, at Landlord's sole cost and expense, to comply with all current codes pertaining to the Americans with Disabilities Act and to perform any immediate required construction in order not to inhibit or delay the Final Occupancy Permit to be obtained by the Tenant for the interior of the Premises.

- Signage: Tenant, will require the maximum signage allowed on the front building façade of the Premises and position(s) on Project monument sign(s) located throughout the parking area. All signage shall be approved by Landlord and shall be installed at Tenant's cost.
- Liability Insurance: Prior to Tenant taking possession of the Premises, Tenant shall provide Landlord with proof of Liability Insurance, which meets the requirements outlined in the Lease Document, currently one million per occurrence and two million General Aggregate. The Liability Insurance Policy shall list Landlord as Additional Insured.
- Subleasing: The Tenant shall have the right at any time to sublease all or any portion of the Premises to any related entity or affiliate of Tenant, or to any successor corporation, whether by merger or consolidation without the Landlord's approval or consent. Tenant shall keep 100% of the profits of rent, if any.
- In addition, the Tenant shall have the right to sublease all or any portion of the Premises during the lease term to any Subtenant of a type and quality suitable for a first-class office building.
- Non-Disturbance Agreement: Subject to language defined and agreed upon in the lease agreement with the intention that Landlord shall use its best efforts to deliver to Tenant non-disturbance agreements from all current and future mortgages or lessees and any other parties with superior rights.
- Holdover: Landlord shall agree that if Tenant holds over at lease expiration, its tenancy shall be a month-to-month tenancy on the same terms and conditions as the lease, except that the monthly rent will be 125% of the amount of the last monthly Base Rent due during the lease term. This holdover rental amount will be Landlord's exclusive right and remedy against Tenant and will be deemed to cover all liabilities, obligations or charges which may be incurred by Landlord because of a holdover.
- Return of Premises: Tenant shall return the Premises in the same condition of the approved floor plan, normal wear and tear excepted. No other requirements shall be required of Tenant upon vacating the Premises and Landlord shall return Tenant's security deposit within thirty (30) days of the lease expiration date.
- Accreditation Approval Contingency: The execution of the Lease will be contingent upon Tenant acquiring written approval from its accrediting body (WASC) to operate a college located at 8845 El Camino Real, Atascadero, CA.

This Letter of Intent is an outline of the major contemplated lease provisions only, and is not a binding legal agreement to lease. **THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY YOUR ACCEPTANCE OF THIS LETTER OF INTENT.** Neither Landlord nor Tenant shall have any legal obligation or liability to the other with respect to the matters set forth in this Letter of Intent unless and until both parties

execute a definitive lease. Neither party shall have any obligation to continue discussions or negotiations for any such lease. Nothing contained herein shall be construed to create an option for Tenant to lease the Premises or a reservation of the Premises by Landlord for Tenant, or to indicate that Landlord has removed all or any portion of the Premises from consideration by other potential tenants.

The undersigned acknowledges that all correspondence (including this Letter of Intent) and all communication between Landlord, Tenant, and the undersigned concerning information that will ultimately become or becomes part of the Lease is confidential information (collectively, the "**Confidential Information**"). Whether or not the Lease is ultimately consummated, the undersigned and Tenant shall keep the Confidential Information strictly confidential and shall not disclose the Confidential Information to any person or entity other than Tenant's financial, legal, and space planning consultants.

On behalf of San Joaquin Valley College, Hyde Commercial Real Estate would like to say thank you in advance for your consideration of this proposed transaction. If you accept the terms and conditions provided in this Letter of Intent, please indicate so by having an authorized representative of the Landlord sign below.

Sincerely,

Steve Perry  
Hyde Commercial Real Estate

**ACCEPTED AND AGREED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2017:**

**"LANDLORD"**

**Dang AB & Lam NN Living Trust**

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Its: \_\_\_\_\_

**"TENANT"**

**San Joaquin Valley College Inc.**

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Its: \_\_\_\_\_

# EXHIBIT "A"

## Campus Facility Floor Plan



8845 El Camino Real  
Atascadero, CA



## EXHIBIT "B"

### Proposed Building Sign Locations

