



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-11

For the meeting of: October 3, 2017

Date: September 8, 2017

To: Board of Supervisors

From: Connie Beck, Director *CB*
Department of Health and Human Services – Public Health

Subject: Request to approve Leases with Rynecki and Rynecki, LLC and 2nd & H Street, LLC for Office Space Located at 100 H Street and Parking Lot Located at Second and H Street

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve and authorize the Chair to sign the lease in duplicate, with Rynecki and Rynecki, LLC for office space at 100 H Street, Eureka through November 30, 2020 with an option to extend this lease upon the same terms and conditions for two (2) two (2) year terms;
2. Approve and authorized the Chair to sign the lease in duplicate with 2nd & H Street, LLC for the fenced parking lot at Second and H Street, Eureka through November 30, 2020 with an option to extend this lease upon the same terms and conditions for two (2) two (2) year terms;
3. Authorizes Public Works-Real Property Division to send notices with fully executed leases to Lessors that the county is approving the leases through November 30, 2020 with an option to extend this lease upon the same terms and conditions for two (2) two (2) year terms; and
4. Directs the Clerk of the Board to return one executed agenda item and one fully executed lease for both the office space at 100 H Street and the fenced parking lot at Second and H Street to Public Works-Real Property Division, retaining the second fully executed leases with meeting records.

Prepared by Haley Schandelmier AAI CAO Approval *[Signature]*

REVIEW: 10/11/17 County Counsel _____ Human Resources _____ Other _____

TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Fennell Seconded by Supervisor Wilson

Ayes Fennell, Wilson, Bass, Bohn, Sundberg

Nays _____

Abstain _____

Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. D8; C-14; C-8; D-19

Meeting of: 9/22/09; 11/09/10; 8/25/15; 9/20/16

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

Dated: October 3, 2017

By: [Signature]

Kathy Hayes, Clerk of the Board

SOURCE OF FUNDING:

Public Health Fund

DISCUSSION:

On November 9, 2010, the Department of Health and Human Services (DHHS) - Public Health entered into the leases with Rynecki and Rynecki, LLC and 2nd and H Street, LLC for office space at 100 H Street, Eureka and the fenced parking lot located at Second and H Street, respectively (Attachments 1 and 2). Each of the leases had a five-year term date from December 1, 2010 through November 30, 2015, and two (2), one-year options to extend under the same terms and conditions. On August 25, 2015, the Board approved the first option to extend the leases through November 30, 2016. On September 20, 2016 the Board approved the second option to extend the leases through November 30, 2017. DHHS - Public Health will require new leases for the continued use of the office space and fenced parking lot at these locations.

The office space at 100 H Street and the fenced parking lot at Second and H Streets provide DHHS-Public Health's Environmental Health Division staff with needed space and secure parking. It has allowed staff to perform their duties and to provide clients with an array of services. Therefore, DHHS-Public Health requests that the Board approve the leases with Rynecki and Rynecki, LLC and 2nd and H Street, LLC for the office space at 100 H Street and parking lot at Second and H Street in Eureka through November 30, 2020 with an option to extend this lease upon the same terms and conditions for two (2) two (2) year terms.

FINANCIAL IMPACT:

The rent for the office space is \$9,486.00 per month (a cost of approximately \$1.41 per square foot x 6,730 square feet), for an annual cost of \$113,832.00. The rent for the secure parking lot (24 spaces) is \$785.00 per month for an annual cost of \$9,420.00. Upon execution of the lease, there will be CPI adjustments to the rents, beginning December 18, 2018, for each Lease that are not to exceed 3%. These costs are included in the approved budget for fiscal year 2017-18 in budget unit 1175 – 406. There will be no impact on the county's General Fund.

Approving the leases through November 30, 2020 with an option to extend both leases upon the same terms and conditions for two (2) two (2) year terms supports the Board's Strategic Framework by continuing to create opportunities for improved safety and health and protecting vulnerable populations.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the leases through November 30, 2020 with an option to extend the leases upon the same terms and conditions for two (2) two (2) year terms; however, this is not recommended. If the leases are not approved, DHHS-Public Health's Environmental Health Division will be required to vacate the premises and find other suitable locations.

ATTACHMENTS:

1. Lease with Rynecki and Rynecki, LLC (Lessor) for office space at 100 H Street, Eureka through November 30, 2020
2. Lease with 2nd & H Street, LLC (Lessor) for the parking lot at Second and H Street, Eureka through November 30, 2020

ATTACHMENT 1

LEASE WITH RYNECKI AND RYNECKI, LLC (LESSOR) FOR OFFICE SPACE AT 100 H STREET,
EUREKA THROUGH NOVEMBER 30, 2020

LEASE

This Lease is made and entered into this 3rd day of October, 2017, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY and Rynecki and Rynecki, LLC, managed by Alex Rynecki, Inc., hereinafter referred to as LESSOR;

WHEREAS, COUNTY and LESSOR have entered into previous leases dated September 2, 2003 and November 9, 2010, to lease said property; and

WHEREAS, said 2010 Lease expires on November 30, 2017; and

WHEREAS, COUNTY and LESSOR wish to enter into a new lease at this time upon certain conditions.

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 6,730 square feet of that portion of APN 001-122-004 located at 100 H Street, Suite 100, Eureka, CA, 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, storage and parking for the Department of Health and Human Services, Public Health Branch, Environmental Health Division.

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, 2017, and shall terminate on November 30, 2020.

B. COUNTY has the option to extend this Lease upon the same terms and conditions for two (2) 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:

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Nine Thousand Four Hundred Eight-six Dollars and Zero Cents (\$9,486.00)

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 December 1, 2018 and December 1, of each year thereafter during the initial term or any term extension of this Lease, the annual rent shall be adjusted by the percentage increase in the revised Consumer Price Index for all items (1982-84=100) U.S. City Average, 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, the most current Index available on the date of commencement of the prior term and the most current Index available immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is either 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. September 2017 shall be the base month for this adjustment. On adjustment of the rent in accordance with this section, LESSOR shall execute a letter stating the adjustment. In no event shall the rent be less than Nine Thousand Four Hundred Eight-six Dollars and Zero Cents (\$9,486.00) per month. Regardless of the CPI percentage change, the increase or decrease will be no more than 3 percent (3%) per year.

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.

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

COUNTY shall have the right to terminate this Lease upon ten (10) days written notice if any of the above mentioned applicable laws, standards, or criteria are not complied with.

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 gas, water and sewer supplied to and used in the leased premises by COUNTY. COUNTY shall pay for electricity, telephone/communications, and refuse removal used in the leased premises.

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9. JANITORIAL SERVICES

LESSOR shall be responsible for janitorial services to the leased premises a minimum of five (5) times per week.

Leased premises to be dusted and trash removed daily. Restroom to be cleaned daily. Premises to be vacuumed once a week. Windows to be washed twice a year.

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 and window glass, except for the following:

- A. Light bulbs.
- B. Minor plumbing, such as repairing of faucets, toilets, and the unstopping of toilets and sinks.
- C. Any repairs caused by negligence of COUNTY personnel.
- D. Any repairs to phone system, computers, or security system or installation thereof.

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.

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

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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
- 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.

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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 Lease 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 Lease 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 Lease, 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 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 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.

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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 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 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.

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- 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 Lease.
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.

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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 off-street parking spaces which are included in the rent in paragraph 5 of this Lease. COUNTY is aware that parking is based on first come, first serve basis. 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.

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22. PREMISES UNUSABLE

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 Agreement as provided in this section.

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 Agreement. 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 Agreement, as provided in this section.

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.

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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 prepaid, first-class mail to the respective addresses set forth below. Notice shall be deemed communicated two (2) COUNTY working days from time of mailing if mailed as provided herein.

LESSOR:

Rynecki and Rynecki, LLC
Alex Rynecki, Inc., Manager
1038 Redwood Highway
Mill Valley, CA 94941

COUNTY:

County of Humboldt
Public Works Department
Real Property Branch
1106 Second Street
Eureka, CA 95501

All insurance notices shall also be sent to:

County of Humboldt
Attn: Risk Manager
825 Fifth Street, Room 103
Eureka, CA 95501

Either 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 paragraph (27).

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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. REMEDY FOR BREACH

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.

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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. INTERPRETATIONS

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.

COUNTY OF HUMBOLDT

RYNECKI AND RYNECKI, LLC

BY: Virginia Bass
CHAIRMAN, Virginia Bass
BOARD OF SUPERVISORS

BY: Rynecki Rynecki LLC (owner)
(Secretary, Assistant Secretary, CFO, Assistant Treasurer)
Alex Rynecki, INC (mgr)

ATTEST:

NAME: by Elizabeth Rynecki
LLC member #21 President,
CA BROC #0279130

(SEAL)

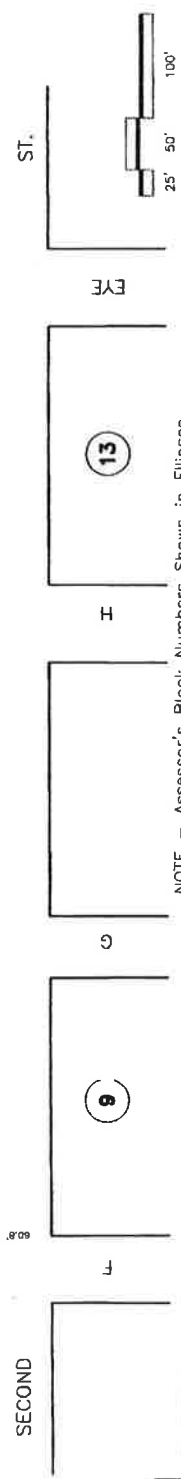
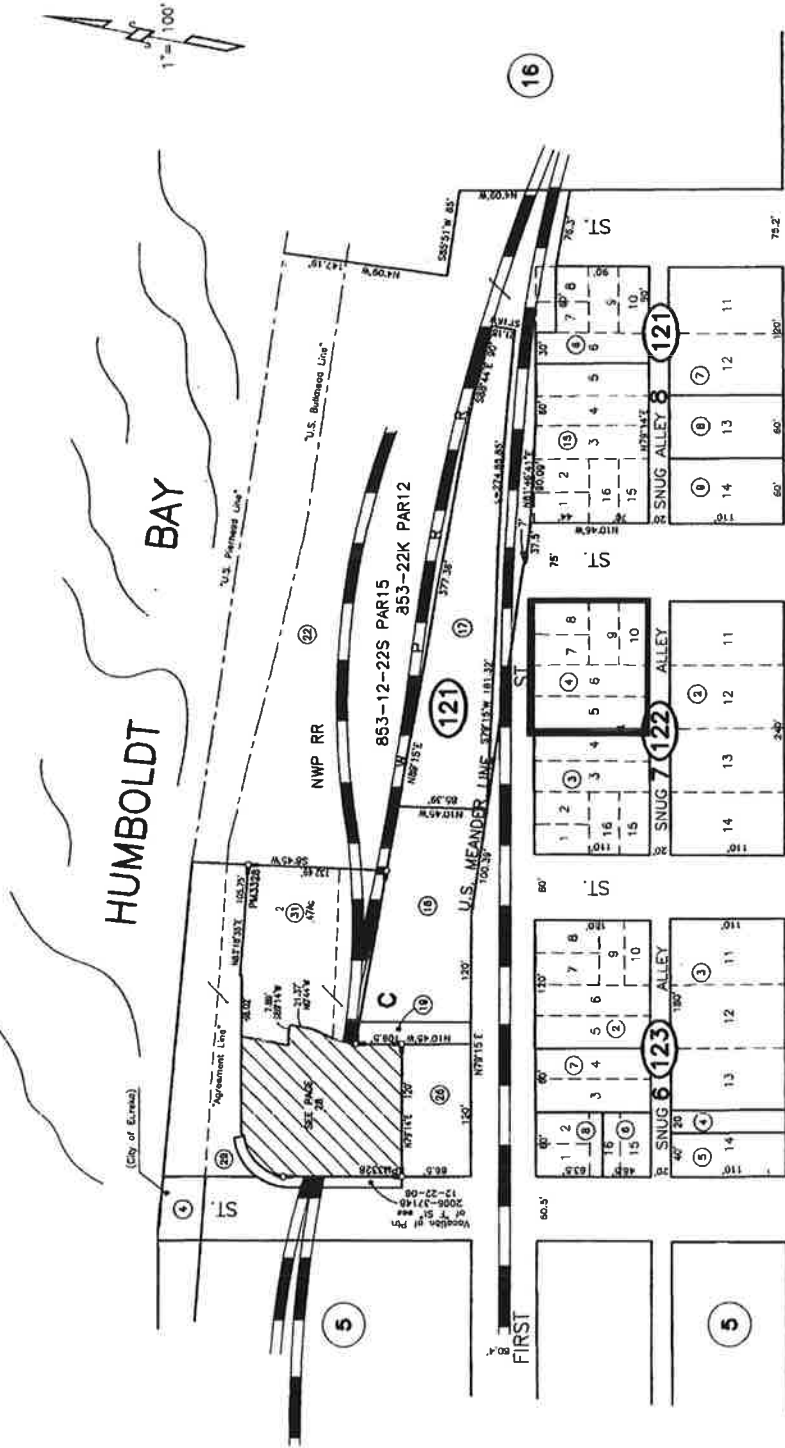
BY: Elizabeth Rynecki
(Chair, President, Vice President)

NAME: NSA

BY: Brooke Eberhardt
CLERK OF THE BOARD
Brooke Eberhardt

CITY OF EUREKA

1-12



ASSESSOR'S PARCEL MAP

1. THIS MAP WAS PREPARED FOR THE CITY OF EUREKA FOR THE PURPOSES OF ASSESSMENT.
2. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN HEREON.
3. THIS MAP DOES NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

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

ASSESSOR'S MAP Bk. 1, Pg.12
County of Humboldt, CA.

SS, Bk. 36, Pgs 45-51
PMS32B or PM Bk 31, Pgs 140-141

McF 6, 2008