

EXHIBIT A

L-208  
HSS

LEASE AGREEMENT

THIS IS A LEASE, dated APR 09, 2002, between MCMAHAN-KAYS, LLC., 11776 Pico Blvd., West Los Angeles, CA 90064 (hereinafter called the "LESSOR", whether one or more), and the COUNTY OF FRESNO, a political subdivision of the State of California, 2220 Tulare Street, 16th Floor, Fresno, CA 93721, (hereinafter called the "LESSEE").

WHEREAS, the COUNTY is in need of leased premises sufficient to accommodate services to be provided by the Human Services System and all ancillary services associated therewith; and,

WHEREAS, LESSOR represents it currently owns property located at 311 Coalinga Plaza, Coalinga, California; and,

WHEREAS, LESSOR will make all necessary tenant improvements to the subject property to accommodate the Human Services System and all ancillary services associated therewith, prior to the commencement of the lease term hereunder.

NOW, THEREFORE, the parties hereto agree as follows:

1. LEASED PREMISES - LESSOR leases to LESSEE approximately 24,000 square feet of office space and adjacent parking lot (approximately 40 stalls) located at 311 Coalinga Plaza, Coalinga, CA, hereinafter referred to as the "Premises."

2. IMPROVEMENTS TO PREMISES - Upon execution of this Lease by all parties, LESSOR shall prepare final drawings, plans and specifications for tenant improvements to the Premises necessary for its use for the Human Services System and ancillary services associated therewith. The drawings, plans and specifications shall be approved in writing by the Director of the Human Services System, or his authorized appointee, prior to the commencement of construction of tenant improvements by LESSOR. Any modifications to the drawings, plans and specifications must be approved in writing by both LESSOR and the Director of the Human Services System, or his authorized appointee.

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1 LESSOR shall make and pay for the tenant improvements according to the drawings,  
2 plans and specifications approved by the LESSEE. LESSOR shall provide all labor, material  
3 and equipment for the completion of the above-mentioned work in strict accordance with the  
4 approved plans and specifications.

5 In the construction of the tenant improvements, LESSOR shall comply with, and shall  
6 insure compliance by all contractors and subcontractors with, all applicable laws and  
7 regulations, including the payment of prevailing wages pursuant to Section 1770 et seq. of the  
8 Labor Code. With regard to the improvements constructed by LESSOR to the Premises which  
9 are separate from the tenant improvements referenced above, the contract for said  
10 improvements shall be entered into prior to the effective date of this Lease Agreement and are  
11 not subject to such prevailing wage regulations.

12 LESSEE shall pay LESSOR a remodeling rent in consideration of LESSOR  
13 constructing the above-described tenant improvements. In lieu of paying the remodeling rent  
14 in accordance with Paragraph 4 of this Lease, LESSEE shall have the option to prepay to  
15 LESSOR the amount of LESSOR'S unamortized cost of the tenant improvements computed in  
16 accordance with Paragraph 11 hereinbelow.

17 3. TERM - The lease term shall commence on September 1, 2002, or two (2) weeks  
18 after the City of Coalinga issues an occupancy permit after the completion of the improvements  
19 mentioned in Paragraph 2 in accordance with the approved drawings, plans and specifications,  
20 whichever is later, and end ten (10) years thereafter. Should LESSEE retain possession after  
21 terminating said Lease Agreement as provided in Clause Nos. 8, 11, 15 and 16, LESSEE shall  
22 become a tenant on a month to month basis on the same terms and conditions as herein  
23 provided and leasehold may be terminated by giving at least thirty (30) days prior written  
24 notice.

25 4. RENT - LESSEE shall pay on or about the 1st of each month a monthly base rent  
26 (the "Base Rent") in the amount of \$11,500.00 for the office space and \$500.00 for the parking  
27 lot for months 1 through 30 of the primary term and increase 5% for months 31 through 60 of  
28 the primary term and each additional 30 months of the primary term and occupancy after the

1 primary term. In addition to the Base Rent, if LESSEE does not pay the cost of its tenant  
2 improvements within thirty (30) days of occupancy of the premises as provided in Paragraph 2  
3 above, LESSEE shall pay on or about the 1st of each month a remodeling rent (the  
4 "Remodeling Rent") to compensate LESSOR for any cost to LESSOR of constructing the  
5 tenant improvements described hereinabove. The Remodeling Rent shall be computed as the  
6 monthly amount required to fully amortize the actual cost of tenant improvements (which shall  
7 not exceed \$850,000 after a \$50,000 tenant improvement allowance) referenced in Paragraph  
8 2 over the ten (10) year primary term at the actual interest rate paid for any construction loan,  
9 not to exceed 9% per annum, or the current rate available for said loan at the execution of this  
10 lease if no loan is taken. The actual amount of said cost will be determined after final drawings  
11 are prepared and project put out to bid. The final cost for tenant improvements shall be  
12 mutually agreed on by LESSOR and LESSEE after bids are received.

13 5. UTILITIES - LESSEE is responsible for all utilities, including telephone.

14 6. USE - LESSEE shall use the leased Premises for the purpose of general office  
15 use. LESSEE agrees to comply with all applicable laws, ordinances and regulations in  
16 connection with its use of the Premises. LESSOR covenants that said Premises are suitable  
17 for the intended use of LESSEE and are in compliance with all applicable laws, ordinances and  
18 regulations for said use.

19 7. MAINTENANCE - All exterior and interior maintenance, and repair of air  
20 conditioning, heating units and roof is to be the responsibility of the LESSOR, excluding  
21 janitorial services and supplies. Landscaping and parking lot maintenance shall be the  
22 obligation of the LESSOR. The LESSOR is also responsible for the structural condition of the  
23 building and agrees that the building will always be maintained in a condition acceptable for the  
24 LESSEE'S intended use of the Premises. This will include interior painting and new carpeting  
25 every five (5) years and exterior painting as needed.

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1           8.    MAINTENANCE, NON-PERFORMANCE - In the event LESSOR neglects, fails or  
2 refuses to maintain said Premises as aforesaid, within fifteen (15) days after written notice has  
3 been given by LESSEE, LESSEE may, notwithstanding any other termination provisions  
4 contained herein:

- 5                   A.    Terminate this Lease; or  
6                   B.    At LESSEE'S sole option, cure any such default by performance of any act,  
7                        including payment of money, and subtract the cost thereof plus reasonable  
8                        administrative costs from the rent.

9           9.    LIABILITY - This Lease is made upon the expressed condition that the LESSEE is  
10 to be free of all liability and damages or injury arising from structural failures or from external  
11 cause to walls, glass, doors, roof and floor. This Lease acknowledges that as between  
12 LESSOR and LESSEE, LESSEE is responsible for the negligence of its employees.

13           LESSEE shall indemnify, defend and hold harmless LESSOR from and against any  
14 and all claims arising from the conduct of LESSEE'S business or from any activity, work or  
15 things done, permitted or suffered by LESSEE in or about the Premises and shall further  
16 indemnify, defend and hold harmless LESSOR from and against any and all claims arising  
17 from any breach or default in the performance of any obligation on LESSEE'S part to be  
18 performed under the terms of this Lease and from and against all costs, attorney's fees,  
19 expenses and liabilities incurred in the defense of any such claim or any action or proceeding  
20 brought thereon. In case any action or proceeding is brought against LESSOR by reason of  
21 any such claim, LESSEE upon notice from LESSOR shall defend the same at LESSEE'S  
22 expense.

23           LESSOR shall indemnify, defend and hold harmless LESSEE from and against  
24 any and all claims, damages, or injury arising from the condition of the Premises and from  
25 breach or default in the performance of any obligation on LESSOR'S part to be performed  
26 under the terms of this Lease and from and against all costs, attorney's fees, expenses and  
27 liabilities incurred in the defense of any such claim or any action or proceeding brought  
28 thereon. In case any action or proceeding is brought against LESSEE by reason of any such  
claim, LESSOR upon notice from LESSEE shall defend the same at LESSOR'S expense.

1           10. INSURANCE. LESSOR shall maintain during the term of this Lease the following  
2 policies of insurance:

3           a. Commercial General liability insurance with limits of not less than \$1  
4 million per occurrence.

5           b. All-Risk or fire insurance and extended coverage on the Premises, and  
6 shall add the LESSEE as an additional loss payee thereon as its interests may appear.

7           Such coverage shall not be materially altered, cancelled or non-renewed unless  
8 LESSEE has received not less than thirty (30) days advance written notice.

9           LESSEE shall maintain during the term of this Lease the following policies of insurance:

10          a. Commercial General Liability insurance with limits of not less than \$1  
11 million per occurrence.

12          b. All-Risk property insurance covering the personal property of LESSEE.

13          It is understood that LESSEE may elect to provide all or a portion of such insurance  
14 coverage through one or more programs of self-insurance.

15          11. NON-FUNDING, TERMINATION - The term of this lease is contingent on the  
16 approval of funds by the appropriating governmental agency. Should funds not be allocated,  
17 this Lease may be terminated by LESSEE by delivering not less than one hundred twenty  
18 (120) days written notice of termination. Should LESSEE exercise its option to terminate under  
19 this Paragraph within the primary ten (10) year lease term, LESSEE shall pay to LESSOR,  
20 within thirty (30) days after the lease termination date an amount equal to the unamortized  
21 principal balance of the cost of the tenant improvements made under Paragraph 2 and 4  
22 assuming an original cost of \$850,000 Dollars amortized at the actual interest rate paid for any  
23 construction loan, not to exceed 9% per annum, or the rate available for said loan at the  
24 execution of this lease if no loan is taken for ten (10) years of monthly payments.

25          12. SURRENDER OF POSSESSION - It is mutually understood that upon any  
26 termination of this Lease, LESSEE will surrender Premises to LESSOR in original condition  
27 less reasonable wear and tear and will not be responsible for any damage or destruction which  
28 LESSEE was not obligated hereunder to repair or replace.

1           13. FIXTURES - It is further mutually understood and agreed that any equipment,  
2 fixtures or apparatus installed in or on said Premises by the LESSEE, with the permission of  
3 LESSOR, shall continue to be the property of the LESSEE and shall be removed by the  
4 LESSEE without recourse at the expiration of tenancy. LESSEE to repair damage caused by  
5 the removal of fixtures. Any fixtures not removed become the property of LESSOR.

6           14. RIGHT OF ENTRY - LESSOR, or his representatives, shall have the right to enter  
7 said Premises during business hours at any time during the term of this Lease to make any  
8 alteration, repair or improvement to said building, or the Premises, which he or she deems  
9 convenient for the maintenance or preservation thereof provided always that the normal  
10 business of LESSEE or its invitees shall not be unnecessarily inconvenienced.

11           15. OPTION TO RENEW - It is further understood and agreed that LESSOR gives to  
12 LESSEE two five (5) year options to renew this Lease and continue on the Premises under the  
13 same terms and conditions after the primary term. Said option will be automatically exercised  
14 each year unless either LESSOR or LESSEE advises the other to the contrary by giving at  
15 least a thirty (30) day written notice before the last day of the then current Lease term.

16           16. DESTRUCTION OR DAMAGE -

17           (a) If the Premises or the portion of the Building necessary for LESSEE'S  
18 occupancy, or if any other portion of the Building or property of LESSOR necessary to the  
19 operation of the LESSEE'S business, is damaged by fire, earthquake, act of God, the elements  
20 or other casualty, LESSOR shall, subject to the provisions of this Paragraph 16, promptly  
21 repair the damage, if such repairs can, in LESSOR'S opinion, be completed within one  
22 hundred and twenty (120) days. If LESSOR determines that repairs can be completed within  
23 one hundred and twenty (120) days, this Lease shall remain in full force and effect, except that  
24 the Base Rent shall be abated to the extent LESSEE'S use of the Premises is impaired,  
25 commencing with the date of damage and continuing until completion of the repairs required of  
26 LESSOR under Paragraph 16(d) below.

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1 (b) If in LESSOR'S opinion, such repairs to the Premises or portion of the  
2 Building necessary for LESSEE'S occupancy cannot be completed within one hundred and  
3 twenty (120) days, at the option of the LESSEE, the Lease may be declared null and void as of  
4 the date of the fire or other casualty. If LESSOR elects to repair such damage, LESSOR may,  
5 upon notice to LESSEE given within thirty (30) days after the date of such fire or other  
6 casualty, request LESSEE to maintain the Lease in full force and effect. If LESSEE agrees to  
7 the continuation of the Lease, the Base Rent shall be wholly or partially abated as provided in  
8 Paragraph 16(a) above.

9 (c) If LESSOR does not elect to make such repairs, this Lease shall terminate as  
10 of the date of such fire or other casualty.

11 (d) If the Premises are to be repaired under this Paragraph 16, LESSOR  
12 shall repair at its cost any injury or damage to the Building and Building Standard Work in the  
13 Premises, including any alterations or fixtures installed (or attached to the Premises) by  
14 LESSEE. LESSEE shall be responsible at its sole cost and expense for replacement of  
15 LESSEE'S personal property. LESSOR shall not be liable to LESSEE for compensation for  
16 any loss of business, inconvenience or annoyance arising from any repair or restoration of any  
17 portion of the Premises or Building as a result of any damage from fire or other casualty.

18 17. VENUE - Venue for any action arising out of or relating to this Lease shall only be  
19 in Fresno County, California. The rights and obligations of the parties and all interpretation and  
20 performance of this Lease shall be governed in all respects by the laws of the State of  
21 California.

22 18. NOTICES - Any notice required or intended to be given to either party under the  
23 terms of this Lease shall be in writing and shall be deemed to be duly given if delivered  
24 personally or deposited into the United States mail, with postage prepaid, addressed to the  
25 respective address as previously stated herein.

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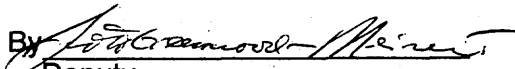
1           19. ENTIRETY - SUCCESSION - This Lease merges and supersedes all prior  
2 negotiations, representations, and contracts, and constitutes the entire agreement concerning  
3 LESSOR'S leasing of the Premises to LESSEE and the consideration therefore.

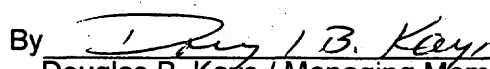
4           This agreement shall be binding on and inure to the benefit of LESSOR'S heirs,  
5 successor and assigns.

6           EXECUTED as of the date first herein written.

7           APPROVED AS TO LEGAL FORM:  
8 PHILLIP S. CRONIN, COUNTY COUNSEL

LESSOR  
MCPAHAN-KAYS, LLC

9 By   
10 Deputy

By   
Douglas B. Kays / Managing Member

11           APPROVED AS TO ACCOUNTING FORM:  
12 GARY W. PETERSON  
AUDITOR-CONTROLLER/TREASURER-  
TAX COLLECTOR

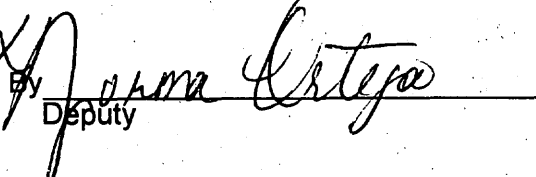
LESSEE  
COUNTY OF FRESNO

13 By 

By   
Chairman, Board of Supervisors

14           ATTEST: Bart Bohn, CLERK  
15 BOARD OF SUPERVISORS

RECOMMENDED FOR APPROVAL:

16 By   
17 Deputy

By   
David Dent, Director  
Human Services System

18           Org No. 56107081  
19 Acct. No. 7340

20           Tax ID # 95-4879988

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22 2079A