



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-7

For the meeting of: November 6, 2012

Date: September 27, 2012
To: Board of Supervisors
From: Phillip R. Crandall *PRC*
Director, Department of Health and Human Services
Subject: Approve Lease with CUE, LLC for Department of Health and Human Services

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve and authorize the Chair to execute the Lease with CUE, LLC at 430 F Street, Suite B, Eureka, beginning December 1, 2012 and terminating November 30, 2015 with three (3) two (2) year options to extend the Lease.
2. Direct the Clerk of the Board to return one executed Lease to the Public Works-Real Property Division for transmittal to Lessor.
3. Approve and authorize the Chair to execute the Lease Termination Agreement, effective November 30, 2012, with A&K Investments, LLC for 507 F Street, Suite B01, executed June 23, 2009 and extended on March 13, 2012.
4. Direct the Clerk of the Board to return one executed Lease Termination Agreement to the Public Works-Real Property Division for transmittal to Lessor.

Prepared by Clarke Guzzi, Administrative Services Officer

CAO Approval *Phillip Smith-Harris*

REVIEW: Auditor *MM* County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. D-11, C-4

Meeting of: 6/23/09, 3/13/12

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor *Lavelace* Seconded by Supervisor *Cleanderon*
Ayes *Sundberg, Lavelace, Bass, Behr, Cleanderon*
Nays _____
Abstain _____
Absent _____

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

Dated: *November 6, 2012*
By: *Kathy Hayes*
Kathy Hayes, Clerk of the Board

SOURCE OF FUNDING:

Social Services Fund.

DISCUSSION:

The Department of Health and Human Services (DHHS) is required to retain various types of documents and files for various periods of time. DHHS needs a larger space for the safe storage of these documents and records. The 430 F Street, Suite B, Eureka location will provide the additional space needed as it is located close to the DHHS Administration offices at 507 F Street, Eureka. This location will provide DHHS with 6,800 square feet and a monthly rental cost of \$1,700 or \$.25 per square foot. The proposed Lease (Attachment 1) is from December 1, 2012 through November 30, 2015 with three (3) options to extend the Lease for an additional two (2) years.

The 507 F Street, Suite B01, Eureka space only has 1,755 square feet at a monthly rental cost of \$440 per month or \$.25 cents per square foot. A&K Investments, LLC is agreeable to an early termination of the lease for this space; a Lease Termination Agreement is attached. (Attachment 2).

Therefore, DHHS recommends that the Board approve the Lease with CUE, LLC, authorize the Chair to execute the Lease, direct the Clerk of the Board to return an executed original of the Lease to the Public Works-Real Property division for transmittal to the Lessor, and approve the Lease Termination Agreement for 507 F Street, Suite B01, authorize the Chair to execute the Lease Termination Agreement, and direct the Clerk of the Board to return one executed original of the Lease Termination Agreement to Public Works-Real Property division for transmittal to the Lessor.

FINANCIAL IMPACT:

The cost of the Lease is \$.25 per square foot, including water and sewer, or One Thousand Seven Hundred Dollars (\$1,700.00) per month. County pays electricity and gas costs exceeding \$50.00 a month. The leased space is six thousand eight hundred (6,800) square feet. The Lease is for a period of three (3) years with three (3) two (2) year options to extend. The costs associated with this lease are included in the approved Fiscal Year 2012 – 13 Budget; in Fund 1160, Budget Unit 511. There is no impact to the County General Fund.

Approving this lease will support the Board's Strategic Framework by providing for and maintaining infrastructure and safeguarding the public trust.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve this Lease, in which case DHHS would have to find another suitable location for storage space. DHHS does not recommend this alternative.

ATTACHMENTS:

Attachment 1: Lease for 430 F Street, Suite B, Eureka, with CUE, LLC (2 originals)

Attachment 2: Lease Termination Agreement for 507 F Street, Suite B01 (2) originals

ORIGINAL

RECEIVED
BOARD OF SUPERVISOR:

NOV 20 2012

LEASE

This Lease is made and entered into this 06 day of November, 2012, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY, and CUE, LLC., hereinafter referred to as LESSOR;

WHEREAS, COUNTY desires to lease premises for COUNTY storage 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 6,800 square feet of Assessor's Parcel Numbers 001-101-005 located at 430 F Street, Suite B, 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 storage as determined by COUNTY.

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 commence on December 1, 2012, and end November 30, 2015.

B. COUNTY has the option to extend this Lease, upon the same terms and conditions, for three (3) two (2) 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 two (2) 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 Seven Hundred Dollars (\$1,700.00)

Should COUNTY exercise each option to extend the term of the Lease, COUNTY shall pay to LESSOR as rent for the leased premises a monthly rental as follows:

Beginning December 1, 2015 through November 30, 2017, One Thousand Seven Hundred Thirty Four Dollars (\$1,734.00)

Beginning December 1, 2017 through November 30, 2019, One Thousand Seven Hundred Sixty Nine Dollars (\$1,769.00)

Beginning December 1, 2019 through November 30, 2021, One Thousand Eight Hundred Four Dollars (\$1,804)

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.

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

LESSOR agrees to furnish and pay for all charges for water and sewer supplied to and used in the leased premises by COUNTY.

COUNTY agrees to pay for all monthly charges for electrical and gas use of the leased premises exceeding Fifty Dollars (\$50.00) per month. LESSOR shall supply a written invoice to COUNTY on a quarterly basis for the cost of such, including copies of electrical bills. COUNTY shall submit payment to LESSOR within thirty (30) days of receipt of invoice. COUNTY shall pay for its own refuse disposal and telephone services.

9. JANITORIAL

COUNTY shall be responsible for janitorial services to the leased premises.

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, HVAC Unit, fire extinguishers, and window glass, except for the following:

- A. Light bulbs.
- B. Any repairs caused by negligence of COUNTY personnel.

C. Any repairs to phone system, computers, or security system or installation thereof.

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

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, 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 attorneys' 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 attorneys' 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 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 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 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 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 attorneys' 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 no off-street parking spaces.

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

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: CUE, LLC
1653 Myrtle Avenue
Eureka, CA 95501

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

hereto upon the date first written above.

(SEAL)

ATTEST:
CLERK OF THE BOARD

COUNTY OF HUMBOLDT

BY *Gracy Comido*

BY *Virginia Bess*
CHAIRPERSON,
BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA

LESSOR:

BY *Patricia Hoy*
TITLE *Senior Property Manager*

BY *Chris Mibel*
TITLE *agent*

CITY OF EUREKA



ASSESSOR'S PARCEL MAP
 1. THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY.
 2. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN.
 3. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

RS, Bk. 33, Pg.9

NOTE - Assessor's Black Numbers Shown in Ellipses
 Assessor's Parcel Numbers Shown in Circles.

Assessor's Map Bk. 01
 County of Humboldt,

ORIGINAL

NOV 20 2012

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT is made as of Nov. 6, 2012, between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY and A&K INVESTMENTS, LLC, hereinafter referred to as LESSOR.

WHEREAS, COUNTY entered into a Lease on June 23, 2009, and LESSOR approved extending the Lease through June 30, 2014 on March 13, 2012; and

WHEREAS, COUNTY and LESSOR desire to be released from said Lease on November 30, 2012; and

WHEREAS, COUNTY states upon termination of Lease that all terms and conditions of the Lease dated June 23, 2009 shall be met and all monies owed, paid up to date;

NOW, THEREFORE it is mutually agreed as follows:

1. *Lease Termination.* COUNTY and LESSOR agree that the Lease entered into on June 23, 2009 between the COUNTY and LESSOR shall be terminated on November 30, 2012, the Termination Date. From and after the Termination Date, the Lease will be of no further force and effect, and COUNTY and LESSOR will be released from any further obligations under the Lease, except for those obligations that accrued prior to the Termination Date and those obligations and indemnifications that survive termination according to the Lease or by law.

2. *Payment.* COUNTY will pay LESSOR the Base Monthly Rent and other charges due under the Lease up to and including the Termination Date in accordance with the Lease.

3. *Surrender.* COUNTY will surrender possession of the Premises to LESSOR pursuant to Section 34 of the Lease. From and after the Termination Date, COUNTY will have no further right to occupy the Premises.

Any failure by COUNTY to remove all of its personal property, furniture, trade fixtures and equipment within seven (7) days of the Termination Date, or after the issuance of any order for possession and writ of restitution will be conclusively deemed an abandonment by COUNTY of all such property and this Agreement will be considered a bill of sale conveying that property to LESSOR.

5. *Indemnity.* The obligations of COUNTY set forth in the Lease that by their terms survive the Lease will survive termination pursuant to this Agreement, including without limitation all indemnifications of LESSOR by COUNTY (the "Surviving Lease Obligations"). Further, COUNTY agrees to indemnify LESSOR and to hold LESSOR harmless from and against all injury, loss, claims or damage (including attorneys' fees, investigation costs and disbursements from the first notice that any claim or demand is to be made or may be made) to any person or property, arising

from, relating to, or in connection with the use or occupancy of the Premises or the conduct or operation of COUNTY'S business in the Premises. The indemnity set forth in this Section 5 will be deemed to be in addition to the Surviving Lease Obligations.

6. *Representation by COUNTY.* COUNTY represents and warrants that it has not made any assignment, sublease, transfer, conveyance or other disposition of (I) the Lease; (ii) its interest in the Lease; or (iii) any claim, demand, obligation, liability, action, or cause of action arising under the terms of the Lease, to any person, firm, partnership, association, or other entity. COUNTY further represents and warrants that the execution and delivery of this Agreement will not violate and will not constitute a default under any agreements with any third parties by which it is bound.

7. *Representations by LESSOR and COUNTY.* LESSOR and COUNTY represent and warrant to each other that:

- (a) Each has read this Agreement and knows and understands its contents fully;
- (b) Each voluntarily executes this Agreement and accepts the terms of the Agreement without any compulsion whatsoever and without being influenced by any statement or representation of any other person or party; and
- (c) Each is authorized to execute this Agreement, and all necessary corporate action has been taken to authorize execution of this Agreement.

8. *Remedies of LESSOR.* If an Event of Default occurs prior to the Termination Date, LESSOR reserves the right to take any action under the Lease or by law.

9. *Miscellaneous.* This Agreement constitutes the entire understanding and agreement of LESSOR and COUNTY with respect to the matters covered by it and supersedes all prior agreements and understandings, written or oral, between LESSOR and COUNTY with respect to such matters. This Agreement may not be modified or amended, nor may any term or provision be waived or discharged, except in writing signed by the party or parties against whom such amendment, modification, waiver or discharge is sought to be enforced. The waiver by any party of any breach by another party of any provision of this Agreement will not constitute or operate as a waiver of any other breach of such provision or of any other provision by such party, nor will any failure to enforce any provision operate as a waiver of such provision or any other provision. This Agreement will be construed in accordance with, and be governed by, the laws of the State of California. In the event of litigation arising out of this Agreement, the prevailing party will be entitled to an award of reasonable attorneys' fees and costs incurred in such litigation. This Agreement will benefit and be binding upon the parties to it and their respective heirs, representatives, successors and assigns.

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LESSOR and COUNTY have entered into this Lease Termination Agreement as of its date.

(SEAL)

ATTEST:
CLERK OF THE BOARD

BY Craig Deming

COUNTY OF HUMBOLDT

BY Virginia Bess
CHAIRMAN
BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA

LESSOR:

BY John Hey

TITLE Senior Property Manager

BY Chi Kihhl

TITLE Agent