



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

C-7

For the meeting of: October 6, 2015

Date: September 18, 2015

To: Board of Supervisors

From: M. Lisa Dugan, Director, Department of Child Support Services

Subject: FIRST OPTION TO EXTEND THE LEASE AT 2420 SIXTH STREET, EUREKA

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve exercising the first option to extend the lease at 2420 Sixth Street, Eureka, with Humboldt Partners (Lessor), for the period January 1, 2016, through December 31, 2020.
2. Authorize the Public Works – Real Property Division to send a notice to Humboldt Partners that the County is exercising the first option to extend the lease.
3. Direct the Clerk of the Board to return one executed agenda item to Public Works – Real Property Division.
4. Authorize the Director of Child Support Services to enter into sublease agreements after review by County Counsel, Real Property, and Risk Management for the lease at 2420 Sixth Street, Eureka, as needed.

Prepared by M. Lisa Dugan CAO Approval Kathy Hayes

REVIEW: Auditor AO County Counsel _____ Personnel _____ Risk Manager KH Other _____

TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Lovelace Seconded by Supervisor Sundberg

Ayes Sundberg, Lovelace, Fennell, Bohm

Nays _____

Abstain _____

Absent Bess

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

SOURCE OF FUNDING:

Child Support Services Fund

DISCUSSION:

On May 3, 2011, the County of Humboldt entered into a lease with Humboldt Partners for occupancy of space located at 2420 Sixth Street, Eureka (item C-2), for a five-year period commencing January 1, 2011, and ending December 31, 2015. This lease included the option for the County to extend the lease upon the same terms and conditions for two (2) five-year terms. Lessor has waived the 90-day notification period.

As the Department has decreased in size over the past decade, there has become office space available. For the last several years, the Drug Task Force (DTF) has occupied a portion of the available space. Additional space may from time-to-time become available. Therefore, the Department requests authorization to, with guidance from County Counsel, Risk Management, Real Property Division, enter into sublease agreements that would align with the Department's future space needs.

The Department of Child Support Services, therefore, requests and recommends that the Board of Supervisors approve exercising the first option to extend the lease at 2420 Sixth Street, Eureka, with Humboldt Partners through December 31, 2020.

FINANCIAL IMPACT:

The current monthly rent for the leased space is \$32,516.00; this amount is subject to an annual CPI (Consumer Price Index) adjustment not to exceed 5% on January 1 of each year. The costs are included in the Department's budget (1380 206). There is no impact on the County's General Fund.

Exercising the first option to extend the lease on this space will support the Board's Strategic Framework by allowing the Department of Child Support Services to continue its mission of collecting child support and serving the families of Humboldt County.

OTHER AGENCY INVOLVEMENT:

Public Works – Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose not to exercise the first lease option through December 31, 2020. That alternative is not recommended, however, as the Department of Child Support Services would need to find suitable space in which to relocate. The Board may also choose not to give authorization to the Director of Child Support Services to enter into sublease agreements which will decrease administrative efficiency.

ATTACHMENTS:

Lease for 2420 Sixth Street, Eureka, with Humboldt Partners

COPY ORIGINAL

COPY

LEASE

This Lease is made and entered into this 3rd day of May, 2011, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY, and HUMBOLDT PARTNERS, a California General Partnership, 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 20,090 square feet of the real property, building and parking areas located at 2420 Sixth Street, Eureka, California, also known as APN 022-252-022, as shown on Exhibit A, which is attached hereto and incorporated herein.

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 office space for the Department of Child Support Services.

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 five (5) years commencing January 1, 2011 and ending December 31, 2015.

B. 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.

C. COUNTY has the option to extend this Lease upon the same terms and conditions for two (2) five (5) year terms. Rent during any term extension shall increase or decrease annually pursuant to Section 5, below. 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 ninety (90) days prior to the end of the initial term or any five (5) year term extension.

5. RENT

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

Thirty Thousand One Hundred Thirty Five Dollars (\$30,135.00)

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 January 1, 2012, and continuing each year thereafter during the initial term and each extended term of this Lease, annual rent shall be adjusted by the percentage increase or decrease in the revised Consumer Price Index for all items (1982-1984 =100) U.S. City Average, West Cities Size B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the Index" in this Lease) for the prior calendar year. In calculating this percentage increase or decrease, the most current Index immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is unavailable, is no longer published, or is calculated on a significantly different basis following the date of this Lease, the most comprehensive official Index published which most closely approximates the rate of inflation shall be substituted in place of the Index. October 2010 shall be the base month for this adjustment. On adjustment of the rent in accordance with this paragraph, Lessor shall execute a letter stating the adjustment. Regardless of the CPI percentage change, the increase or decrease for any one year will be no more than five percent (5%). In no event shall rent be less than Thirty Thousand One Hundred Thirty Five (\$30,135.00) per month.

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 of defect or noncompliance if LESSOR fails to cure any default in the premises or Building Code violation attributable to LESSOR.

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 and COUNTY shall comply with said provision.

8. **UTILITIES**

LESSOR agrees to furnish and pay for all charges for gas, electricity, water and sewer supplied to and used in the leased premises by COUNTY. LESSOR'S obligation to provide utility services shall be dependent on continued utilization of the premises as office space, with utilities being used as reasonably necessary to utilize the premises as an office. COUNTY shall pay for its own telephone services, internet services, and refuse collection.

9. **JANITORIAL**

LESSOR shall provide bonded janitorial services to Premises. LESSOR shall provide the following services Monday through Friday except on County holidays:

A. For all interior areas other than the restrooms: vacuum, empty waste baskets, dust furniture, sweep and mop floors. Janitorial services shall include only ordinary dusting and cleaning and shall not include cleaning drapery or furniture or other unusual services.

B. For the restrooms: dust, mop tile floors, clean all sinks and mirrors,

restock dispensers, and sanitize restrooms.

- C. Empty all trash into the outside trash bin.
- D. Clean carpets at least once during each calendar year.
- E. Wash windows inside and out at least twice during each calendar year.

10. **MAINTENANCE AND REPAIRS**

A. 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:

1. The interior and exterior of the building, including glass and doors, security system, emergency lights, all exterior lighting and bulbs, landscaping, parking lot, HVAC Unit including ducts and vents, fire extinguishers and suppression systems;

2. The electrical, plumbing, and sewage systems, including without limitation, those portions of the systems owned or controlled by LESSOR lying outside the Leased premises;

3. LESSOR shall provide all landscape maintenance, parking lot sweeping, repair and striping. The parking lot shall be swept at least once monthly.

4. LESSOR shall maintain the grounds, including all parking areas, outside lighting, grass, trees, shrubbery, and other flora. The grounds, lawn, and shrubbery shall be maintained at least once weekly.

5. LESSOR shall provide pest control service to premises as necessary. The pest control services shall be scheduled after working hours, on weekends, or during County holidays.

6. LESSOR at its cost shall repair premises if they are damaged by (1) causes over which COUNTY has no control; (2) acts or omissions of LESSOR, or its authorized representative(s).

LESSOR shall perform all interior maintenance in a manner and at such times as will cause the least possible inconvenience, annoyance, or disturbance to COUNTY.

B. COUNTY shall be responsible for maintenance of the following:

- 1. Interior light bulbs and ballasts.**
- 2. Any repairs caused by negligence of COUNTY personnel.**
- 3. Any repairs to phone system, computers, or installation thereof.**

C. The HVAC system shall be maintained and operated by LESSOR to provide at least the quantity of outdoor air required by the State Building Standards Code, Title 24, California Administrative Code, in effect at the time the building permit was issued.

The HVAC 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 HVAC filters quarterly.

LESSOR shall clean the HVAC vents quarterly.

D. LESSOR shall service fire extinguishers at least annually and as requested by COUNTY if more frequent service is needed.

E. LESSOR shall provide and pay for, during the initial term of this Lease or any extension term, repair/replacement of the building's security system, provided by Advance Security.

F. Upon notification by COUNTY, and the exercising of the first option term, LESSOR shall, at its sole cost and expense, repaint the interior and exterior of the premises using paint subject to the approval of COUNTY. Work shall be performed on weekends or during COUNTY holidays and shall include furniture moving.

G. Upon notification by COUNTY, and the exercising of the first option term, LESSOR shall, at its sole cost and expense, replace the carpet and other floor materials with products which meet COUNTY specifications. Work shall be

performed on weekends or during COUNTY holidays and shall include furniture moving.

LESSOR shall have ten (10) days after notice from COUNTY to commence to perform its obligations under this Section (10), 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 Section 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 shall have the right to remodel premises at its expense from time to time, provided that plans for such remodeling are approved in advance by LESSOR. LESSOR shall not unreasonably withhold approval of plans submitted to it. Any additions to, or alterations of premises, except movable furniture and fixtures, shall become at once a part of premises and belong to LESSOR. COUNTY shall keep premises and the property in which premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by COUNTY.

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, 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 exclusive right to erect and maintain upon the premises all signs that it deems appropriate. LESSOR agrees that no signs or advertising matter of any nature other than COUNTY'S shall be permitted upon any of the premises. 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 or attributable to the 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 or COUNTY'S use and occupancy of the premises, except such loss or damage which was caused by or attributable to the 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 which are subject to LESSOR'S indemnity obligations, 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 Lease 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 Compensation 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 Lease 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 Compensation 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 Lease 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 Lease, 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 (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 Lease 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 exclusive off-street parking spaces and shared use off-street parking spaces as shown on attached Exhibit A which are included in the rent in Section 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, and cannot be reasonably repaired within two (2) months, COUNTY reserves the right to forthwith terminate this Lease upon written notice within seven (7) days following the date of loss. In the event the damage can be repaired within two (2) months, rent shall be abated during the repair period.

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 Section (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 Section (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 two (2) consecutive months 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

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 fifteen (15) days after written notice of the default has been given by COUNTY to LESSOR. If the default cannot reasonably be cured within fifteen (15) days, LESSOR shall not be in default of this Lease if LESSOR commences to cure the default within the fifteen (15) 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'S right to cure under Section 24 of this Lease has expired, 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 Section (25) are in addition to and do not in any manner limit other remedies set forth in particular Sections 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, subject to LESSOR'S right(s) to cure any such failures pursuant to the provisions of Section 25 of 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, subject to LESSOR'S right(s) to cure any such default pursuant to Section 24 of this Lease.

D. The material violation of any of the provisions of this Lease, subject to LESSOR'S right(s) to cure any such default pursuant to Section 24 of this Lease.

E. The building becomes damaged due to fire, flood, earthquake, or any other natural disaster, and the building cannot be repaired within two (2) months of the date the damage occurs.

F. Intentionally supplying COUNTY with any material 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.

Said seven (7) days notice stated in this Section (26), is in addition to and following expiration of any right to cure time periods set forth in this Lease.

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: Humboldt Partners
P.O. Box 430
Bayside, CA 95524

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
Attn: Risk Manager
825 Fifth Street, Room 131
Eureka, CA 95501

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

Jikki Warner

BY

[Signature]

CHAIRPERSON,
BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA

APPROVED AS TO FORM:
COUNTY COUNSEL

LESSOR:

BY

Joyce Stigter
DEPUTY

BY

TITLE

[Signature]
General Partner

BY

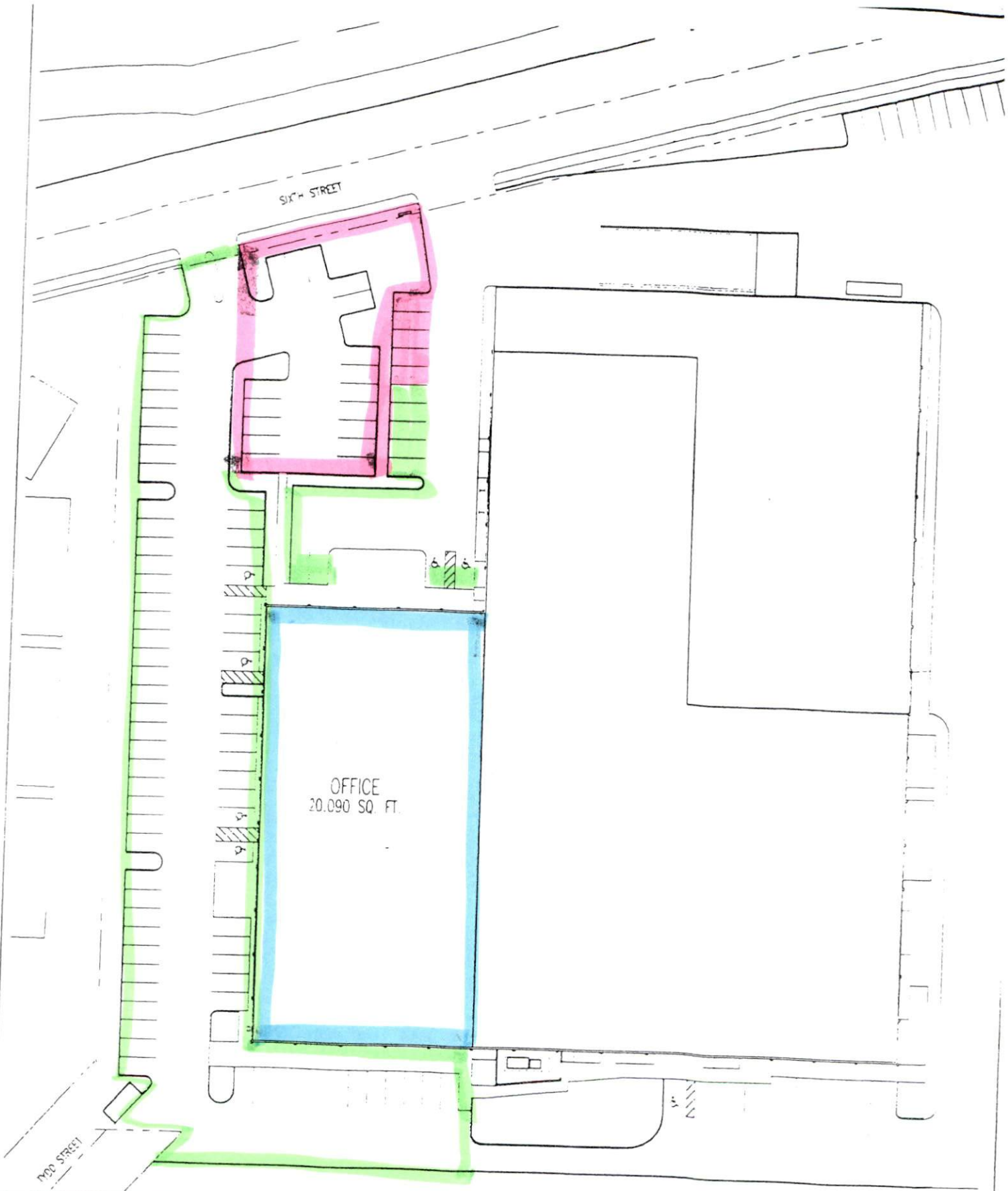
TITLE

[Signature]
General Partner

INSURANCE CERTIFICATES
REVIEWED AND APPROVED:

BY

[Signature]
RISK MANAGER



- = County Parking
- = Shared Parking

EXHIBIT A = Building

John Ash Group Architects

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 May 20, 1999
 Essex, N.T.S.