



COUNTY OF HUMBOLDT

AGENDA ITEM C-14

For the meeting of: December 13, 2005

Date: November 29, 2005

To: Board of Supervisors

From: Phillip R. Crandall, Director *PH for PC*
Department of Health and Human Services – Public Health Branch

Subject: Approve and Execute Lease Agreement for 1786 square feet of space at 510 Fifth Street, Eureka, APN 001-146-008, with A & K Investments, LLC.

RECOMMENDATION(S):

That the Board of Supervisors:

- 1) Approve and authorize the Chairperson to execute the lease for 510 Fifth Street, Eureka, with A&K Investments, LLC. covering the period of January 1, 2006 to December 31, 2013.
- 2) Direct the Clerk of the Board to return one executed original to Real Property for transmittal to Lessor.

SOURCE OF FUNDING:

Public Health Fund

DISCUSSION:

The Department of Health and Human Services (DHHS) has need for additional office space in conjunction with the administrative and support services offices located at 507 F Street in order to complete the co-location of fiscal staff supporting Public Health Branch programs. DHHS Phase II consolidation and program integration requires that fiscal staff from all branches be in close proximity and able to work together continuously to maximize funding opportunities. Current space is insufficient to accommodate all departmental fiscal support staff.

Prepared by: Leslie Abbott, Budget Specialist – Public Health Branch *LA*CAO Approval *[Signature]*

REVIEW:

Auditor *[Signature]*County Counsel *RE*

Personnel

Risk Manager

Other

TYPE OF ITEM:

☒ Consent

☐ Departmental

☐ Public Hearing

☐ Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor

Seconded by Supervisor

And unanimously carried by those members present,
The Board hereby adopts the recommended action
contained in this report.

WOOLLEY
GEIST

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

Dated: *December 13, 2005*

Lora Canzoneri, Clerk of the Board

By: *[Signature]*

DHHS and Real Property have negotiated with A & K Investments, LLC, for use of 1786 square feet of office space at 510 Fifth Street, Eureka. The lease covers the period of January 1, 2006 through December 31, 2013, with two, five year options to extend.

FINANCIAL IMPACT:

Department of Health and Human Services, Public Health Branch, will be responsible for the lease costs. The monthly lease costs for 1786 square feet at \$1.65 per sq ft. will be \$2,947. There is an annual CPI adjustment not to exceed 3%. In addition, the Lessor will pay for water/sewer, refuse collection, monthly alarm system and janitorial services. There are sufficient funds budgeted in fund 1175, budget unit 400, to cover the costs of the lease for the remainder of the 2005-2006 fiscal year with no impact to the County General Fund.

OTHER AGENCY INVOLVEMENT:

Public Works

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

Attachment I - Lease with A&K Investments, LLC

ORIGINAL

LEASE

This Lease is made and entered into this 13th day of December, 2005, by and 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 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 1786 square feet of Assessor's Parcel Numbers 001-146-001 and 001-146-008 located at 510 Fifth Street, 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 offices for the Department of Health and Human 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 eight (8) years commencing January 1, 2006 and ending December 31, 2013.

B. COUNTY has the option to extend this Lease, upon the same terms and conditions, for two (2) five (5) 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 ninety (90) days prior to the end of the initial term or any five (5) 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:

Two Thousand Nine Hundred Forty Seven Dollars (\$2,947.00)

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 the first day of the second year and continuing each year thereafter during the initial term and each option term, annual rent shall be adjusted by the percentage increase in the revised Consumer Price Index (CPI) for all items (1982-84 = 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, 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 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. November 2005 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. In no event shall the rent be less than Two Thousand Nine Hundred Forty Seven Dollars (\$2,947.00) per month. Regardless of the CPI percentage change, the increase or decrease for any one year shall be no more than three percent (3%). Payment shall be made at the address set forth in paragraph 26, "Notice".

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 refuse collection, water and sewer, and monthly alarm system monitoring supplied to and used in the leased premises by COUNTY. COUNTY shall pay for its own electricity, gas, telephone and communication services.

9. JANITORIAL

LESSOR shall be responsible for janitorial services to the leased premises a minimum of five (5) times per week. Janitorial services shall include all items as listed on Exhibit B, attached hereto and incorporated herein.

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. Any repairs caused by negligence of COUNTY personnel.
- B. 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 within two (2) days after the oral notice or demand is made. Such confirmation shall be made as provided in paragraph 26, "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 AND INDEMNIFICATION

COUNTY agrees to indemnify and hold harmless, and at its own risk, cost and expense, defend LESSOR from and against any and all liability expenses, including defense costs, legal fees, and claims for damages arising from COUNTY'S negligence, intentional acts, or breaches of this Lease. Indemnification with respect to defense costs shall be made at the time LESSOR incurs such costs.

LESSOR agrees to indemnify and hold harmless and, at its own risk, cost, and expense, defend COUNTY, its Board of Supervisors, officers, agents, and employees

from and against any and all liability expenses, including defense costs, legal fees, and claims for damages arising from LESSOR'S negligence, intentional acts, or breaches of this Lease. Indemnification with respect to defense costs shall be made at the time COUNTY incurs such costs.

16. COUNTY'S INSURANCE

Without limiting COUNTY'S indemnification provided herein, COUNTY shall take out and maintain, throughout the period of this Lease, the following policies of insurance placed with insurers 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, employees, or sublessees:

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. 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. Said policy shall contain, or be endorsed with, the following provisions:

(1) LESSOR, its officers, employees and agents, 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 LESSOR, its officers, agents, and employees.

(2) The policy shall not be canceled or materially reduced in coverage without thirty (30) days prior written notice (10 days for non-payment of the premium) to LESSOR by certified mail.

(3) 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.

(4) For claims related to this project, COUNTY'S insurance is primary coverage to LESSOR, and any insurance or self-insurance programs maintained by LESSOR are excess to COUNTY'S insurance and will not be called upon to contribute with it.

(5) Any failure to comply with reporting or other provisions of the parties, including breach of warranties, shall not affect coverage provided to LESSOR, its officers, employees, and agents.

B. Property Insurance

COUNTY agrees to provide an all-risk property insurance for the contents of the property through COUNTY'S property insurance.

C. By its signature hereunder, COUNTY certifies that COUNTY is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that 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).

17. 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 herein, LESSOR shall take out and maintain, throughout the period of this Lease, the following policies of insurance placed with insurers 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, employees or sublessors:

A. 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. If work involves explosive, or collapse risks, XCU must be included. 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. Said policy shall contain, or be endorsed with, the following provisions:

(1) COUNTY, its officers, employees and agents, 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 COUNTY, its officers, agents, and employees.

(2) The policy shall not be canceled or materially reduced in coverage without thirty (30) days prior written notice (10 days for non-payment of the premium) to COUNTY by certified mail.

(3) 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.

(4) For claims related to this project, LESSOR'S insurance is primary coverage to the COUNTY, and any insurance or self-insurance programs maintained by COUNTY are excess to LESSOR'S insurance and will not be called upon to contribute with it.

(5) Any failure to comply with reporting or other provisions of the parties, including breach of warranties, shall not affect coverage provided to COUNTY, its officers, employees, and agents.

B. Workers' Compensation insurance meeting statutory limits of the California Labor Code which policy shall contain or be endorsed to contain a waiver of subrogation against COUNTY, its officers, agents, and employees and provide for thirty (30) days prior written notice in the event of cancellation. If LESSOR has no employees, LESSOR may sign and file the following certification in lieu of insurance:

"I am aware of the provisions of the California Labor Code Section 3700 which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with provisions of that code before commencing with and during the performance of the work of this contract."

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

D. COUNTY reserves the right to obtain complete copies of the original insurance policies, if the County Risk Manager desires to do so.

E. If LESSOR does not keep the above mentioned insurance in full force and effect during the life of this Lease, COUNTY, at LESSOR'S expense, may elect to purchase the necessary insurance, and LESSOR agrees to pay the cost of said insurance or, in the alternative, COUNTY may elect to treat the failure to maintain requisite insurance as a breach of contract and terminate the Lease as provided herein.

F. Should LESSOR subcontract any portion of the work to be performed under this Lease, said subcontractor shall be required by LESSOR to:

(1) Enter into a written contract with LESSOR acknowledging that no employee/employer relationship exists between LESSOR and subcontractor and that no Workers' Compensation, unemployment benefits or other personnel benefits are required by or available to subcontractor through LESSOR or COUNTY.

(2) Hold harmless and to indemnify, defend and save harmless LESSOR and COUNTY, its officers, agents and employees, from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies who may be injured or damaged by subcontractor in connection with the performance of this Lease.

18. PARKING

Leased premises includes no off street parking.

19. 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 (19).

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 (19).

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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: **A&K Investments, LLC**
 1900 Bendixson Street
 Fairhaven, CA 95564

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

27. 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.

28. LEASE MODIFICATION

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

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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..

36. 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

(SEAL)

COUNTY OF HUMBOLDT

BY

DEC 13 2005

BY

**CHAIRMAN, BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA**

LESSOR:

BY

DEPUTY

BY

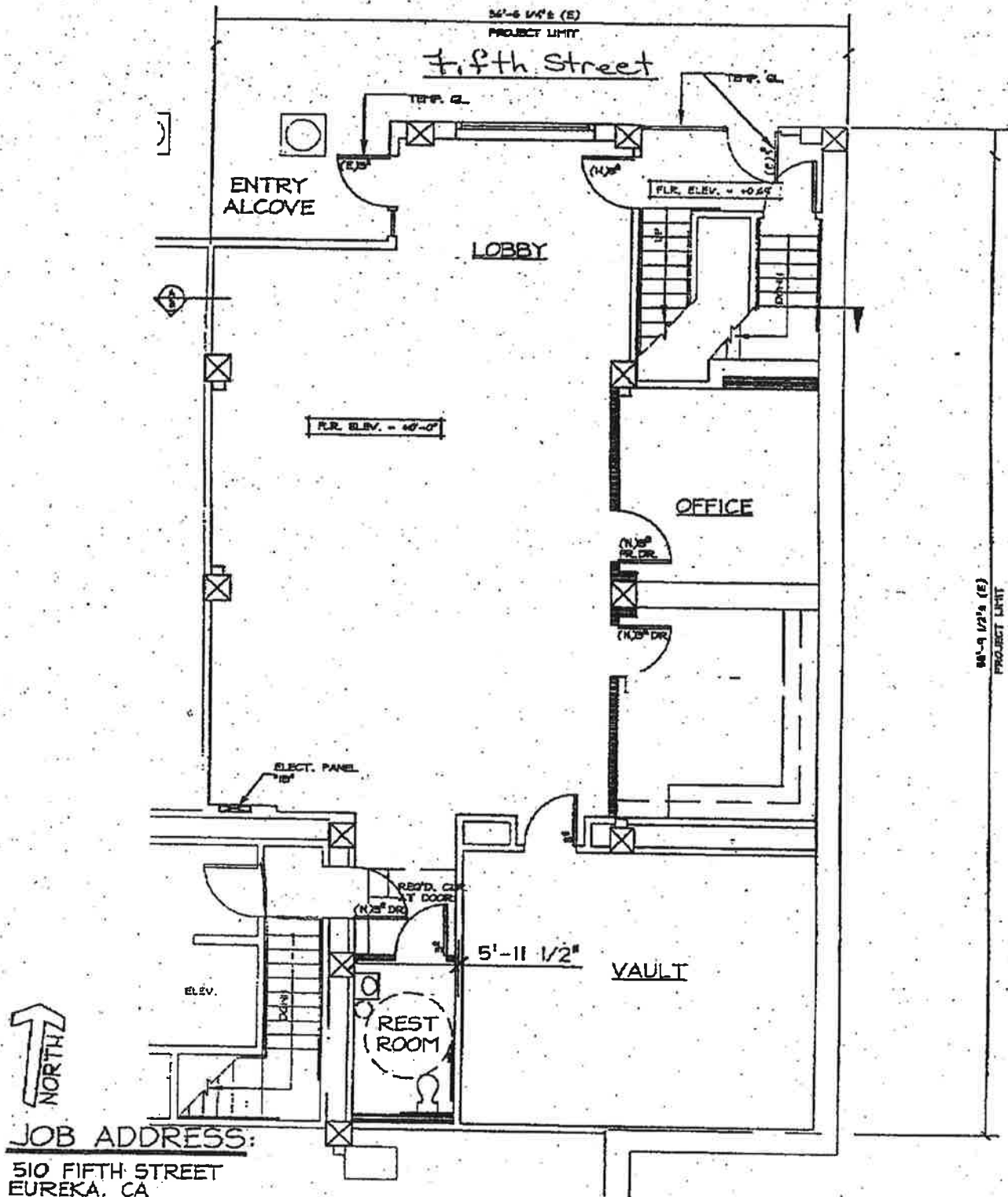
TITLE

BY

RISK MANAGER

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KRAMER PROPERTIES INC.



JOB ADDRESS:

510 FIFTH STREET
EUREKA, CA

ASSESSOR'S PARCEL NO.

001-146-001

FIRST FLOOR PLAN-THE PROFESSIONAL BLDG.

SCALE: 1/8"=1'-0"

MAY 02, 2005

Calculation Per 1786#
CA.D
EXHIBIT A

EXHIBIT B

JANITORIAL SERVICES REQUIRED

Daily Service Five (5) Days Per Week

1. Replace lights as needed
2. Empty all waste baskets and other waste containers
3. Damp clean lobby counters
4. Clean and sanitize rest room fixtures, mirrors, chrome pipes, etc.
5. Clean splash marks from walls of rest room
6. Mop hard surface areas, bathroom
7. Refill soap, towel and paper containers
8. Clean and sanitize drinking fountain
9. Clean entrance glass
10. Sweep entryways
11. Spot clean carpets of small spills, footprints, etc.
12. Plumb toilet as needed

Twice Weekly Service

1. Dust all desks, chairs, tables, filing cabinets and other office furniture
2. Vacuum all carpeting completely

Monthly Service

1. Vacuum dust and dirt accumulation from air-conditioning vents
2. Brush down cobwebs inside building
3. Dust blinds
4. Dust high areas
5. Dust top of desk cabinets, files, chair rungs, baseboards, and picture frames (Hi-Lo)
6. Vacuum upholstered furniture
7. Clean hand marks from walls, doors, and woodwork
8. Clean lobby directory and fire extinguisher glass
9. Buff Floors

Quarterly

1. Wash outside windows
2. Change HVAC filters

TWICE a YEAR

1. Wash inside windows and partitions
2. Strip seal and wax floors

Annually

1. Clean blinds
2. Clean carpets

The above are considered the minimum standard janitorial items. Landlord is responsible for providing all services to the health and cleanliness of the leased facility.

ACORD™ CERTIFICATE F LIABILITY INSURANCE

DATE (MM/DD/YYYY)

1/21/2005

PRODUCER

METRO/RISK, INC.
153 TOWNSEND STREET SUITE 650
SAN FRANCISCO, CA 94107-1907

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: Lexington Insurance Co.

19437

INSURER B: Liberty Mutual Insurance Co.

23043

INSURER C:

INSURER D:

INSURER E:

INSURED

A&K Investments, LLC
SN Servicing Corporation
323 Fifth St.
Eureka, CA 95501

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS														
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	0453496	1/1/2005	1/1/2006	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 1,000,000</td></tr><tr><td>DAMAGE TO RENTED PREMISES (Ea occurrence)</td><td>\$ 50,000</td></tr><tr><td>MED EXP (Any one person)</td><td>\$ 0</td></tr><tr><td>PERSONAL & ADV INJURY</td><td>\$ 1,000,000</td></tr><tr><td>GENERAL AGGREGATE</td><td>\$ 2,000,000</td></tr><tr><td>PRODUCTS - COMP/OP AGG</td><td>\$ 1,000,000</td></tr></table>	EACH OCCURRENCE	\$ 1,000,000	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000	MED EXP (Any one person)	\$ 0	PERSONAL & ADV INJURY	\$ 1,000,000	GENERAL AGGREGATE	\$ 2,000,000	PRODUCTS - COMP/OP AGG	\$ 1,000,000		
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PRODUCTS - COMP/OP AGG	\$ 1,000,000																		
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				<table border="1"><tr><td>COMBINED SINGLE LIMIT (Ea accident)</td><td>\$</td></tr><tr><td>BODILY INJURY (Per person)</td><td>\$</td></tr><tr><td>BODILY INJURY (Per accident)</td><td>\$</td></tr><tr><td>PROPERTY DAMAGE (Per accident)</td><td>\$</td></tr><tr><td>AUTO ONLY - EA ACCIDENT</td><td>\$</td></tr><tr><td>OTHER THAN AUTO ONLY: EA ACC</td><td>\$</td></tr><tr><td>AGG</td><td>\$</td></tr></table>	COMBINED SINGLE LIMIT (Ea accident)	\$	BODILY INJURY (Per person)	\$	BODILY INJURY (Per accident)	\$	PROPERTY DAMAGE (Per accident)	\$	AUTO ONLY - EA ACCIDENT	\$	OTHER THAN AUTO ONLY: EA ACC	\$	AGG	\$
COMBINED SINGLE LIMIT (Ea accident)	\$																		
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AGG	\$																		
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 10,000,000</td></tr><tr><td>AGGREGATE</td><td>\$ 10,000,000</td></tr><tr><td></td><td>\$</td></tr><tr><td></td><td>\$</td></tr><tr><td></td><td>\$</td></tr></table>	EACH OCCURRENCE	\$ 10,000,000	AGGREGATE	\$ 10,000,000		\$		\$		\$				
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	\$																		
	\$																		
	\$																		
B	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	LQ1B71077648041	1/1/2005	1/1/2006	<table border="1"><tr><td>WC STATU-TORY LIMITS</td><td>OTH-ER</td></tr><tr><td>E.L. EACH ACCIDENT</td><td>\$</td></tr><tr><td>E.L. DISEASE - EA EMPLOYEE</td><td>\$</td></tr><tr><td>E.L. DISEASE - POLICY LIMIT</td><td>\$</td></tr></table>	WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$						
WC STATU-TORY LIMITS	OTH-ER																		
E.L. EACH ACCIDENT	\$																		
E.L. DISEASE - EA EMPLOYEE	\$																		
E.L. DISEASE - POLICY LIMIT	\$																		
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER																		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Reference: 507 F Street, Eureka, CA Certificate Holder, its officers, employees and agents are named as additional insured with regard to the lease of the above location. *10 days notice in event canceled for non-payment.

CERTIFICATE HOLDER

County of Humboldt
Real Property Division
General Services
825 Fifth Street
Eureka, CA 95501

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

