



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-17

For the meeting of: October 6, 2015

Date: September 17, 2015
 To: Board of Supervisors
 From: William Damiano, Chief Probation Officer
 Subject: Approval of Lease Agreement and Supplemental Budget (4/5 Vote)

RECOMMENDATIONS:

That the Board of Supervisors:

1. Approves the lease with PWM, Inc. and Fred Lundblade for office space at 555 H Street, in Eureka, suite A, for the period beginning December 1, 2015 through November 31, 2018;
2. Approves the supplemental budget for BU 294 to pay for office Lease costs (4/5 vote required);
3. Directs the Clerk of the Board to return one copy of the executed lease to Public Works-Real Property Division; and
4. Approves the attached appropriation transfer for BU 296-Measure Z Probation to fund building modifications.

SOURCE OF FUNDING:

Measure Z (Probation, Budget Unit 296)

DISCUSSION:

On October 23, 2007, the County entered into a Lease with PWM, Inc. and Fred Lundblade for 3.162

Prepared by Elisha Hardison, Legal Office Business Manager

CAO Approval

Chief Dillingham

REVIEW:	<i>ABM</i>	County Counsel	Personnel	Risk Manager	Other
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TYPE OF ITEM

Consent

Departmental

Public Hearing

Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Lovelee* Seconded by Supervisor *Sundberg*

Ayes: *Sundberg, Lovelee, Fennell, Behn*

Nays:

Abstain:

Absent: *Beess*

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report

Dated: *October 6, 2015*

By: *Kathy Hayes*

Kathy Hayes, Clerk of the Board

square feet of office space, including Suites B, H, and F, at 555 H Street in Eureka. The Lease began on October 31, 2007, and was set for five years and was scheduled to end on October 31, 2013. Under the terms of the Agreement, the County has the option to extend the Lease upon the same terms and conditions for two, two-year terms, if written notice is given to the Lessor sixty days prior to the end of the initial term or any two-year extension. On June 7, 2013, the Board of Supervisors approved the first extension of this Lease for an additional two years, through October 31, 2015. On September 9, 2015, Board of Supervisors approved the second two year extension which extends this Lease through October 31, 2017.

In addition to this Agreement, the County entered into a second Lease with PWM, Inc. and Fred Lundblade for the rental of Suites C and D at the 555 H Street location. This Lease started on February 28, 2008 and was for five years. On December 11, 2012, the Board of Supervisors approved the first two year extension to this Lease, extending it through February 2015. On December 9, 2014, the Board of Supervisors approved to extend this Lease for the second two year extension, through February 28, 2017.

The Probation Department currently utilizes the entire top floor of 555 H Street to house its Adult Division. The location is near the Courthouse and County's Community Corrections Resource Center and provides staff the opportunity to work in close proximity to the Court, Sheriff's Department and other Probation County employees assigned to the Community Corrections Resource Center.

With the passing of Measure Z earlier this year, Probation was approved for the hire of six (6) new Deputy Probation Officer (DPO) positions. Five (5) of the six (6) positions are slated to join Probation's Adult Field Division. This new addition of staff will cause overpopulation in the existing leased suites at 555 H Street. In order to address the need for additional office space, Probation inquired with the Public Works-Real Property Division and PWM Inc., about the possibility of leasing additional office space on the first floor of 555 H Street. This lease is for approximately 720 square feet of office space comprised of suite A at a cost of \$1,094.40 monthly or approximately \$1.52 square foot with a 3% annual increase beginning December 2016. The lease term is three (3) years commencing December 1, 2015 and ending October 31, 2018 with the option to extend the lease under the same terms and conditions for two (2), one-year (1) terms, if written notice is given to the Lessor sixty (60) days prior to the end of the initial term or any one-year (1) extension. Included as part of the Lease, the Lessor provides janitorial service and one (1) off-street parking space.

In an effort to place and keep the new DPOs with the rest of their unit and their unit supervisor, it was decided that rather than place the newly hired Measure Z DPOs downstairs, that the four (4) Supervised Release Probation (SRP) DPOs currently working in the 555 H Street Probation office space would move downstairs along with the Administrative Analyst for their budget unit (BU 294) in order to make room in the existing leased space for these Measure Z DPOs. Budgeted into Probation's Measure Z request was an estimate for 698 sq. ft. of office space at a lease rate of \$1.52/sq. ft. which resulted in \$12,732 being budgeted into BU 296 to accommodate office space for these new DPOs. With the necessary change in plans to move SRP DPOs into the newly acquired space rather than Measure Z DPOs, on August 19, 2015 Probation went before the Community Corrections Partnership (CCP) Executive Committee to pursue funding this lease through Realignment funds and was approved.

In order for Probation to occupy the office space some improvements need to be made to the suite and the estimate for modifications (attachment 3) came in at \$14,886. Due to the lease costs being covered via Realignment funds, the \$12,732 budgeted for lease costs in Probation Measure Z budget unit 296, will remain unspent. Probation is therefore looking to use these funds to pay for the cost of these building modifications rather than amortize them over the life of the lease. The additional \$2,154 in funds needed to cover the full cost of the modifications would come from unspent funds in other portions of the Measure Z budget due to the length of the process to hire sworn law enforcement positions.

FINANCIAL IMPACT:

Beginning December 1, 2015, the cost of this Lease will be \$1,094.40 monthly or approximately \$1.52 per square foot. Lease costs will increase annually by 3 percent beginning in December 2016. On August 19, 2015 the Community Corrections Partnership (CCP) Executive Committee approved the ongoing payment of this lease from 2011 Public Safety Realignment funds. The requested supplemental budget of \$7,661 is needed to provide funding for the lease for the remainder of the fiscal year. The recommended appropriation transfer moves \$14,886 into a fixed asset account for building improvements in the leased facility. These funds are available from savings in the Probation Measure Z budget as previously described.

The office at 555 H Street offers Probation Department staff with an excellent location to work with other County Departments and Law Enforcement agencies and supports the Board's Strategic Framework by providing community appropriate levels of service.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division- assisted in the preparation of the lease and this Board Item.

Community Corrections Partnership (CCP) Executive Committee

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board, at its discretion can elect not to approve the appropriation transfer to utilize unspent Measure Z funds on building modifications to house staff displaced by Measure Z hiring. If this is the case, Probation will need to come back before the Board with an alternative source of funding for the necessary modifications.

ATTACHMENTS:

1. Lease for Office Space at 555 H Street, Exhibit A – Suite A
2. Supplemental Budget for Budget Unit 294 to cover the lease costs
3. Estimate for Building Modification Costs-555 H Street, Suite A
4. Appropriation Transfer for Budget Unit 296 to move unspent funds into a building modification line

ATTACHMENT 2
FY 2015/16
SUPPLEMENT BUDGET
BUDGET UNIT Public Safety Realignment 294

REVENUES:

1100-294-504410	2011 Public Safety Realignment	\$7,661.00
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TOTAL REVENUES:		\$7,661.00
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EXPENDITURES:

1100-294-2121	Rents/Leases- Structures	\$7,661.00
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TOTAL EXPENDITURES:		\$7,661.00
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Ms. Ronda Kime
August 19, 2015
Page Two

HEATING:

Install return air in three (3) offices.

ALARM / ACCESS SYSTEMS:

County to supply and install electric strikes and/or new access and alarm system.

FLOORING:

Clean existing carpet.

WINDOWS:

Supply & Install One (1) 43" x 48" White Vinyl Tempered Horizontal Slider (not bullet proof).

Supply & Install Two (2) new vertical window blinds.

Wash inside of all windows.

COUNTER TOP:

One (1) 43" x 12" Formica Counter.

SPECIAL EQUIPMENT:

PWM to remove existing furniture.

Desks / systems, furniture, partitions etc. supplied and installed by County.

NOTES:

1. All work performed during daytime, holidays, days, and/or weekends.
2. Probation to confirm wall layouts; window heights; and counter depths to meet furniture, customer service, and employee requirements...
3. Odors and/or dust are inevitable with new construction. County to notify and insure its employees are informed of the potential thereof. PWM not responsible for complaints/loss of work due to construction odor/dust. PWM to vacuum immediate area of construction only.
4. Window lead time can be up to 6 weeks.
5. Price good for 15 days.

Total Price for the above: \$14,886.00

Thank you for the opportunity to submit this proposal for your consideration.

Sincerely,



Tom McMurray V

ORIGINAL

LEASE

This Lease is made and entered into this 6 day of October, 2015, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY, and PWM, Inc., a California Corporation, and Fred Lundblade, an individual, hereinafter referred to as LESSOR;

WHEREAS, COUNTY desires to lease premises for COUNTY offices and LESSOR desires to lease the premises described herein to COUNTY;

NOW, THEREFORE, it is mutually agreed as follows:

1. PREMISES

LESSOR leases to COUNTY and COUNTY leases from LESSOR the following described premises located in Eureka, County of Humboldt, State of California:

Approximately 720 square feet, Suite A, of the premises located at APN 001-144-005, more commonly known as 555 H Street, Eureka, CA, as shown on Exhibit A, which is attached hereto and incorporated herein. The leased premises shall also include the use of the restrooms.

2. USE OF PREMISES

The premises shall be used by COUNTY for county offices as determined by COUNTY. At the commencement of this Lease COUNTY intends to use the premises as offices for the County Probation Department.

3. QUIET ENJOYMENT

Subject to the provisions of this Lease and conditioned upon performance of all the provisions performed by COUNTY hereunder, LESSOR shall secure to COUNTY during the term the quiet and peaceful possession of the premises and all rights and privileges appertaining thereto.

4. TERM OF LEASE

A. The initial term of this Lease shall be for a period of three (3) years commencing December 1, 2015 and ending November 30, 2018.

B. COUNTY has the option to extend this Lease, upon the same terms and conditions, for two (2), one (1) year terms. Each option may be exercised by COUNTY giving LESSOR written notice of its intent to extend the Lease. The notice shall be in writing and shall be given to LESSOR sixty (60) days prior to the end of the initial term or any one (1) year term extension.

C. Any holding over with LESSOR'S consent beyond the term of this Lease shall be a month to month tenancy, with all the terms and conditions of this Lease.

5. RENT

COUNTY shall pay to LESSOR as rent for the leased premises a monthly rental as follows:

One Thousand Ninety Four Dollars and Forty Cents (\$1,094.40)

Rent shall be paid in advance on the first day of each month, except in the event that COUNTY'S occupancy shall commence on a day other than the first day of the month, the rent for the first partial month shall be prorated at one-thirtieth (1/30) of the rental rate for each calendar day the premises are ready for occupancy during such month.

Commencing on the first day of the second year and continuing each year thereafter during the initial term or any option terms, annual rent shall be increased by three percent (3%).

6. BUILDING STANDARDS AND COMPLIANCE WITH LAWS

LESSOR covenants and warrants that the premises have been constructed and any remodeling done in accordance with all local, state and federal laws and regulations, including but not limited to, the Americans with Disabilities Act. LESSOR further agrees to comply with any federal, state or local licensing standards, any applicable accrediting standards, and any other applicable standards or criteria established locally or by the state or federal governments.

COUNTY shall have the right to terminate this Lease upon seven (7) days written notice if any of the above mentioned applicable laws, standards, or criteria are not complied with.

LESSOR shall supply and install fire extinguishers in compliance with current building and fire codes.



7. SMOKING

Pursuant to Humboldt County Code §971-1 et seq., COUNTY owned or leased premises are smoke free. LESSOR shall comply with said provision.

8. UTILITIES

A. COUNTY agrees to pay for all charges for refuse collection and electricity supplied to and used in the leased premises by COUNTY. COUNTY shall pay for its own telephone, data and security alarm services.

B. COUNTY agrees to pay eight (8) percent of all charges of gas, water, sewer and common area electrical service and routine elevator service supplied to and used in the building. All charges shall be paid within thirty (30) days following receipt of bill.

9. JANITORIAL

LESSOR shall be responsible for janitorial services to the leased premises a minimum of two (2) times per week on Monday and Thursday or Tuesday and Friday. Services to be performed outside of normal working hours to avoid disruption of COUNTY services. LESSOR shall be responsible for janitorial services for all common areas throughout building and shall keep same in a clean and professional manner.

Janitorial services shall include all necessary supplies. Janitorial services shall include once annual cleaning of carpets, twice annual exterior window cleaning and once annual interior window cleaning. Janitorial services shall include once annual cleaning of all window coverings.

10. MAINTENANCE AND REPAIRS

During the term of this Lease or any extension thereof, LESSOR shall maintain the premises in good repair and tenantable condition so as to minimize breakdowns and loss of COUNTY'S use of the premises caused by deferred or inadequate maintenance. LESSOR shall be responsible for all maintenance and repairs to the premises including, but not limited to, the interior and exterior of the building, landscaping, parking lot, heating unit, fire extinguishers, and window glass, except for the following:

A. Light bulbs and ballasts.



B. Minor plumbing, such as repairing of faucets, toilets, and the unstopping of toilets and sinks.

C. Any repairs caused by negligence or vandalism of COUNTY personnel or its clients.

D. Any repairs to phone system, computers, or security system or any COUNTY equipment or installation thereof.

E. Pest control for COUNTY leased premises.

The heating system shall be maintained and operated by LESSOR.

The heating system shall be inspected each year by a qualified inspector. LESSOR shall notify COUNTY when the inspection shall occur. LESSOR shall provide COUNTY with a copy of the inspection report within two (2) days of receipt by LESSOR. LESSOR shall correct any problems found during the inspection within ten (10) days of the date of the inspection.

LESSOR shall change the heating filters quarterly.

LESSOR shall clean the heating vents quarterly.

LESSOR shall service fire extinguishers at least annually.

LESSOR shall have ten (10) days after notice from COUNTY to commence to perform its obligations under this paragraph, except that LESSOR shall perform its obligations immediately if the nature of the problem presents a material hazard or emergency as determined by COUNTY. If LESSOR does not perform its obligations within the time limitations in this paragraph, COUNTY, after notice to LESSOR, can perform the obligations and has the right to be reimbursed for the sum COUNTY actually and reasonably expends (including charges for COUNTY employees and equipment) in the performance of LESSOR'S obligations. If LESSOR does not reimburse COUNTY within ten (10) days after demand from COUNTY, COUNTY shall have the right to withhold from future rent due the sum COUNTY has expended until COUNTY is reimbursed in full. Any notice or demand concerning a material hazard or emergency may be made orally, by telephone or otherwise, provided that written confirmation is given within two (2) days after the oral notice or demand is made. Such confirmation shall be made as provided in paragraph 27, "NOTICE".

11. IMPROVEMENTS AND ALTERATIONS

COUNTY may make non-structural alterations or improvements to the premises to accommodate COUNTY'S use of the premises. However, COUNTY shall not make any alterations or improvements to the leased premises without the prior written consent of LESSOR. Such consent shall not be unreasonably withheld.

COUNTY, at its own cost, may install in the premises the equipment needed for telecommunication system and computer terminals including, but not limited to, the following:

- A. Telephone cable;
- B. Key system units;
- C. Intercom system;
- D. Telephones;
- E. Answering machines; and
- F. Security system.

Upon termination of the Lease, LESSOR may require, and COUNTY shall have the right to remove from the premises any such equipment installed by COUNTY.

12. INSTALLATION AND REMOVAL OF TRADE FIXTURES

COUNTY may cause or permit to be installed and/or affixed to the premises such fixtures, signs and equipment as COUNTY deems desirable and all such fixtures, signs and equipment shall remain the property of COUNTY and may be removed at any time provided that COUNTY, at its expense, shall repair any damage caused by reason of such removal. All such fixtures, signs and equipment that are exterior to the building shall be approved by LESSOR.

13. COUNTY'S RIGHT TO ERECT SIGNS

COUNTY shall have the right to erect and maintain upon the premises all signs that it deems appropriate, with LESSOR'S prior written approval. LESSOR shall cooperate with COUNTY in obtaining any variances from restrictions placed on the use of signs by local authorities. LESSOR and COUNTY shall mutually agree as to the location, size, and style of any signs.



14. REAL PROPERTY TAXES

LESSOR shall pay all real property taxes and general and special assessments levied and assessed against the premises.

15. HOLD HARMLESS/INDEMNIFICATION

A. LESSOR shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with LESSOR'S duties and obligations under this Agreement and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of the COUNTY.

B. COUNTY shall indemnify, defend and hold harmless LESSOR and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with COUNTY'S duties and obligations under this Agreement and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of the LESSOR.

C. Acceptance of insurance, if required by this Agreement, does not relieve LESSOR from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by LESSOR'S operations regardless if any insurance is applicable or not.

16. LESSOR'S INSURANCE

This Lease shall not be executed by COUNTY and LESSOR is not entitled to any rights, unless certificates of insurances, or other sufficient proof that the following provisions have been complied with, and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.

Without limiting LESSOR'S indemnification provided for herein, LESSOR shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Agreement and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may



arise from or in connection with the activities hereunder of LESSOR, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors.

A. Comprehensive or Commercial General Liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.

B. Property Insurance

LESSOR is responsible for providing "All-Risk" Property Insurance for this location.

C. Workers' Compensation Insurance Coverage

If required by California law, and in accordance with the statutory limits set forth therein, said policy shall contain or be endorsed to contain a waiver of subrogation against COUNTY, its officers, agents, and employees.

17. COUNTY'S INSURANCE

Without limiting COUNTY'S indemnification provided herein, COUNTY shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Agreement and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of COUNTY, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:

A. Comprehensive/Liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 per occurrence for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.



B. Property Insurance

COUNTY is responsible for providing an "All-Risk" Property Insurance for the contents of the property at this location.

C. Workers Compensation Insurance Coverage

COUNTY certifies that COUNTY is aware of the provisions of Section 3700 of the California Labor Code and COUNTY will comply with such provisions in connection with any work performed on the premises. Any persons providing services with or on behalf of COUNTY shall be covered by workers' compensation (or qualified self-insurance).

18. SPECIAL INSURANCE REQUIREMENTS

Said policies shall, unless otherwise specified herein, be endorsed with the following provisions:

A. LESSOR

1. The Comprehensive General Liability Policy shall provide that the COUNTY, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf of LESSOR. The coverage shall contain no special limitations on the scope of protection afforded to the COUNTY, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability.
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Is primary insurance as regards to County of Humboldt.
- d. Does not contain a pro-rata, excess only, and/or escape clause.
- e. Contains a cross liability, severability of interest or separation of insureds clause.
- f. Shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY and in accordance with the Notice provisions set forth under Section 27. It is further



understood that LESSOR shall not terminate such coverage until it provides COUNTY with proof satisfactory to COUNTY that equal or better insurance has been secured and is in place.

g. Is primary coverage to COUNTY, and insurance or self-insurance programs maintained by COUNTY are excess to LESSOR'S insurance and will not be called upon to contribute with it.

2. LESSOR shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Agreement by COUNTY. The endorsements shall be on forms as approved by the COUNTY'S Risk Manager or County Counsel. Any deductible or self-insured retention over \$100,000 shall be disclosed to and approved by COUNTY. If LESSOR does not keep all required policies in full force and effect, COUNTY may, in addition to other remedies under this Agreement, take out the necessary insurance, and LESSOR agrees to pay the cost of said insurance. COUNTY is also hereby authorized with the discretion to deduct the cost thereof from the monies owed to LESSOR under this Agreement.

3. COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered and LESSOR shall be required to purchase additional coverage to meet the aggregate limits set forth above.

B. COUNTY

1. The Comprehensive General Liability Policy shall provide that the LESSOR, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf of COUNTY. The coverage shall contain no special limitations on the scope of protection afforded to the LESSOR, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Contains a cross liability, severability of interest or separation of insureds clause.
- d. The policies shall not be canceled, non-renewed or



materially reduced in coverage without thirty (30) days prior written notice being provided to LESSOR and in accordance with the Notice provisions set forth under Section 27. It is further understood that COUNTY shall not terminate such coverage until it provides LESSOR with proof satisfactory to LESSOR that equal or better insurance has been secured and is in place.

e. COUNTY shall furnish LESSOR with certificates and original endorsements effecting the required coverage of this Agreement by LESSOR.

C. COUNTY AND LESSOR

1. The COUNTY and LESSOR agree that insurance carried or required to be carried by either of them against loss or damage to property by fire, flood, earthquake, acts of terrorism, acts of war or other casualty shall contain a clause whereby the insurer waives its right to subrogation against the other party, its elected officials, directors, employees, volunteers, and agents and each party shall indemnify the other against any loss or expense, including reasonable attorney's fees resulting from the failure to obtain such waiver.

2. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

3. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to LESSOR, COUNTY, their officers, officials, employees, and volunteers.

19. PARKING

Leased premises includes one (1) off-street parking space which are included in the rent in Clause 5 of this Lease. LESSOR shall be responsible for all maintenance and repair of the parking lot.

20. DESTRUCTION OF PREMISES

In the event the premises are destroyed in whole or in part by fire or other casualty to the extent that they are substantially unusable, COUNTY reserves the right to forthwith terminate this Lease upon written notice within seven (7) days following the date of loss.

If such casualty occurs and a portion of said premises is still usable by COUNTY, the rent shall be prorated on a square footage basis of usable space until the premises are restored to their original condition. Payment of prorated rent shall not constitute a waiver of COUNTY'S right to terminate this Lease as provided in this paragraph (20).

In the event that the premises are destroyed in whole or in part by fire or other casualty, and the cost of restoring the same exceeds the then remaining rental for the unused portion of the term of this Lease, LESSOR shall have the option to rebuild or to terminate this Lease. Such option shall be exercised by LESSOR by notice in writing to COUNTY within seven (7) days following the date of loss. LESSOR'S option to rebuild shall not constitute a waiver of COUNTY'S right to terminate this Lease, as provided in this paragraph (20).

21. USE UNLAWFUL OR PREMISES CONDEMNED

If it becomes unlawful for COUNTY to conduct its intended operations on the premises, or if a portion of the premises or approaches thereto is condemned by public authority so that it becomes impossible to use the premises, or if any highway or street change is made diverting or re-routing traffic away from the premises so that the premises become impossible to use, COUNTY shall have the right at any time thereafter to terminate this Lease by giving LESSOR seven (7) days notice in writing of such termination.

22. PREMISES UNUSABLE

If as a result of causes, such as flood, strikes, riots, insurrection, or other similar or different causes beyond the control of LESSOR, the premises shall become unusable from a practical standpoint for a period of ten (10) consecutive days or longer, then COUNTY may: (1) terminate the Lease upon seven (7) days written notice to LESSOR, (2) by notice in writing to LESSOR prorate the rent for the period of time the premises are unusable from a practical standpoint or (3) by notice in writing to LESSOR at any time prior to the date when this Lease would otherwise terminate, further extend this Lease without the requirement of the payment of rent for the period of time which the premises were unusable from a practical standpoint. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

23. NUCLEAR FREE CLAUSE

LESSOR certifies by its signature below that LESSOR is not a nuclear weapons contractor, in that LESSOR is not knowingly or intentionally engaged



in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. LESSOR agrees to notify COUNTY immediately if it becomes a nuclear weapons contractor, as defined above. COUNTY may immediately terminate this Lease if it determines that the foregoing certification is false or if LESSOR becomes a nuclear weapons contractor.

24. LESSOR DEFAULT

Except where another time limit is specifically provided, LESSOR shall be in default of this Lease if it fails or refuses to perform any material provision of this Lease that it is obligated to perform if the failure to perform is not cured within ten (10) days after written notice of the default has been given by COUNTY to LESSOR. If the default cannot reasonably be cured within ten (10) days, LESSOR shall not be in default of this Lease if LESSOR commences to cure the default within the ten (10) day period and diligently and in good faith continues to cure the default.

25. COUNTY'S REMEDIES ON LESSOR'S DEFAULT

COUNTY, at any time after LESSOR is in default, can terminate this Lease or can cure the default at LESSOR'S cost. If COUNTY at any time, by reason of LESSOR'S default, pays any sum or does any act that requires the payment of any sum, the sum paid by COUNTY shall be due from LESSOR to COUNTY within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum is paid by COUNTY until COUNTY is reimbursed by LESSOR. If LESSOR fails to reimburse COUNTY as required by this paragraph, COUNTY shall have the right to withhold from future rent due the sum COUNTY has expended until COUNTY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

26. TERMINATION

COUNTY reserves the right to terminate this Lease, upon seven (7) days written notice, for any cause or reason provided by the Lease itself, or by law, or upon the happening of one or more of the following:

- A. The making by LESSOR of any general assignment for the benefit of creditors.



B. The failure of LESSOR to pay promptly when due all charges, fees, or other payments in accordance with this Lease.

C. The failure of LESSOR to remedy any default, breach, or violation of county, municipal, federal and/or state laws or regulations by LESSOR or its employees.

D. The violation of any of the provisions of this Lease.

E. The building becomes damaged due to fire, flood, earthquake, or any other natural disaster.

F. Intentionally supplying COUNTY with false or misleading information or misrepresenting any material fact on its application or documents or in its statement to or before COUNTY, or intentional failure to make full disclosure on its financial statement or other documents.

27. NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

LESSOR: PWM, Inc.
P.O. Box 1032
Eureka, CA 95502-1032

COUNTY: County of Humboldt
Public Works
Real Property Division
1106 Second Street
Eureka, CA 95501

All insurance notices shall also be sent to:

County of Humboldt
Human Resources - Risk Management Services
825 Fifth Street, Room 100
Eureka, CA 95501

Each party may at any time change its address for notice by giving written notice of such change to the other party in the manner provided in this Section.

28. ASSIGNMENT

This Lease shall not be assigned by either party without the written consent of the other party. Such consent shall not be unreasonably withheld.

29. LEASE MODIFICATION

This Lease may be modified only by subsequent written agreement signed by COUNTY and LESSOR.

30. LESSOR NOT OFFICER, EMPLOYEE, OR AGENT OF COUNTY

While engaged in carrying out and complying with the terms and conditions of this Lease, LESSOR is an independent contractor and not an officer, employee, or agent of COUNTY.

31. ATTORNEYS' FEES

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this Lease to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached, or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

32. WAIVER OF BREACH

The waiver by COUNTY of any breach of any provisions of this Lease shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Lease.



33. BREACH, REMEDY FOR

In the event of breach of this Lease by LESSOR or COUNTY, COUNTY and/or LESSOR shall have all rights and remedies provided by law.

34. SURRENDER OF PREMISES

At the termination of this Lease, COUNTY shall surrender the building to LESSOR in good condition and repair, except for normal wear and tear. COUNTY shall be under no obligation to repair or restore the whole or any portion of the building which may be damaged by reason of fire, earthquake, the elements or other casualty.

35. BINDING EFFECT

All provisions of this Lease shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, successors, and assigns.

36. JURISDICTION AND APPLICABLE LAWS

This Lease shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this Lease shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to Code of Civil Procedure §§394 and 395.

37. INTERPRETATION

As this Lease was jointly prepared by both parties, the language in all parts of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

IN WITNESS WHEREOF, this Lease has been executed by the parties

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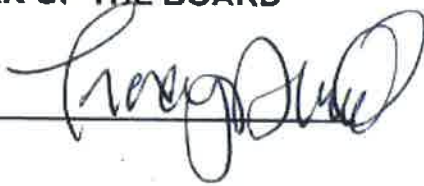


hereto upon the date first written above.

(SEAL)

ATTEST:
CLERK OF THE BOARD

COUNTY OF HUMBOLDT

BY 

BY 
CHAIRPERSON
BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA

LESSOR:

BY 

TITLE President - PNM 9-28-15
(Chairman, Pres., Vice President)

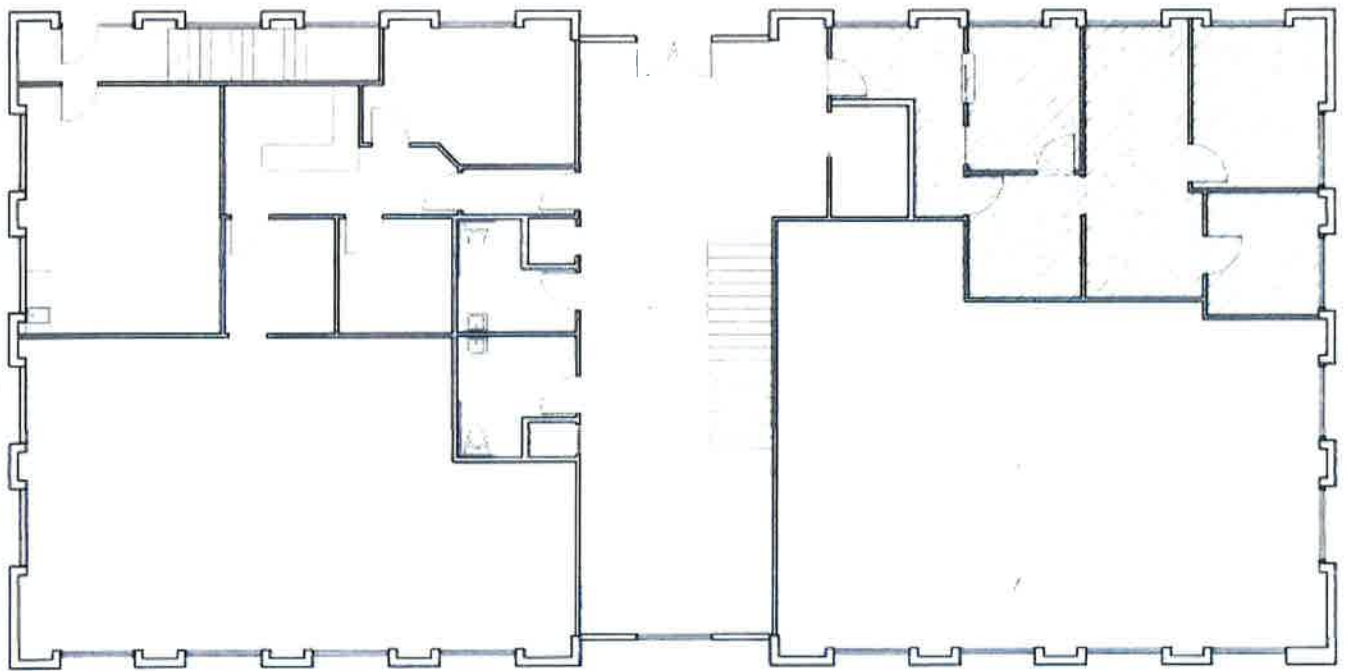
BY 

TITLE V.P., TREASURER - PNM INC.
(Secretary, Assist Secretary, CFO
Treasurer)

BY 

TITLE CO-OWNER 555 H ST.





FIRST FLOOR PLAN
DO NOT SCALE ←

EXHIBIT A