

### THIRD AMENDMENT TO LEASE AGREEMENT

This Third Amendment to the Lease entered into on April 14, 2015, and first amended on April 5, 2016 and amended again on February 6, 2018, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter called COUNTY, and HUMBOLDT PARTNERS, a California General Partnership, hereinafter called LESSOR, is entered into this 8 day of January, 2019.

**WHEREAS**, on April 14, 2015, the parties entered into a Lease for the use of real property located at 2440 Sixth Street, Eureka, California, for the purpose of office space for the Department of Health and Human Services (DHHS); and

**WHEREAS**, on April 5, 2016, the parties entered into a first Lease Amendment to increase the square footage of the leased space, to add real property located at 2430 and 2426 Sixth Street, Eureka, California, and to increase the rent accordingly; and

**WHEREAS**, on February 6, 2018, the parties entered into a second Lease Amendment to clarify their responsibilities regarding the security system and the fire alarm and suppression system, and to modify the interior of said real property to make better use of the office space, and to identify the parties' responsibilities regarding said modification; and

**WHEREAS**, LESSOR has retained the services of an independent consultant to perform professional and technical services necessary for COUNTY'S proposed tenant improvement plans; and

**WHEREAS**, LESSOR has selected the lowest responsible bid for construction of COUNTY'S proposed tenant improvements within the interior of the Building; and

**WHEREAS**, COUNTY is willing to reimburse LESSOR for said construction of COUNTY'S proposed tenant improvement through amortized payments in addition to monthly rent paid; and

**WHEREAS**, COUNTY and LESSOR desire to extend the term of the Lease to allow for reasonable reimbursement of COUNTY'S proposed tenant improvements; and

**WHEREAS**, COUNTY and LESSOR desire to amend the Lease as specified;

**NOW, THEREFORE**, it is mutually agreed as follows:

1. Section 2, USE OF PREMISES, of the Lease is amended to read as follows:

The premises shall be used by COUNTY for COUNTY offices as determined by COUNTY. At the commencement of this Lease, COUNTY intends to use the premises as office space, meeting space and direct public access for the Department of Health and Human Services.



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2. Section 4, TERM OF LEASE, of the Lease is amended to read as follows:
  - A. The initial term of this Lease shall be for a period of Ten (10) years commencing on the first of the month following LESSOR'S issuance of a Notice to Proceed for COUNTY'S tenant improvements
  - B. Any holding over with Lessor's consent beyond the term of this Lease shall be a month to month tenancy, with all the terms and conditions of this Lease.
  - C. COUNTY has the option to extend this Lease upon the same terms and conditions for two (2) five (5) year terms. Rent during any term extension shall increase or decrease annually pursuant to Section 5, below. Each option may be exercised by COUNTY giving LESSOR written notice of its intent to extend the Lease. The notice shall be in writing and shall be given to LESSOR ninety (90) days prior to the end of the initial term or any five (5) year term extension.

1. Section 5, RENT of the Lease is amended to read as follows:

- A. BASE RENT

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

Ninety Three Thousand One Hundred Fifty One Dollars and Seventy Nine Cents (\$93,151.79).

Base 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 for the premises are ready for occupancy during such month.

Commencing on August 1, 2019, and continuing each year thereafter during the initial term and options one and two of the Lease, annual rent shall be adjusted by the percentage increase or decrease in the revised Consumer Price Index for all items (1982- 1984 = 100) U. S. City Average, West Cities Size B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the Index" in this Lease) for the prior calendar year. In calculating this percentage increase or decrease, the most current Index immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is unavailable, is no longer published, or is calculated on a significantly different basis following the date of this Lease, the most comprehensive official Index published which most closely approximates the rate of inflation shall be substituted in place of the Index. May 2015 shall be the base month for this adjustment. On adjustment of the rent in accordance with this paragraph, Lessor shall execute a letter stating the adjustment. Regardless of the CPI percentage change, the increase or decrease for any one year will be no more than five percent (5%). In no event shall rent be less than Ninety Three Thousand One Hundred Fifty One Dollars and Seventy Nine Cents (\$93,151.79) per month.



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Commencing on August 1, 2029, the rent payable by COUNTY during the first option term shall be equal to the Fair Market Rental Value of the Premises as of the commencement of the Option Term. Fair Market Rental Value of the Premises shall be the rental rate, including all escalations, at which tenants lease comparable space as of the commencement of the first option term. For this purpose, "comparable space" shall be office space that is: (a) not subleased; (b) not subject to another tenant's expansion rights; (c) not leased to a tenant that holds an ownership interest in the landlord; (d) not leased to a tenant under a renewal or an extension of a lease; (e) comparable in size, location, and quality to the premises; (f) leased for a term comparable to the first option term; and (g) located in comparable buildings.

#### B. REIMBURSEMENT FEE

COUNTY shall reimburse LESSOR in the amount of One Million Thirty Thousand Three Hundred Fifty Six Dollars (\$1,030,356.00) for cost to complete construction of COUNTY'S proposed tenant improvements plus a carrying fee of six and one-half percent (6.5%) amortized over the term of the lease as follows:

Monthly Payment	Total Interest Cost	Number of Monthly Payments	Total Payments
\$11,749.18	\$379,545.60	120	\$1,409,901.68

Reimbursement fee shall be paid in addition to Base Rent and paid in advance on the first day of each month commencing upon the commencement date for the initial term of this lease.

4. Section 41, PREMISES INSPECTION BY CERTIFIED ACCESS SPECIALIST of the second Lease Amendment is amended to read as follows:

A. Since the premises have not been issued a disability access inspection certificate, pursuant to Civil Code section 1938(e):

A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

B. LESSOR will obtain a Certified Access Specialist (CASP) Inspection and remove all accessibility barriers as mentioned in the inspection within one hundred eighty (180) calendar days of upon execution of this Amendment. Completion of work is subject to removal of accessibility

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barriers and passing of a CASp inspection. If said accessibility barrier removals are not completed within this time period, COUNTY shall complete said accessibility barrier removals and obtain accessibility compliance and subtract all associated costs from the monthly rent in a prorated amount not to exceed six (6) months from date of compliance.

C. For work performed by LESSOR under the terms of this Lease, LESSOR hereby guarantees to COUNTY to rectify, at LESSOR'S sole cost and expense, any defects, shrinkage, or faults in such work which appears within one (1) year of completion.

5. Section 42, COUNTERPARTS, is added as a new section to the Lease to read as follows:


This Agreement, and any amendments hereto, may be executed in one (1) or more counterparts, each which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. A signed copy of this Agreement, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement, and any amendments hereto, for all purposes.

6. In all other respects the Lease between the parties entered into on April 14, 2015, Amendment on April 5, 2016 and February 6, 2018 shall remain in full force and effect.

[Signatures on Following Page]

**IN WITNESS WHEREOF**, the parties hereto have executed this Third Amendment to Lease dated April 14, 2015 on the date indicated above.

**LESSOR: HUMBOLDT PARTNERS**

  
CHAIRMAN  
BOARD OF SUPERVISORS

  
PARTNER

NAME:

Charles Rustman

BY:

PARTNER

NAME:

  
CLERK OF THE BOARD Ryan Sharp, Deputy