

## LEASE AGREEMENT

This Lease Agreement (this "lease") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023 (the "Effective Date"), by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and 80 WEST THIRD EUREKA, LLC, a California Limited Liability Company, hereinafter referred to as "LESSOR";

WHEREAS, COUNTY adopted a Resolution No. 22-69, and Shelter Crisis Ordinance No. 2695 on June 7, 2022, and an Amended resolution on \_\_\_\_\_, 2023, allowing the COUNTY to facilitate the development of emergency shelters on County-owned or County-leased land and meeting the obligations under California Assembly Bill 2553 (2020) pursuant to California Government Code Section 8698.4 and its subparts, which authorizes planning and construction of shelter facilities on an urgency basis permitting certain protocol exemptions related to contracting and bidding as specified in said statutory scheme;

WHEREAS, LESSOR has developed construction documents and will seek to secure the necessary permits to construct a two-story, 14,600 square-foot building and associated site improvements at 80 West Third Street, Eureka, California, satisfying the COUNTY's requirements for said improvements as stated in this lease;

WHEREAS, COUNTY will require that substantial modifications and improvements to be made to the real property and improvements to effectuate the COUNTY's intended use recited herein, with preliminary construction costs (based on current market rates) estimated to equal approximately Three Million, Six Hundred Thousand Dollars (\$3,600,000.00) to Four Million, One Hundred Thousand Dollars (\$4,100,000.00) (Contributions per Exhibit F);

WHEREAS, LESSOR is willing to devote its unimproved real property to construction of a Navigation Center and construct the required modifications recited herein, subject to COUNTY'S commitment to contribute to the cost, lease and occupy said improvements pursuant to this lease and its exhibits.

NOW, THEREFORE, it is mutually agreed as follows:

### 1.1 PREMISES

LESSOR leases to COUNTY and COUNTY leases from LESSOR the following described premises: A two-story building ("Phase 1 Building"), approximately 7,300 square feet per story (14,600 square feet total) and adjacent exterior area ("Occupied Outdoor Area") of approximately 7,750 square feet located at 80 West Third Street, Eureka, County of Humboldt, State of California (APN: 001-021-008) as shown on Exhibit A ("PREMISES") (herein "Premises" or "premises"), which is attached hereto and incorporated herein.

In addition to the leased Premises, LESSOR shall permit the COUNTY to use those certain portions of LESSOR'S property identified as the "Exclusive Parking Area" in

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Exhibit A (which for the avoidance of doubt is deemed part of the Premises) per Section 23.1 PARKING, below. COUNTY and LESSOR acknowledge and agree that the Premises is not to be a designated “essential facility” for earthquake, hurricane, or other emergency shelter purposes, and it is not intended to remain operational in the event of extreme environmental loading from flood, wind, earthquakes and/or similar events.

### 1.2 VERIFICATION OF RENTABLE AREA

COUNTY reserves the right to verify the square footage of the Premises, including the building and outdoor areas, and COUNTY reserves the right, with the consent of LESSOR, to amend this Lease based on any discrepancy in square footage as recited in Section 1.1 - PREMISES.

### 1.3. PREVAILING WAGE

LESSOR acknowledges and agrees that all construction and work on the Phase 1 Building performed by LESSOR at the request of COUNTY shall be governed by and performed in accordance with the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the Labor Code of the State of California (Sections 1770, et seq.). These provisions are not applicable to modifications costing not more than One Thousand Dollars (\$1,000.00). Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the Humboldt County Board of Supervisors has obtained the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality applicable to this Lease for 2 each craft, classification, or type of workman needed to execute the aforesaid structural modifications from the director of the State Department of Industrial Relations. LESSOR herein agrees that LESSOR shall post, or cause to be posted, a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates. Copies of said prevailing wage rates may be obtained from the State of California Department of Industrial Relations.

### 2.1 USE OF PREMISES

Upon completion of the improvements recited herein and commencement of occupancy, COUNTY intends to use the Premises as a Navigation Center as defined by Section 50216(n) of the California Health and Safety Code, as follows: “Navigation Center” means a housing first, low-barrier, service-enriched shelter focused on moving homeless individuals and families into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.

### 2.2 SUBLETTING

At the commencement of this lease, COUNTY intends to use the Premises for its operations in collaboration with local healthcare, family resource centers, and community support providers, and as office conference space for the Department of Health and Human Services. COUNTY may substitute or add an alternative user, so

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long as any such use does not change the character of the lease or materially damage the Premises greater than the COUNTY'S intended use at the inception of the lease.

### **3.1 CONCEPTUAL PLANS AND PROGRAM**

COUNTY has provided to the LESSOR conceptual floor and site plans and written architectural program for the Navigation Center as shown in Exhibit B – Conceptual Plans and Program, attached hereto and incorporated for use by LESSOR's consultant to initiate, conduct, and complete the design process, as described herein.

### **3.2 LESSOR CONSULTING SERVICES**

Subject to LESSOR'S rights to reimbursement from COUNTY as stated in Section 10.2 of this lease, below, LESSOR shall contract for independent consultant services as described in Exhibit C – Scope of Consultant Services, which is attached hereto and incorporated herein by reference. The agreement between the LESSOR and the consultant shall include certain terms and conditions as set forth in Exhibit D – Consultant Contract Terms and Conditions which is attached hereto and incorporated herein by reference. The LESSOR and its consultant service shall follow the construction protocols as set forth in Exhibit E – Construction Protocols, which is attached hereto and incorporated herein by reference.

Within Sixty (60) days of COUNTY's receipt of Construction Documents as specified in Section 2(e) and 2(h) of Exhibit C – Scope of Consultant Services, COUNTY will either (a) instruct LESSOR to commence construction of the improvements to the Premises in accord with lease Sections 26.1.1 through 26.1.2, below; or (b) terminate this lease and provide LESSOR written notice of termination and concurrently tender all termination payments due to LESSOR pursuant to Sections 26.1.1 through 26.1.2, below.

### **4.1 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.

### **5.1 TERM OF LEASE**

The term of this lease ("Lease Term") shall commence on the Commencement Date being the first of the month following the date of receipt of the Certificate of Substantial Completion from LESSOR, and shall end upon the expiration of ten (10) years following said Commencement Date, subject to any option, renewal or extension rights of COUNTY as provided for in this lease. The initial term of ten (10) years is hereinafter referred to as the "Lease Term" or "Initial Term".

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### 5.2 OPTION TO EXTEND TERM

COUNTY shall have the option to extend this lease, upon the same terms and conditions subject to rent increases recited in Section 6.1., below, for two (2) periods of five (5) years each ("Option Terms"). Each option term 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 not less than ninety (90) days prior to the end of the initial term or any five (5) year term extension.

### 5.3 HOLDING OVER

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, including but not limited to rent calculations, except that rent shall increase to an amount equal to one hundred and ten percent (110%) of the rent in effect at the commencement of the holdover.

### 6.1 RENT

COUNTY shall pay to LESSOR as rent for the leased Premises a monthly rental during the Lease Term as follows:

Twenty-Eight Thousand Four Hundred Seventy dollars (\$28,470.00), or One Dollar and Ninety-Five Cents (\$1.95) per Square Foot for the two-story building ("Phase 1 Building").

Six Thousand Nine Hundred Seventy-Five dollars (\$6,975.00), or Ninety Cents (\$.90) per Square Foot for the adjacent exterior area ("Occupied Outdoor Area").

**The total monthly rent for the combined leased Premises is Thirty-Five Thousand Four Hundred Forty-Five dollars (\$35,445.00) ("Rent").**

In addition, COUNTY shall pay LESSOR the costs of interior improvements amortized as monthly rent during the Initial Lease Term with the amount to be determined in accord with Sections 26.1.2 through 26.1.3 of this lease, below.

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 third year of the Initial Term and continuing each year thereafter during the Initial Term and any Option Terms, annual rent shall be increased, but in no event decreased, by a factor of three percent (3.00%) per year. annually.

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### 7.1 BUILDING STANDARDS AND COMPLIANCE WITH LAWS

LESSOR covenants and warrants that at the commencement of COUNTY'S occupancy the Premises shall be constructed and any remodeling performed by LESSOR 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 during the construction of the improvements and in compliance at the commencement of COUNTY'S occupancy of the Premises.

LESSOR shall supply and install fire extinguishers, fire sprinklers and fire alarm systems and devices in compliance with current building and fire codes or as required by the Authority Having Jurisdiction.

If any of the above-mentioned applicable laws, standards, or criteria are not met as a result of any breach of failure of this lease by LESSOR, LESSOR shall have thirty (30) days after the receipt of the COUNTY's written notice of the violation to cure such defects as required to the satisfaction of the County. Provided LESSOR informs the County of their intentions to cure such defects in writing within 3 days of receipt of the letter of termination, LESSOR shall have the right to cure the defects referenced in this Section 7.1 during the thirty (30) day period. If LESSOR does not proceed with the cure, COUNTY may cure the defect identified in the notice provided to LESSOR pursuant to this Section 7.1 and deduct the cost of said cure from future Rent.

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 or faults in such work.

### 8.1 ACCESS

LESSOR shall notify COUNTY at least Forty-Eight (48) hours of any access required within said Premises in the event of any modifications or inspections to allow the COUNTY to prepare for such access.

### 9.1 SMOKING

Pursuant to Humboldt County Code §971-1 et seq., smoking shall be prohibited in all County buildings. COUNTY and LESSOR shall comply with said provision during its occupancy of the Premises.

### 10.1 UTILITIES

LESSOR agrees to coordinate and provide the installation and delivery of all utilities to the building and site improvements including water, sewer, natural gas,

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electricity, refuse and recycling as further defined in Exhibit C to this lease. Utility services to COUNTY-occupied areas must be metered or sub-metered separately from areas that are not for the exclusive use of COUNTY. Upon LESSOR's establishment of utility service to building and site improvements, COUNTY will establish and manage service accounts directly with utility providers including water, sewer, natural gas, electricity, refuse and recycling at COUNTY's sole cost and expense.

LESSOR agrees to coordinate with COUNTY and incorporate site and building requirements for telecommunications/data/fiber optic service during design of site and building improvements. COUNTY will establish and manage service accounts directly with telecommunications/data/fiber optic utility providers at COUNTY's sole cost and expense.

### 11.1 JANITORIAL AND LANDSCAPING

A. Janitorial Obligations. COUNTY shall be solely responsible for all janitorial services, at COUNTY'S sole cost and expense, and shall keep the Premises and surrounding area in a clean, orderly and sanitary condition.

B. Landscaping Obligations. COUNTY shall be solely responsible for landscaping services and maintenance at the Premises and surrounding area, at COUNTY's sole cost and expense. COUNTY shall keep the Premises and surrounding area landscaping in a neat and orderly condition, well maintained and free of weeds, debris and other unkempt conditions.

### 12.1 MAINTENANCE AND REPAIR OBLIGATIONS

#### A. LESSOR Maintenance and Repair Obligations.

During the term of this lease or any extension thereof and except as noted in this Section 12.1.A and subject to the parties' rights obligations pursuant to Sections 24.1.1 through 24.1.6 of this lease, below, LESSOR shall be responsible for all maintenance and repairs to the Premises related to:

- (1) The exterior of the building (defined to include the roof, major plumbing and structural walls);
- (2) Parking lot paving, striping and sealing;
- (3) Heating, ventilation and air conditioning systems (HVAC) (utilizing a service company under contractor at LESSOR'S cost and expenses);
- (4) Elevator (utilizing a service company under contract at LESSOR'S cost and expenses);
- (5) Interior wall and exterior electrical systems;

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- (6) Fire protection systems including fire extinguishers; and
- (7) Window glass (except for any breakages caused by COUNTY, its customers, clients and invitees).

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, or as amended by the Enforcing Agency 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 five (5) business 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 enter into a maintenance contract for the elevator and provide all testing and inspections as required by State and/or the Authority Having Jurisdiction.

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 section, except that LESSOR shall perform its obligations immediately if the nature of the problem presents a material hazard or emergency as reasonably determined by COUNTY. If LESSOR does not perform its obligations within the time limitations in this section (provided that LESSOR has not otherwise objected, in good faith, in writing that such repair obligation was not in actuality a LESSOR repair obligation per the lease), COUNTY, after notice to LESSOR, can perform the obligations and has the right to be reimbursed for the sum COUNTY actually and reasonably expends (including charges for COUNTY employees and equipment) in the performance of LESSOR'S obligations. If LESSOR does not reimburse COUNTY within ten (10) days after demand from COUNTY, COUNTY shall have the right to withhold from future rent due the sum COUNTY has expended until COUNTY is reimbursed in full. Any notice or demand concerning a material hazard or emergency may be made orally, by telephone or otherwise, provided that written confirmation is given within two (2) days after the oral notice or demand is made. Such confirmation shall be made as provided in Section 32.1 - NOTICE of this Lease.

LESSOR'S maintenance and repair obligations pursuant to this Section 12.1.A shall not include or extend to the costs to repair any damages to the Premises which arise

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by the virtue of COUNTY'S negligent or intentional acts or omissions (either directly or through or by COUNTY'S officers, agents or employees, contractors, customers, clients, service recipients, occupants or invitees). In the event LESSOR incurs any costs or expenses to repair or maintain any components of the Premises as a result of any negligent or intentional acts or omissions of COUNTY (either directly or through or by COUNTY'S officers, agents or employees, contractors, customers, clients, service recipients, occupants or invitees), LESSOR shall be entitled to recover said costs and expenses from COUNTY.

### B. COUNTY Maintenance and Repair Obligations.

COUNTY shall be solely responsible to keep and maintain the following components of the Premises during the Initial Term (and/or any Option Term) of this lease:

- (1) Light bulbs (excluding fixtures and ballasts).
- (2) Minor plumbing, such as repairing of faucets, toilets, and the unstopping of toilets and sinks. All other plumbing will be defined as Major Plumbing.
- (3) Any repairs to any components of the Premises caused by negligence of COUNTY personnel, its agents, invitees, clients or guests of the COUNTY.
- (4) Any repairs, maintenance and/or improvements to phone system, computers, or security system or installation thereof.
- (5) Any repairs, maintenance and/or replacement of interior flooring and/or carpet during the Term (and/or any Option Term) of the lease.
- (6) Any interior painting desired by COUNTY following the commencement of occupancy of the Premises during the Term (and/or any Option Term).
- (7) Pest Control. As recited in Section 14.1, below.
- (8) Security Services. As recited in Section 13.1, below.
- (9) Landscaping. As recited in Section 11.1.B, above.
- (10) Janitorial. As recited in Section 11.1.A, above.

### 13.1 SECURITY SERVICES

COUNTY shall be responsible for all costs and expenses associated with the maintenance and repair of Security Systems on the Premises and parking area.



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COUNTY shall be solely responsible for selecting, installing and maintaining any and all interior and exterior security cameras, alarms, security lighting and other security systems at the Premises and parking area.

### 14.1 PEST CONTROL

COUNTY shall be solely responsible for and pay for exterior pest control and abatement as needed during the Term and any Option Term of the Lease at COUNTY'S sole cost and expense. COUNTY shall keep the interior and exterior of the Premises free of any insect, rodent and/or other pest infestations.

### 15.1 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 systems and computer terminals including, but not limited to, the following:

- A. Telephone cable;
- B. Access control devices;
- C. Intercom system;
- D. Telephones;
- E. Answering machines; and
- F. Security/burglar alarm system.

Upon termination of this lease, COUNTY shall have the right to remove from the Premises any such equipment installed by COUNTY subject to COUNTY'S obligation to restore all building components to their pre-installation condition at COUNTY'S sole cost and expense. COUNTY shall not have any obligation to remove any of the improvements made to the Premises pursuant to this lease as defined by Exhibit C.

### 16.1 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 prior to installation.

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### 17.1 COUNTY'S RIGHT TO ERECT SIGNS

COUNTY shall have the right to erect and maintain upon the Premises all signs that it deems appropriate. LESSOR agrees that no signs or advertising matter other than COUNTY's of any nature 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, number of, size, and style of any signs.

### 18.1 REAL PROPERTY TAXES

LESSOR shall pay all real property taxes and general and special assessments levied and assessed against the Premises as they regularly become due and prior to delinquency; LESSOR will then invoice COUNTY and COUNTY shall reimburse LESSOR for the actual costs incurred for all real property taxes and general and special assessments in accord with Section 10.2, above.

### 19.1 HOLD HARMLESS/INDEMNIFICATION

A. LESSOR shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with LESSOR'S duties and obligations under this lease and any amendments hereto, except such loss or damage which was caused by the negligence or willful misconduct of COUNTY.

B. Pursuant to Government Code section 895.4, COUNTY shall indemnify, defend and hold harmless Landlord and its officers, agents, and employees, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which arise by the virtue of COUNTY'S own acts or omissions (either directly or through or by COUNTY'S officers, agents or employees, contractors, customers, clients, service recipients, occupants or invitees) in connection with COUNTY'S duties, obligations and use of the Premises under this lease and any amendments hereto.

C. Acceptance of insurance, if required by this lease, does not relieve either LESSOR or COUNTY from liability under the indemnification clauses recited in Sections 19.1.A. or 19.1.B., above. The indemnification clauses recited in Sections 19.1.A. or 19.1.B. shall apply to all damages or claims for damages regardless if any insurance is applicable or not.

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### 20.1 LESSOR'S INSURANCE

Without limiting LESSOR'S indemnification provided for herein, LESSOR 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. Best's 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. Commercial General Liability Insurance; Excess Liability Coverage

Commercial General Liability Insurance (occurrence form CG 0001 or equivalent), in an amount of \$2,000,000 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.

In addition, LESSOR shall carry a policy of Excess Liability Insurance with limits not less than \$2,000,000 per occurrence.

The estimated annual premium cost for the Commercial General Liability Insurance recited above, as of the Effective Date of this lease, is \$1,500.00 per year, and the annual premium cost of the Excess Liability Insurance an additional \$2,500.00 per year, and said premium costs are higher than average based, in part, on risks related to COUNTY'S intended use of the Premises. LESSOR and COUNTY agree that LESSOR shall be entitled to cost reimbursement from COUNTY in an amount equal to one-half (50.00%) of LESSOR'S actual annual premium cost of insurance carried pursuant to this lease Section 20.1B, invoiced by LESSOR to COUNTY annually and paid by COUNTY within thirty (30) days of the date of invoice during the Term of this lease. LESSOR shall provide COUNTY proof of LESSOR'S annual insurance premium cost at the time of invoice issuance.

#### B. Building/Property Improvements Insurance

At all times during the term of this lease, LESSOR shall keep the building and improvements on the Premises insured against damage and destruction by fire, vandalism, and other perils (subject to the exceptions stated below) covered by the broadest extended coverage endorsement obtainable with insurance companies acceptable to COUNTY and licensed to do business in the State of California, in the amount of one hundred percent (100.00%) of the full replacement value of the improvements (excluding the land) in its entirety, including debris removal. The insurance policies required above shall provide that the replacement cost of the improvements (excluding the land) shall be redetermined by LESSOR subject to approval by COUNTY in intervals of no more than one year. The insurance policies shall include an

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endorsement entitled "Average Clause (Stipulated Amount) and Waiver of Inventory and Appraisal Clause" or other language waiving coinsurance, and in the event such endorsement is not obtainable, COUNTY shall not be responsible to LESSOR for any coinsurance penalties assessed by any insurance company because of the failure of LESSOR to carry sufficient insurance for the improvements. Such insurance shall insure the interests of LESSOR in the building and all other improvements and appurtenances on the land (including fixtures and improvements paid for in whole or in part by COUNTY). LESSOR has no obligation to carry insurance covering casualties caused by floods and/or earthquakes.

The estimated annual premium cost for the insurance on the building and improvements on the Premises recited above, as of the Effective Date of this lease, is approximately \$26,940.00 per year, and said premium cost is substantially higher based, in part, on risks related to COUNTY'S intended use of the Premises. LESSOR and COUNTY agree that LESSOR shall be entitled to cost reimbursement from COUNTY in an amount equal to one-half (50.00%) of LESSOR'S actual annual premium cost of insurance carried pursuant to this lease Section 20.1B, invoiced by LESSOR to COUNTY annually and paid by COUNTY within thirty (30) days of the date of invoice during the Term of this lease. LESSOR shall provide COUNTY proof of LESSOR'S annual insurance premium cost at the time of invoice issuance.

### 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.

## 21.1 COUNTY'S INSURANCE

Without limiting COUNTY'S indemnification provided herein, COUNTY shall require any of its contractors and 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. Commercial General Liability Insurance

Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$4,000,000 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

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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 "Special Form" 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).

## 22.1 SPECIAL INSURANCE REQUIREMENTS

Said policies shall, unless otherwise specified herein, be endorsed with the following provisions:

### A. LESSOR

1. The Commercial General Liability Policy shall provide that 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 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. Does not contain a pro-rata, excess only, and/or escape clause.
- d. Contains a cross liability, severability of interest or separation of insureds clause.
- e. 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 of this lease. 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.

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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 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 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 Commercial General Liability Policy shall provide that 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 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 ninety (90) days prior written notice being provided to LESSOR and in accordance with the Notice provisions set forth under section 27 of this lease. It is further understood that COUNTY shall not terminate such coverage until it provides LESSOR with proof satisfactory to LESSOR that equal or better insurance has been secured and is in place.
- e. COUNTY shall furnish LESSOR with certificates and original endorsements effecting the required coverage of this lease by LESSOR.

### C. COUNTY AND LESSOR

1. COUNTY and LESSOR agree that insurance carried or required to be carried by either of them against loss or damage to property by fire, acts of terrorism, acts of war or other casualty shall contain a clause whereby the insurer waives its right to

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subrogation against the other party, its elected officials, directors, employees, volunteers, and agents and each party shall indemnify the other against any loss or expense, including reasonable attorney's fees resulting from the failure to obtain such waiver.

2. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

3. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to LESSOR, COUNTY, their officers, officials, employees, and volunteers.

### 23.1 PARKING

In addition to the leased Premises, LESSOR shall permit the COUNTY to use the Parking Area as is further described herein and is generally depicted on the attached Exhibit A, which is included in Section 6.1 – RENT of this lease. COUNTY shall have the exclusive right to use and COUNTY reserves the right to mark such parking spaces as such, which shall include ADA compliant van accessible parking spaces as required by Sections 7.1 and 43.1 of this lease, in the approximate location labeled as "COUNTY Exclusive Parking Area" on attached Exhibit "A". Additionally, COUNTY shall have the non-exclusive right to use (on a first come, first serve basis) in common with LESSOR, but in no event open to the public, that certain area in the Adjacent Parking Area shaded in yellow and labeled "Loading/Unloading Zone". The COUNTY Exclusive Parking Area and the Loading/Unloading Zone shall collectively be defined to be (and referred to herein as) the "Parking Area." LESSOR shall be responsible, at its sole cost and expense, for the (i) maintenance, repair and replacement obligations for the LESSOR's retained Parking Area adjacent to the COUNTY'S Exclusive Parking Area, and, (ii) to contract for and maintain general liability insurance and provide indemnity protection (as is further defined in Section 19.1 and Section 20.1 herein) for the adjacent Parking Area retained by LESSOR.

### 24.1 DESTRUCTION AND UNTENANTABILITY OF PREMISES

24.1.1. Loss -- Insured or Uninsured. Subject to the options of COUNTY and LESSOR to terminate hereinafter provided in this Section 24.1.3 and 24.1.4, below, if during the lease the Building or any portion thereof is damaged by fire, earthquake or other casualty or peril, LESSOR shall with all due diligence (upon receipt of insurance proceeds) repair or rebuild the building and the Premises to the condition at least equal to that existing immediately prior to said damage. In connection therewith, LESSOR shall use any such insurance proceeds for such purpose, together with any insurance proceeds received by COUNTY by reason of insurance on improvements made by it in excess of the actual amount needed to replace or restore COUNTY'S improvements, fixtures and equipment, provided that any such proceeds received by COUNTY shall only be used for the replacement or restoration of COUNTY'S improvements, fixtures and equipment. If,

## LEASE AGREEMENT

by reason of the provisions of any mortgage or deed of trust executed by LESSOR encumbering the Premises, insurance proceeds are required to be made payable to the lienholder and/or the policies of insurance placed in its custody, COUNTY hereby consents thereto, provided that the lienholder in question shall first agree in writing with LESSOR to make the proceeds of said insurance available for the repair and restoration of the Premises.

24.1.2. Major Damage. As used herein, "major damage" to the building resulting from fire, earthquake or any other casualty or peril is defined as damage to such extent that the estimated cost of full repair of such damage is greater than fifty percent (50%) of the then full replacement value of the building as required for purposes of the then existing insurance policies provided in this lease. Any other damage to the Building from any such casualty or risks shall be deemed to be "non-major."

24.1.3. COUNTY'S Option to Terminate in Certain Events. If during the lease term the building or any portion thereof receives damage to such an extent that the cost to repair the damage exceeds fifty percent (50%) of the then full replacement value of the building and the effect of which is to render the Premises untenable, in COUNTY'S reasonable opinion, for continued occupancy for a period of three hundred and sixty (360) days or more, then COUNTY shall have the option to terminate this lease upon sixty (60) days' notice to LESSOR.

24.1.4. LESSOR'S Option to Terminate in Event of Major Damage to Building. If during the lease term the building or any portion thereof receives major damage, LESSOR shall have the option to terminate this lease on sixty (60) days' written notice to COUNTY, in which event proration of Rent shall be made to be effective upon the date of such damage, and LESSOR shall have no further obligations to COUNTY. Notwithstanding the foregoing, LESSOR shall have the absolute obligation to rebuild the building after major damage if either (a) the insurance proceeds are sufficient to pay for such rebuilding and COUNTY does not elect to terminate this lease under Section 24.1.3, above, or (b) COUNTY gives notice, in writing, prior to the expiration of the 60-day period set forth above, that it desires to have the building, or so much thereof as may be necessary to constitute a complete architectural unit, restored to a condition which will provide COUNTY with suitable facilities, satisfactory in COUNTY'S sole opinion for its continued use of the Premises, and that COUNTY will supply any additional funds, if any, that may be necessary, in addition to any insurance proceeds, to pay for such partial rebuilding. If COUNTY gives such notice to LESSOR, COUNTY and LESSOR shall each agree upon the plans and specifications for such rebuilding, the cost thereof, and the method by which LESSOR shall supply to LESSOR the additional funds necessary for such rebuilding, and the Rent necessary for such rebuilding, and the Rent paid by COUNTY shall be equitably reduced in accordance with its contribution of additional funds toward such rebuilding by amortizing such contribution over the then remaining lease term. If LESSOR and COUNTY are unable to agree on any aspect of such rebuilding, the matter shall be submitted to arbitration in accordance with this lease.



## LEASE AGREEMENT

24.1.5. Proration. In the event of termination pursuant to the provisions of this lease, COUNTY shall surrender to LESSOR possession of the Premises and shall pay to LESSOR any Rent hereunder accruing to the date of such damage.

24.1.6. Abatement of Rent. In the event that after any damage or destruction this lease is not terminated in accordance with its provisions, Rent shall be equitably prorated and abated during the period commencing with the date of the casualty and continuing until such repairs are completed in the proportion that the Rent of the part usable by COUNTY for the normal operation of COUNTY'S business on the Premises bears to the rental of the total space then leased by COUNTY, taking into consideration the rental rate per square foot for the space for which the proration is made and any adverse effects and disruptions to COUNTY'S business caused during the period of such repairs.

### 25.1 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.

### 26.1 CONSTRUCTION DESIGN APPROVAL PROCESS AND IMPROVEMENT COST REIMBURSEMENT

LESSOR and COUNTY acknowledge that this is a build to suit lease, and, in order to effectuate the construction of the improvements all of the following must occur: (a) engineering and architectural plans and specifications must be prepared and approved by the parties; (b) permit applications consistent with the plans and specifications must be submitted and approved by the City of Eureka (and other authorities having jurisdiction); (c) contractors must be procured, bids obtained for work not performed by LESSOR (and/or Mercer Fraser Company, Inc.); and (d) the construction work performed.

Consequently, the LESSOR and COUNTY agree to follow and effectuate the procedures recited in Exhibit C—Scope of Consultant Services, Exhibit D—Consultant Contract Terms and Conditions, Exhibit E—Construction Protocols and Exhibit F-3<sup>rd</sup> Street Contributions.

26.1.1 County Approval of Plans and Specifications—COUNTY Termination Rights/Payment; LESSOR Approval of Plans and Specifications. No later than ten (10) days following LESSOR'S submission of all documents recited in Section 2 of Exhibit C to COUNTY, COUNTY, in COUNTY'S sole discretion, shall either: (a) inform LESSOR, in writing, of COUNTY'S approval of all said documents and provide authorization to LESSOR to proceed with permit finalization and construction; or (b)

## LEASE AGREEMENT

terminate this lease and, as a termination penalty, reimburse LESSOR one hundred percent (100.00%) of all costs and expenses incurred in preparing any and documents recited in Section 2 of Exhibit C and, in addition thereto, a sum equal to ten percent (10.00%) of the total costs and expenses actually incurred by LESSOR (not to exceed \$30,000.00) to compensate LESSOR for the administrative burden and encumbrance of the Premises created by this lease prior to COUNTY termination pursuant to this Section 26.1.1. If COUNTY approves said documents and provides LESSOR with written authorization to proceed with permit finalization and construction, LESSOR shall, within ten (10) days following receipt of COUNTY'S written authorization, in LESSOR'S sole discretion, either (ai) inform COUNTY of LESSOR'S intent to proceed; or (bi) terminate this lease and, as a termination penalty, LESSOR shall then be responsible for one hundred percent (100.00%) of all costs and expenses incurred in preparing any and documents recited in Section 2 of Exhibit C.

26.1.2 County Contribution to Funding of Improvements. As of the Effective Date of this lease COUNTY has earmarked the sum of Two Million, One Hundred Thousand Dollars (\$2,100,000.00) in order to fund the cost of improvements to the Premises, of which a maximum sum of Three Hundred Thousand Dollars (\$300,000.00) may be specifically utilized for architectural and engineering services pertaining to the improvements as defined in Exhibit C of this lease . Assuming the "100% Final Cost Estimate" as recited in Section 2(h) of Exhibit C for the improvements to the Premises required by this lease equals a sum greater than \$2,100,000.00, the COUNTY agrees to contribute the entirety of this amount towards the cost of constructing the improvements payment in accord with this lease and the "Construction Protocols" attached as Exhibit E hereto. The "100% Final Cost Estimate" shall include a maximum sum of Three Hundred Thousand Dollars (\$300,000) to be specifically utilized for architectural and engineering services. LESSOR shall be entitled to submit draw requests on a monthly basis for reimbursement of all costs and expenses incurred in preparing the plans and specifications for the improvements to the Premises as recited in Exhibits C, D and E of this lease, attached. Should COUNTY elect to proceed with the construction of the improvements as recited in Section 26.1.1(a), above, the parties will proceed with construction as recited in Exhibits C, D and E, attached. Should COUNTY elect to proceed with this lease and instruct LESSOR to commence permit finalization and construction as recited in Section 26.1.1(a), LESSOR shall be entitled to payment and reimbursement for all costs and expenses incurred during the course of constructing the improvements to the Premises from the Construction Drawdown Fund recited in Exhibit E by submitting draw requests to the COUNTY on a monthly basis in accord with Exhibits C, D and E of this lease.

26.1.3 Improvement Cost Overrun Procedure. LESSOR and COUNTY agree that if the "100% Final Cost Estimate" as recited in Section 2(h) of Exhibit C for the improvements to the Premises required by this lease equal a sum greater than Three Million, Six Hundred Thousand Dollars (\$3,600,000.00) but less than the total sum of Four Million, One Hundred Thousand Dollars (\$4,100,000.00), COUNTY shall contribute an additional sum to the cost of constructing the improvements in an amount not to exceed Five Hundred Thousand Dollars

## LEASE AGREEMENT

(\$500,000.00), paid by COUNTY to LESSOR as follows: the total sums paid by LESSOR, along with interest at the rate of five and one-half percent (5.50%) per annum, shall be amortized over the ten (10) year Initial Term of this lease and paid to LESSOR in equal monthly installments along with Rent under this lease, and as further described in Exhibit F to this lease. Should the "100% Final Cost Estimate" as recited in Section 2(h) of Exhibit C for the improvements to the Premises required by this lease equal a sum greater than Two Million, One Hundred Thousand Dollars \$2,100,000.00 but less than Three Million, Six Hundred Thousand Dollars \$3,600,000.00, LESSOR shall construct the improvements without additional contribution from COUNTY. In the event that the "100% Final Cost Estimate" for the construction of the improvements increase during the course of construction due to any change orders requested by COUNTY pursuant to Section 2.3 of Exhibit E, LESSOR shall be entitled to full reimbursement from COUNTY for the cost of change order(s).

### 27.1 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.

### 28.1 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 thirty (30) days after notice of default has been given by COUNTY to Landlord, or such shorter period if specified in this lease. If the default cannot reasonably be cured within thirty (30) days, LESSOR shall not be in default of this lease if LESSOR commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

### 29.1 COUNTY'S REMEDIES ON LESSOR'S DEFAULT

COUNTY, at any time after LESSOR is in material default and LESSOR fails to cure the default within thirty (30) days after receipt of notice from COUNTY pursuant to Section 28.1, above, 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 thirty (30) 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 section, COUNTY shall have the

## LEASE AGREEMENT

right to withhold from future Rent due the sum COUNTY has expended until COUNTY is reimbursed in full for the sum and interest on it. The remedies set forth in this section are in addition to and do not in any manner limit other remedies set forth in particular sections of this lease.

### 31.1 COUNTY DEFAULT

The occurrence of any one or more of the following events shall constitute a default and breach of this lease by COUNTY: (a) The vacating for more than thirty (30) consecutive days or abandonment of the Premises by COUNTY. (b) The failure by COUNTY to observe or perform any of the covenants, conditions or provisions of this lease to be observed or performed by COUNTY, including the payment of Rent, where such failure shall continue for a period of thirty (30) days after written notice is given by LESSOR to COUNTY; provided, however, that if the nature of COUNTY'S default is such that more than thirty (30) days are reasonably required for its cure, then COUNTY shall not be deemed to be in default if COUNTY commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California.

### 31.2 LESSOR'S Remedies on COUNTY'S Default.

In the event of any default by COUNTY which is not cured by COUNTY, LESSOR can terminate this lease by giving COUNTY thirty (30) days notice of termination. The purpose of this notice requirement is to extend the notice requirement of the unlawful detainer statutes of California. On termination of the lease for default pursuant to this Section 31.2, LESSOR shall have the right to recover from COUNTY, should LESSOR prevail in any recovery action, the following amounts for any and all damages which may be the result of such default:

(a) The worth, at the time of the award from the court if LESSOR prevails, of the unpaid Rent that has been earned at the time of termination of this lease;

(b) The worth, at the time of the award from the court if LESSOR prevails, of the amount by which the unpaid Rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of Rent that LESSOR proves could not have been reasonably avoided;

(c) The worth, at the time of the award, from the court if LESSOR prevails, of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the loss of Rent that LESSOR proves could not have been reasonably avoided;

(d) Any other amount, and court costs, necessary to compensate LESSOR for all detriment proximately caused by COUNTY'S default which LESSOR proves could not have been reasonably avoided.

## LEASE AGREEMENT

(e) LESSOR shall have the option provided in Civil Code section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and/or abandonment and recover rent as it becomes due. Accordingly, if LESSOR does not elect to terminate the lease on account of any default by COUNTY, LESSOR may enforce all of LESSOR'S rights and remedies under this lease, including the right to recover all Rent as it becomes due.

### 32.1 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: 80 West Third Eureka, LLC  
PO Box 1006  
Eureka, CA 95502

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  
Human Resources – Risk Management Services  
825 Fifth Street, Room 100  
Eureka, CA 95501

Each 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 section.

### 33.1 ASSIGNMENT

This lease shall not be assigned by either party without the written consent of the other party, except that LESSOR may assign this lease without written consent to any trust, corporation, limited liability company or other entity in which Justin Zabel is the life beneficiary (in the case of a trust) or holds an ownership interest of fifty percent (50.00%) or greater in the case of any entity as long as the entity agrees, in writing, to abide by the terms of this lease. LESSOR may also freely assign this lease to any successor-in-interest who purchases all (100.00%) of the fee interest in the real

## LEASE AGREEMENT

property upon which the Premises is located as long as the entity agrees, in writing, to abide by the terms of this lease. If LESSOR decides to sell the property upon which the Premises is located during the Initial Term (or any Option Terms, if exercised) of this lease, prior to sale to any third-party LESSOR shall first comply with the Right of First Refusal protocol set forth in Section 48.1, below. Any consent required by this Section 33.1 shall not be unreasonably withheld.

### 34.1 LEASE MODIFICATION

This lease may be modified only by subsequent written agreement signed by COUNTY and LESSOR, or their respective permitted successors and assigns.

### 35.1 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.

### 36.1 ATTORNEY'S 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 attorney's fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorney's fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party who substantially prevails in any litigation, arbitration or similar proceedings between the parties.

### 37.1 WAIVER OF BREACH

The waiver by COUNTY or LESSOR 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.

### 38.1 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 and as stated herein.

### 39.1 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 except to the

## LEASE AGREEMENT

extent such casualty is caused by the acts or omissions of COUNTY (either directly or through or by COUNTY'S officers, agents or employees, contractors, customers, clients, service recipients, occupants or invitees).

### 40.1 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.

### 41.1 JURISDICTION AND APPLICABLE LAWS; MEDIATION

This lease shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this lease shall be submitted to arbitration, as follows:

41.1.1 Mediation of Disputes. Any dispute between COUNTY and LESSOR involving damage(s) or sums in excess of Twenty-Five Thousand Dollars (\$25,000,00) shall first be submitted to mediation by a mediator selected by both parties, prior to any party resulting to litigation unless necessary to seek extraordinary injunctive relief. The parties shall share equally in the cost of mediation.

41.1.2 Litigation of Disputes. Any dispute not resolved at mediation shall be litigated in the Humboldt County Superior Court for the State of California.

41.1.3 Venue. Hearings shall be held in Eureka, California, or another venue determined by mutual agreement of the parties.

41.1.4 Demand for Mediation. Any demand for mediation must be made in writing to the other party.

41.1.5 Provisional Remedies. The parties shall each have the right to file with the Humboldt County Superior Court for the State of California an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession (in unlawful detainer), temporary protective order, or appointment of a receiver if the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief or if there is no other adequate remedy. This application shall not waive a party's mediation rights under this lease.

41.1.6 Attorney Fees. The prevailing party in any litigation shall be awarded reasonable attorney fees, expert and nonexpert witness expenses, and other costs and expenses incurred in connection with the litigation.

### 42.1 PREMISES INSPECTION BY CERTIFIED ACCESS SPECIALIST

The Premises have not undergone inspection by a Certified Access Specialist. California law requires insertion of the following statement in this commercial lease:

## LEASE AGREEMENT

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 COUNTY from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the COUNTY, if requested by the COUNTY. 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.

### 43.1 ACCESSIBILITY COMPLIANCE

COUNTY acknowledges that upon completion of the improvements required by the Construction Protocols appended hereto as Exhibit E the building and improvements will be improved according to the COUNTY'S specifications and after completion of said improvements and upon issuance of an occupancy certificate to COUNTY, COUNTY shall be responsible for all costs associated with all state, federal and local accessibility laws and rules ("ADA compliance") and shall reimburse LESSOR for any and all costs for necessary ADA compliance with respect to amendments, modifications and or rule and law changes after commencement of the COUNTY'S occupancy of the Premises.

### 44.1 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.

### 45.1 ENTIRE AGREEMENT

This agreement and its exhibits contain all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties hereto. In addition, this agreement and its exhibits shall supersede in their entirety any and all prior agreements, promises, representations, understandings and negotiations between the parties, whether oral or written, concerning the same subject matter. Any and all acts which may have already been consummated pursuant to the terms and conditions of this Agreement are hereby ratified.

### 46.1 COUNTERPARTS

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



## LEASE AGREEMENT

original executed copy of this agreement, and any amendments hereto, for all purposes, and electronically scanned signatures shall be deemed to constitute original signatures.

### 47.1 AUTHORITY TO EXECUTE

Each person executing this agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this agreement. Each party represents and warrants to the other that the execution and delivery of this agreement and the performance of such party's obligations hereunder have been duly authorized.

### 48.1 RIGHT OF FIRST REFUSAL

A. LESSOR shall not sell or agree to sell the real property upon which the Premises is located without first offering the property to COUNTY. The word "sell" shall include any transfer, conveyance, assignment, lease, hypothecation, or pledge of all or any portion of the property or LESSOR's interest in the property, except for (i) a conveyance or transfer by gift, bequest, or inheritance, or (ii) a lease for a term of any portion of the property not part of the Premises. After a conveyance or transfer by gift, bequest, or inheritance, the right of first refusal granted in this lease shall remain in effect against the person holding title or any other interest in the property.

B. Before LESSOR sells or agrees to sell the property upon which the Premises is located, LESSOR shall offer ("First Offer") to sell the property to COUNTY, in writing and on terms and conditions acceptable to LESSOR, in LESSOR'S sole discretion, substantially identical to those proposed for the sale of the property to a third party. The First Offer shall, at a minimum, include the following information:

- (i) the purchase price proposed for the sale to the third party;
- (ii) the method of purchase price payment;
- (iii) the amount and terms of any proposed LESSOR financing in connection with the proposed purchase;
- (iv) the amount of any earnest money deposit;
- (v) the time and location for the close of escrow;
- (vi) the name of the proposed purchaser; and
- (vii) the other material terms and conditions of the proposed sale of the property.

C. COUNTY shall have thirty (30) days from the date of the First Offer to accept the First Offer ("Acceptance Period") by delivering to LESSOR the acceptance on or before 5:00 PM on the last day of the Acceptance Period. If COUNTY fails to accept the First Offer on or before the last day of the Acceptance Period, the First Offer shall be deemed to be rejected and LESSOR free to sell the property to the third party.

D. If COUNTY responds to the First Offer with anything other than an unequivocal, unconditional acceptance or rejection, the right of first refusal shall terminate and the response shall be deemed an offer to purchase the Property on the terms and conditions in the response ("Counter Offer"). LESSOR shall be entitled to accept or reject the Counter Offer at LESSOR's sole and absolute discretion. If the Counter Offer is

## LEASE AGREEMENT

rejected, LESSOR shall have no further obligations under this Section 48.1 and is free to sell the property to the third party on the terms stated in the First Offer.

E. If COUNTY accepts the First Offer, COUNTY shall have ninety (90) days following acceptance of the First Offer ("Closing Period") to consummate the purchase of the property pursuant to the terms and conditions of the First Offer. If COUNTY fails to consummate the purchase of the property within the Closing Period, any earnest money paid by COUNTY pursuant to the acceptance shall be paid to LESSOR as LESSOR's liquidated damages, and the agreement to purchase the property together with this COUNTY'S rights to purchase the property shall be terminated. After that termination, LESSOR shall be free to enter into an agreement concerning the sale of the property with any third party on whatever terms LESSOR may choose without further obligation under this Section 48.1.

F. If at any time after COUNTY rejects the First Offer LESSOR enters into negotiations with a third party and is otherwise willing to enter into an agreement with that party on terms less favorable to LESSOR than those contained in the First Offer, then LESSOR shall offer to sell the property to COUNTY on those new terms by giving COUNTY written notice ("Second Offer"). COUNTY shall have thirty (30) days from receipt of the Second Offer to accept the new terms. If COUNTY fails to accept the new terms or rejects the new terms in writing, LESSOR shall be free to consummate the transaction with the third party without any obligation to COUNTY. If COUNTY accepts the new terms, then COUNTY shall immediately consummate the transaction with LESSOR on the terms and conditions specified in the Second Offer. The consummation shall be the later time specified for consummation in the Second Offer or sixty (60) days following the date of the Second Offer.

[Signatures on Following Page]

**LEASE AGREEMENT**

IN WITNESS WHEREOF, this lease has been executed by the parties hereto upon the date first written above.

**COUNTY OF HUMBOLDT**

**LESSOR: 80 West Third, LLC, a California Limited Liability Company**

BY: \_\_\_\_\_

TITLE: CHAIR  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE:

(SEAL)

BY: \_\_\_\_\_

ATTEST: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: CLERK OF THE  
BOARD OF SUPERVISORS

**INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:**

By: \_\_\_\_\_  
Risk Management

Date: \_\_\_\_\_

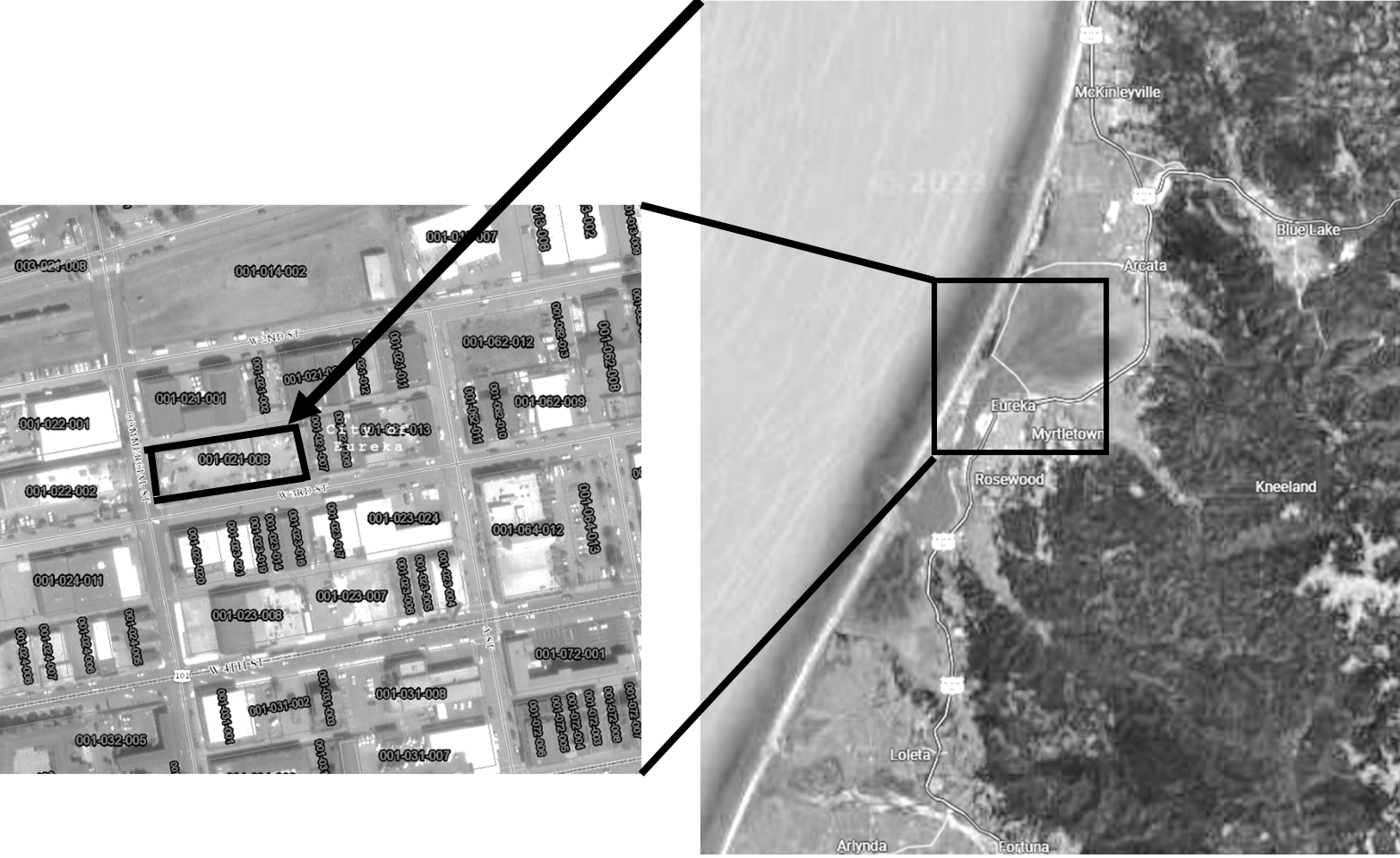
**LIST OF EXHIBITS:**

- Exhibit A – Premises
- Exhibit B – Conceptual Space Plans and Program
- Exhibit C – Scope of Consultant Services
- Exhibit D – Consultant Contract Terms and Conditions
- Exhibit E – Construction Protocols
- Exhibit F – 80 West Third Cost Comparison

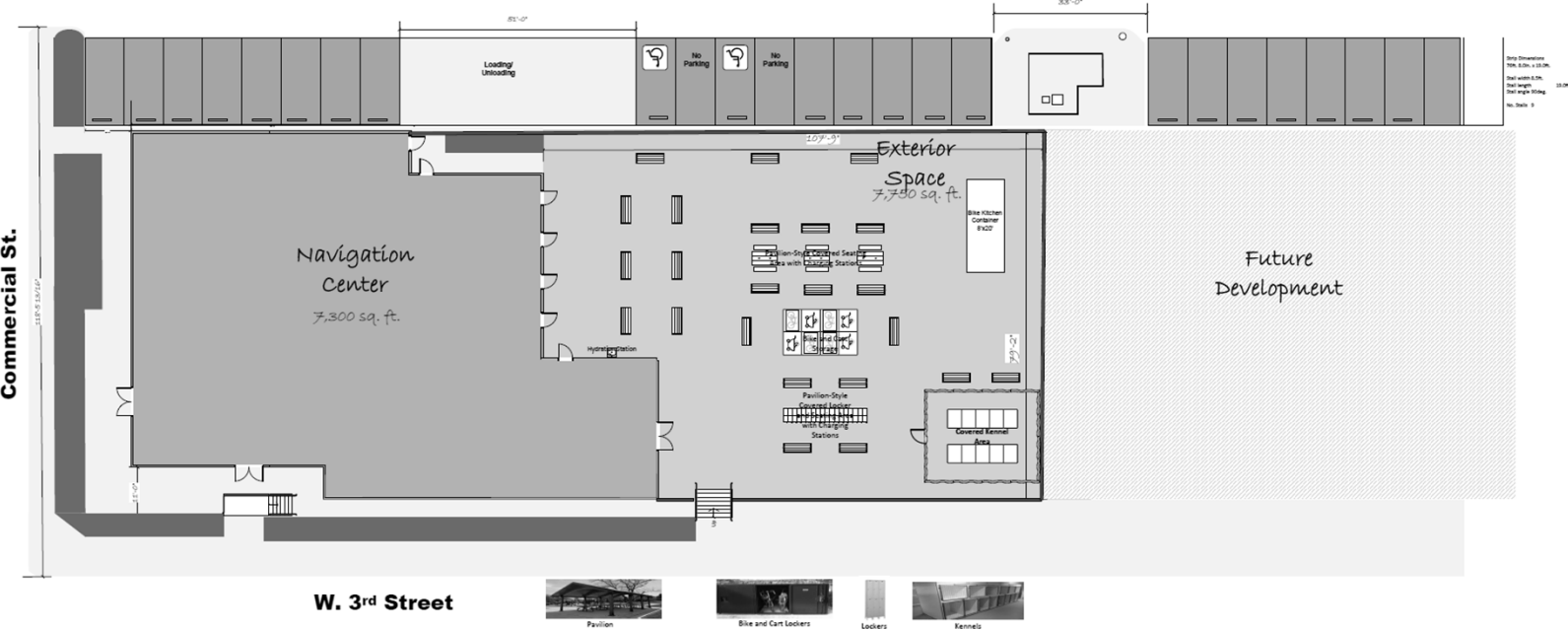
# Exhibit A

## Premises – 80 W 3<sup>rd</sup> Street, Eureka

### APN: 001-021-008



## Proposed Site Plan Subject to Change



**Navigation Center – 80 West 3<sup>rd</sup> Street  
Conceptual Architectural Program**

I. Site

1. Twenty-one (21) County-exclusive parking spaces, including the minimum number of ADA accessible stalls as required by ADA and CBC
2. A minimum of two Level 2 Dual-Charging Electric vehicle charging stations shall be provided within the twenty-one (21) County-exclusive parking spaces
3. 1 dedicated paved loading/unloading zone of 31 feet x 12 feet, with striping and signage
4. Exterior lighting as required for safe and secure pedestrian, parking and loading/unloading areas
5. Walks, stairs, ramps, and guardrails as required by ADA/CBC and for adequate pedestrian circulation and safety
6. Exterior utilities to be fully enclosed or otherwise protected from damage or vandalism
7. Appropriate wayfinding signage to be provided by LESSOR, as directed by COUNTY
8. Trash/Recycling enclosures specified and coordinated with local waste hauling providers

II. Occupied Outdoor Area (approximately 7,750 sf):

1. ~7,750 square feet of partially covered and illuminated exterior areas
  - Exterior benches, tables and chairs will be provided by COUNTY. These will be made of concrete or other heavy/durable materials and will need to be electrified for use as device charging stations
  - Vinyl or other corrosion-resistant exterior fence material with Code-compliant gates and hardware
  - Durable, scrubbable floor surface with area drains
  - Overhead tamper-resistant heaters at covered pavilion areas
  - Exterior building-mounted illumination with switches/control at location occupied by County staff
2. Bike Kitchen
  - Storage container for use as Bike Kitchen provided by COUNTY
  - LESSOR to provide power and lighting within container for operation
  - Interior storage racks and shelving provided by COUNTY
3. Dog Kennel
  - LESSOR will work with COUNTY to develop and confirm the specifications related to the Dog Kennel(s)
4. Cell phone/device charging stations provided throughout Occupied Outdoor Area
5. Pavilion Style Covered Locker and Seating Areas with charging stations
6. Hydration station, hi/lo water fountain to be installed next to exterior restrooms

## Exhibit B – Conceptual Space Plans and Program

and showers.

7. Trash/Recycling areas/enclosures throughout Occupied Outdoor Area

### III. First Floor (Public Area)

1. Reception Area
  - Public/guest seating - Tables and chairs along with some couches.
  - Access control - All doors will be locking including elevator.
  - Provide Elevator Access control card reader
  - All signage by LESSOR
  - Front desk placement with 30" x 48" reception desk and chair. 2 data drops and 2 duplex outlets
  - Button to unlock front door
  - Provide service window next to reception
2. 4 Interview Rooms
  - Each to accommodate a 30" x 48" desk and chair and required accessible clearances throughout space
  - Electric/data – 3 duplex outlets, 2 data drops
3. 2 single user exterior public restrooms
  - Institutional grade plumbing fixtures
4. 3 single user exterior public shower/restrooms
  - Institutional grade plumbing fixtures
5. 2 single user interior public restrooms
  - Institutional grade plumbing fixtures
6. 1 Laundry Area
  - Provide floor drains
  - Sized for 2 commercial washing machines (top load)/2 commercial dryers
  - Folding table/area
  - Laundry equipment to be provided by COUNTY
7. 1 Food Pantry
  - Movable shelving provided by COUNTY
  - Washable/cleanable flooring and wall surfaces
  - One large refrigerator
8. 1 Clothing Closet
  - Movable shelving provided by COUNTY
  - Clothing display furniture by COUNTY
9. 1 Classroom
  - Seating for 12 people
  - Electric/data – 6 duplex outlets and 14 data drops (in floor)
  - Audio/video equipment provided by COUNTY – 1 duplex outlet and data drop provided for Smart TV higher on wall
  - Furniture to be provided by COUNTY. Tables on casters and 20 chairs.
10. 1 Library Area

## Exhibit B – Conceptual Space Plans and Program

- Tables, chairs, couches provided by COUNTY
  - COUNTY to provide accessible shelving furniture for books and other media
  - Electric/data – 8 duplex outlets, no data drops
11. 1 Common Area
    - Furniture provided by COUNTY
    - Hydration Station – Hi/Lo water fountain with hydration station installed in wall
    - Electric/data – duplex outlets throughout space, approximately 12' apart or whatever is required per CBC, no data drops
  12. Trash/Recycling areas/enclosures
    - Trashcans to be placed throughout spaces
    - Recycling containers placed next to hydration station

### IV. First Floor (Private/Staff Only):

1. 1 Shared Office Area
  - Accommodates 8 or more workstations
  - 8 desks/cubicles and desk chairs provided by COUNTY
  - Electric/data – 10 duplex outlets (in floor where appropriate); 10 data drops (in floor where appropriate)
2. 1 Private Office
  - Accommodate a 30" x 48" desk and chair (provided by COUNTY) and required accessible clearances
  - Electric/data – 4 duplex outlets; 2 data drops
3. 1 Server Room
  - OWNER's design team to coordinate with COUNTY on all Server Room requirements including size, clearances, POC, electrical requirements, conduit sizing, backboards, etc.
4. 2 Single User Interior Staff Restrooms
  - Plumbing Fixtures – Office style
5. 1 Landing Pad
  - Suitable for 6 desk workstations and chairs, provided by COUNTY
  - Electric/data – 8 duplex outlets (in floor where appropriate); 8 data drops (in floor where appropriate)
6. 1 Conference Room suitable for 10 or more occupants
  - Electric/data – 4 duplex outlets throughout room
  - Audio/video equipment provided by COUNTY
  - 1 duplex outlet and 2 data drops provided for Smart TV higher on wall
  - OWNER's design team to coordinate with COUNTY on Audio-Visual system requirements
7. 1 Kitchen/Break Room
  - Appliances - range, refrigerator, 2 microwaves

## Exhibit B – Conceptual Space Plans and Program

- Electric/data – 8 duplex outlets, 2 network drops
  - Number of tables/chairs – 2 tables, 8 chairs
  - Typical breakroom casework
8. 1 Janitor Closet including mop sink
  9. Trash/Recycling areas/enclosures
    - Trashcans to be placed throughout spaces, recycling containers placed in kitchen.

### V. Second Floor:

Custodial – Provided by third party vendor

1. 1 Living units
2. LESSOR shall prepare separate interior design package for the procurement of interior furnishings, fixtures and equipment by COUNTY. Each living unit shall contain:
  - Kitchenette
    - Appliances: Range, refrigerator, microwave
    - 2 duplex GFCI and 2 outlets for range/refrigerator
  - Single user restroom with shower
    - 1 duplex GFCI
  - 4 duplex outlets in main living space
3. 1 Resident Services Office
  - Accommodate a 30” x 48” desk and required accessible clearances
  - 4-person conference table
  - Electric/data - 2 data drops, 5 duplex outlets
  - Provide two means of egress from this room/area
  - COUNTY shall review existing installations and confirm future .
4. 1 Office interior restroom
5. 1 Office Supply closet
  - Shelving to be provided by COUNTY
6. 1 single user interior restroom
7. 1 Lounge area
  - Furnishings – Bookshelves, tables and chairs and couches to be provided by COUNTY
  - Electric/data/wifi – 4 duplex outlets; wifi availability throughout
8. 1 Common Area serving as circulation space for above
  - Furnishings – Bookshelves, tables and chairs and couches to be provided by COUNTY
  - Electric/data/wifi - Duplex outlets every 12’ throughout space; wifi availability throughout
9. Trash/Recycling areas/enclosures
  - Trashcans to be placed throughout spaces, recycling containers placed



## Exhibit B – Conceptual Space Plans and Program

in Common Area.

### VI. General Requirements:

1. All finishes, fixtures, lighting, and other building components not specifically addressed in this program will be proposed to COUNTY by OWNER during the design process stipulated in EXHIBIT C – Scope of Consultant Services. COUNTY shall provide feedback during design and approve finishes, fixtures, lighting and other building components.
2. LESSOR shall clearly identify in the design and construction documents what constitutes work funded by LESSOR (shell building/improvements) vs work funded by COUNTY (interiors/tenant improvements)
3. LESSOR to provide a fully Code-compliant and ADA-compliant facility
4. ADA compliant passenger elevator (weight capacity, size, access control, etc.)
  - 2,000 lbs capacity
  - 6'x'6' size
  - Access controlled
5. Complete means of egress system including all stairs, ramps, walks and safety measures as required by Authority having Jurisdiction.
6. Exclusive parking area as denoted in lease
7. Energy-efficient and operable windows where possible
8. HVAC systems:
  - Central in common areas
  - PTAC in residences
9. Sound batt insulation installed in walls of all occupied spaces
10. Additional sound insulation as required to be reviewed and approved by COUNTY during design process
11. Code-required interior signage by LESSOR
12. LESSOR to provide keying operation/schedule for all doors for COUNTY review/approval
13. All doors to include locking hardware throughout all spaces. Lock functions to be reviewed and approved by COUNTY during design process.
14. Some doors to have fob/card reader access control. LESSOR to coordinate with COUNTY to finalize all access control systems during design.
15. LESSOR to provide life safety system and fire extinguishers/maintenance as required by Authority Having Jurisdiction
16. LESSOR's design team shall program and design for storage areas required but not indicated on plans
17. LESSOR's design team shall confirm and incorporate all required utility areas housing elevator mechanical rooms, water heater(s), furnaces, air handlers, sprinkler risers, plumbing chases, etc.

## Exhibit C – Scope of Consultant Services

Subject to LESSOR'S rights to reimbursement from the COUNTY as recited in Sections 26.1, 26.1.1 and 26.1.2 of the lease LESSOR agrees to contract for professional consulting services necessary to produce a quality improvement project at LESSOR's real property consisting of the building and surrounding site improvements satisfying the COUNTY's requirements per COUNTY's Exhibit B – Conceptual Plans and Program. The Scope of Services as described below, including any other services identified in this lease as part of Services, which generally include architectural services, engineering services, cost estimating, mechanical design, electrical design, plumbing design, all of which are intended to result in delivery of the following Tasks (1-6). The deliverables described in each section below shall be collectively referred to as the "Design and Construction Deliverables" elsewhere in this lease.

### 1. SCHEMATIC DESIGN

Review Exhibit B - Conceptual Plans and Program, provided to LESSOR by COUNTY. Provide a written verification that information and backgrounds provided are sufficient to continue design work; provide list of any additional necessary information required. Create and provide background drawings for use by other design team members and consultants under contract with COUNTY. Schedule, arrange and attend meetings as necessary for coordination with design team. Provide written code analysis, including accessibility compliance with Americans With Disabilities Act, and accessibility provisions of the California Building Code, for preliminary over-the-counter review of schematic plans by authority having jurisdiction. Submit the following schematic design deliverables in paper and electronic formats for COUNTY review and approval:

- (a) Written verification that information and backgrounds provided are sufficient including a list any additional necessary information required.
- (b) Written review and analysis of applicable building codes, identifying all code-related issues that may impact the design of the site and building improvements.
- (c) Recommended design modifications in accordance with (b) above.
- (d) Schematic drawings.
- (e) Schematic cost estimate.
- (f) Background drawings for use by other design team members.
- (g) Minutes from design coordination meetings.
- (h) Written code analysis including comments from meeting with authority having jurisdiction.

### 2. CONSTRUCTION DOCUMENTS

Develop and provide complete package of construction documents for final plan review and approval by COUNTY. Schedule, arrange and attend meetings as necessary for coordination with design team. Provide COUNTY a copy of a complete package of approved plans and technical specifications to be used by LESSOR to construct the tenant improvement project on behalf of COUNTY. Revisions, addendums, answers to bidding questions and substitution requests to be provided as necessary. Submit the

## Exhibit C – Scope of Consultant Services

following construction document deliverables, including fully coordinated drawings and specifications, including addendums, in paper and electronic formats for COUNTY review and approval:

- (a) 60% package of construction documents (plans and specifications) for plan review.
- (b) 90% complete package of approved plans and technical specifications for agency submittal and cost estimating, prior to final authority having jurisdiction review for building permit.
- (c) 90% completion Cost Estimate for completion of the project.
- (d) Copies of permit applications from City of Eureka and any other necessary governing agency, including a copy of Certified Access Specialist program (CAsp) inspection application, or otherwise agreed to per Section 40.1 – PREMISES INSPECTION BY CERTIFIED ACCESS SPECIALIST of this Lease
- (e) 100% completion bid package after all agency reviews are complete, and building permits are approved by the City of Eureka
- (f) Revisions, addendums, answers to bidding questions and review of substitution requests.
- (g) Post-bid package of coordinated drawings and specifications including addendums for construction.
- (h) 100% Final Cost Estimate, to be provided by Lessor based on the actual value of self-performed work and pending subcontracts, including construction cost and materials at California prevailing wage rates where applicable, calculated at the fair market rate for commercial construction work of the type and quality provided. The 100% Final Cost Estimate shall include the costs of design and project administration incurred by the Lessor.
- (i) Proposed Construction schedule including date of completion.

### 3. CONSTRUCTION ADMINISTRATION

Provide administration of project throughout the course of project bidding, through periodic observation of work during construction, provide review of submittals, and assist in responses to requests for information, cost proposals, change orders, punch-lists, and other construction administration services as necessary. Coordinate with COUNTY's third-party construction administration team as requested. Attend weekly site meetings as necessary. Submit the following contract administration deliverables to COUNTY:

- (a) Responses to requests for information as necessary.
- (b) Written summary of submittals, requests for information, and change orders
- (c) Attend weekly site meetings as necessary.
- (d) Documentation of periodic observation of work as necessary.

## Exhibit C – Scope of Consultant Services

### 4. PROJECT CLOSEOUT

Assist with closeout procedures and commissioning as necessary. Coordinate with contractor and consultants to provide COUNTY a copy of as-built record drawings in digital and hard-copy format. Submit the following project closeout deliverables package to COUNTY:

- (a) Provide a written copy of closeout procedures.
- (b) Commissioning documentation as necessary.
- (c) As-built record drawings.
- (d) Copy of issued permits, including corrections report resulting from Certified Access Specialist's (CAsp) inspection of the site and building improvements or otherwise agreed to per Section 40.1 – PREMISES INSPECTION BY CERTIFIED ACCESS SPECIALIST of this Lease
- (e) Certificate of Occupancy.
- (f) Certificate of Substantial Completion.
- (g) Copy of filed Notice of Completion.

### 5. GENERAL TASKS AND DELIVERABLES

Within Twenty (20) days from the date of the First Amendment to Lease, the LESSOR or LESSOR'S consultant shall create and provide schedule for progress of work in conjunction with its design team. Provide monthly status report including a narrative of work performed, an update of the progress of work schedule, including actual performance versus current progress schedule, and a look-ahead of anticipated required information, decisions or documents required from COUNTY. General Tasks and Deliverables are to include:

- (a) Schedule for progress of work (within Twenty (20) days of date of this First Amendment).
- (b) Monthly status report.
- (c) Narrative of work performed.
- (d) Update of the progress of work.
- (e) Thirty-day (30) look-ahead construction schedule.

LESSOR or LESSOR'S consultant shall have full charge of coordination and scheduling with design team members, and other consultants under contract with COUNTY for this project.

### 6. ADDITIONAL SERVICES

No additional services other than those stated in this Exhibit C and as stated in the lease shall be subject to reimbursement by COUNTY without an additional written amendment to the lease. Any amendment authorizing reimbursement for additional services shall include a detailed description of such services and a maximum reimbursement amount for the additional services.

## Exhibit D - Consultant Contract Terms and Conditions

LESSOR shall include the following provisions in its contract an independent consultant, hereinafter called CONSULTANT, providing the services described in Exhibit C – Scope of Consultant Services.

### 1. COMPLIANCE WITH APPLICABLE LAWS

CONSULTANT agrees to comply with all local, state and federal laws and regulations applicable to the services covered by this Agreement. CONSULTANT further agrees to comply with all applicable local, state and federal licensure and certification requirements.

### 2. LESSOR'S LICENSE TO USE DOCUMENTS

The parties recognize that under Civil Code section 980, CONSULTANT is the exclusive owner of the design and other documents created by CONSULTANT pursuant to this Agreement, and CONSULTANT may control the distribution and use of said documents. CONSULTANT agrees that LESSOR, upon termination or cancellation of this Agreement for any reason whatsoever, shall acquire a license to copy, reproduce, and use for its own purposes, said documents. More specifically, CONSULTANT agrees that LESSOR may use said documents for completion of its site and building improvement project even though CONSULTANT'S services may have been terminated. CONSULTANT shall be entitled to no additional compensation for use by LESSOR of these documents.

### 3. CONFIDENTIAL INFORMATION

In performance of its obligations under this Agreement, CONSULTANT may receive information that is confidential under local, state or federal law. CONSULTANT hereby agrees to protect all confidential information in conformance with any and all applicable local, state and federal laws and regulations.

### 4. NUCLEAR FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE

CONSULTANT certifies by its signature below that it is not a Nuclear Weapons Contractor, in that CONSULTANT 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. CONSULTANT agrees to notify LESSOR immediately if it becomes a Nuclear Weapons Contractor as defined above. LESSOR may immediately terminate this Agreement if it determines that the foregoing certification is false or if CONSULTANT subsequently becomes a Nuclear Weapons Contractor.

### 5. INSURANCE REQUIREMENTS:

CONSULTANT shall maintain, throughout the period of this agreement and any extended term thereof, the following policies of insurance placed with insurers authorized

## Exhibit D - Consultant Contract Terms and Conditions

to do business in California 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 Two Million Dollars (\$2,000,000) per occurrence for any one incident, including, but not limited to, 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. Professional Liability Insurance

Error and Omission Coverage, including coverage in an amount of no less than Two Million Dollars (\$2,000,000) for each occurrence, Four Million Dollars (\$4,000,000) general aggregate. Said insurance shall be maintained for the period of three (3) years from completion of services.

### 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.

## 6. NONDISCRIMINATION COMPLIANCE

A. Professional Services and Employment. In connection with the execution of this Agreement, CONSULTANT shall not discriminate in the provision of professional services or against any employee or applicant for employment because of race, religion or religious creed, color, age (over forty (40) years of age), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics), mental or physical disability (including HIV status and AIDS), political affiliation, military service, or any other classification protected by local, state or federal laws and regulations. Nothing herein shall be construed to require employment of unqualified persons.

B. Compliance with Anti-Discrimination Laws. CONSULTANT further assure that they will abide by the provisions of Title VI and Title VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, California Welfare and Institutions Code Section 10000, CDSS MPP Division 21, United States Executive Order 11246, as amended, and any other applicable local, state

## Exhibit D - Consultant Contract Terms and Conditions

and federal laws and regulations. Practices in hiring, compensation, benefits and firing are among the employment practices subject to this requirement.

### 7. DRUG-FREE WORKPLACE CERTIFICATION

By executing this Agreement, CONTRACTOR certifies that it will comply with the requirements of the Drug-Free Workplace Act of 1990 (California Government Code Sections 8350 et seq.) and will provide a drug-free workplace by doing all of the following:

A. Drug-Free Policy Statement. Publish, as required by California Government Code Section 8355(a)(1), a Drug-Free Policy Statement which notifies employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited, and specifies the actions to be taken against employees for violations.

B. Drug-Free Awareness Program. Establish, as required by California Government Code Section 8355(a)(2), a Drug-Free Awareness Program which informs employees about the following:

1. The dangers of drug abuse in the workplace;
2. CONTRACTOR's policy of maintaining a drug-free workplace;
3. Any available counseling, rehabilitation and employee assistance programs; and
4. Penalties that may be imposed upon employees for drug abuse violations.

C. Drug-Free Employment Agreement. Ensure, as required by California Government Code Section 8355(a)(3), that every employee who provides services hereunder will:

1. Receive a copy of CONTRACTOR's Drug-Free Policy Statement; and
2. Agree to abide by the terms of CONTRACTOR's Drug-Free Policy as a condition of employment.

D. Effect of Noncompliance. Failure to comply with the above-referenced requirements may result in suspension of payments under this Agreement and/or termination thereof, and CONTRACTOR may be ineligible for award of future contracts if COUNTY determines that the foregoing certification is false or if CONTRACTOR violates the certification by failing to carry out the above-referenced requirements.

8. COMPLIANCE WITH APPLICABLE LAWS AND LICENSURE REQUIREMENTS

CONSULTANT agrees to comply with any and all local, state and federal laws, regulations, policies and procedures applicable to the services covered by this Agreement. CONSULTANT further agrees to comply with any and all applicable local, state and federal licensure and certification requirements.

9. PROVISIONS REQUIRED BY LAW

This Agreement is subject to any additional local, state and federal restrictions, limitations, or conditions that may affect the provisions, terms or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

10. STANDARD OF PRACTICE

CONSULTANT warrants that it has the degree of learning and skill ordinarily possessed by reputable professionals practicing in similar localities in the same profession and under similar circumstances. CONSULTANT's duty is to exercise such care, skill and diligence as professionals engaged in the same profession ordinarily exercise under like circumstances.



1. Navigation Center Building and Site improvements at 80 West Third Street, Eureka

1.1 Building Plans and Specifications; Construction Schedule. COUNTY has provided LESSOR with Exhibit B - Conceptual Plans and Program dated March 20, 2023, prepared by Humboldt County Department of Health and Human Services (DHHS) for the building and site improvements (the “Program”) to be constructed at the real property owned by LESSOR and located at 80 West Third Street, Eureka, California (the “Premises”). Based on said Program, LESSOR’S architect, who shall be the architect of record for the construction, shall prepare design and construction documents for improvements to the Premises; LESSOR shall cause the building and site improvements to be diligently constructed and completed in accordance with said Exhibit B – Conceptual Plans and Program. LESSOR shall submit to COUNTY Design and Construction Deliverables as specifically identified in Exhibit C - Scope of Consultant Services, and as provided in Section 26.1.1 of the lease. As further recited in Section 26.1.1 of the lease, not later than ten (10) days following the COUNTY’S approval of the Design and Construction Deliverables the COUNTY shall fund and contribute to the cost of building and site improvements to the Premises, as recited in Section 2.2, below. Upon issuance of permits, LESSOR shall commence construction in full compliance with all laws, rules and regulations of all governmental authorities having jurisdiction and supervision over such construction and all restrictive covenants affecting the Premises, and all such construction shall be done in a good and workmanlike manner using new materials free from any defects or deficiencies and free of any and all claims or liens arising out of any labor or materials used or purchased by LESSOR in connection therewith that might otherwise affect any interest of COUNTY in the Premises. LESSOR shall diligently apply for and pursue to completion any and all certificates of occupancy and other governmental authorizations or permits which may be required as a condition to the construction and occupancy and use of the Premises.

1.2 Changes to Design and Construction Deliverables. LESSOR shall have the right to make changes in and additions to the Design and Construction Deliverables as described in Exhibit C – Scope of Consultant Services; provided, however, that COUNTY’S prior written approval must be obtained in the case of any change or addition which shall:

- (a) materially affect the location or size of the Premises;
- (b) materially affect the ceiling heights or the location or size of any of the walls of, or any of the columns within the Premises, or materially reduce the usable or useable area of the Premises, except as may be necessary to comply with any applicable laws or requirements of public authorities;
- (c) materially affect the Premises or the services able to be provided at the Premises by COUNTY;

(d) impair the design, quality, functionality or performance of the Premises or materially affect COUNTY'S use of the Premises or any other rights of COUNTY under this Lease.

COUNTY'S approval or disapproval with respect to any change in, or addition to, the Design and Construction Deliverables may be given by COUNTY to LESSOR or LESSOR's architect.

## 2. Construction Protocol Requirements

2.1 Prevailing Wage. LESSOR shall comply with the applicable provisions of California Labor Code sections 1720.2 and 1770 et seq., regarding general prevailing wages, when constructing the building and site improvements to the Premises recited in the Design and Construction Deliverables.

### 2.2 Funding and Payment Approval process for building and site improvements.

(a) Prior to the commencement of construction, COUNTY shall secure funding in an amount not less than Two Million, One Hundred Thousand Dollars (\$2,100,000.00 USD) to fund the design and construction of the building and site improvements, and place said funds in a designated or blocked account (the "Construction Drawdown Fund") to insure said funds are readily available to pay construction expenses as recited in Section 2.2(b), below.

(b) LESSOR shall be entitled to request payment draws from County an amount equal to: (i) one hundred percent (100.00%) of LESSOR'S actual costs incurred for all architectural plans and specifications, engineering plans and specifications, permitting costs and all other expenses incurred to prepare plans and specifications and seek permits for the improvements; and (ii) the percentage of work completed by LESSOR (and/or its, employees, agents, contractors and subcontractors) multiplied against the construction cost total estimate, with the percentage of completed work determined by the COUNTY or the COUNTY's third-party construction administration team utilizing commercially reasonable construction completion estimate standards. LESSOR shall submit draw requests and construction completion inspections will be conducted at a frequency of, at least, every consecutive thirty (30) days during construction. COUNTY or COUNTY's third-party administrator's determinations shall be binding except in the event of a breach of commercially reasonable construction completion estimate standards, and LESSOR shall be entitled to receive payment within five (5) business days of the completion of each determination. The determination process is complete after a preliminary draw request is submitted, a site inspection is conducted, all discrepancies are resolved to the satisfaction of the COUNTY or COUNTY's third party administrator, and a final draw request is submitted and processed. For purposes of example only, if the total construction cost for the improvements is estimated to equal \$1,000,000.00 and LESSOR (and its employees/agents/contractors and/or subcontractors) complete 10% of the work within the first 30 days after commencing construction, LESSOR shall be entitled to submit a draw request and

receive \$100,000.00 from the Construction Cost Drawdown Account within 5 days following COUNTY's or COUNTY's third party administrator's determination that 10% of the work is complete. LESSOR shall be entitled to request inspections by COUNTY or COUNTY's third party administrator at a frequency of no greater than two (2) per month.

(c) In the event of any default on the part of LESSOR for the construction of the improvements and should LESSOR fail to bond or otherwise guaranty payment in a manner acceptable to COUNTY within thirty (30) days of the event of default, COUNTY shall have the option to proceed or procure others to proceed with the performance to complete the building construction. Payment to COUNTY for the completion of the building construction shall be in accord with Section 2.2(B) above.

### 2.3 Construction Completion.

(a) LESSOR shall construct the improvements at the Premises and perform the work and make the installations in the Premises in accordance with the approved Design and Construction Deliverables. LESSOR shall, when construction progress so permits, notify COUNTY in advance of the approximate date on which the Premises will be substantially completed in accordance with the Design and Construction Deliverables and will notify COUNTY when the Premises are in fact so completed and ready for occupancy by COUNTY.

(b) The Premises shall be deemed to be substantially complete when LESSOR has procured a Certificate of Substantial Completion, although minor details or adjustments which do not materially interfere with COUNTY's use of the Premises have not been completed. The Certificate of Substantial Completion shall be deemed complete when it is fully signed by LESSOR, LESSOR's architect, and COUNTY. The Certificate of Substantial Completion shall identify the remaining work to be completed on the project, a timeline to do so.

(c) COUNTY shall have the right to present to LESSOR within thirty (30) days after the Premises are delivered to COUNTY, or as soon thereafter as practicable, a) a written "punch list" which will consist of the items that have not been finished or furnished by LESSOR in accordance with the provisions of the Design and Construction Deliverables. Upon presentation of the punch list and report to LESSOR by COUNTY, LESSOR shall, with due diligence, proceed to complete all defective or incomplete items on the punch list. LESSOR shall execute all of the items on the punch list on the report to COUNTY'S satisfaction within fourteen (14) days of LESSOR'S receipt of the punch list and report. If LESSOR fails to complete all of the items and remove all barriers within such time frame, COUNTY may complete such items and remove such barriers and LESSOR shall reimburse COUNTY upon demand for the reasonable costs incurred by COUNTY for such work. If such costs are not paid within ten (10) days after demand, such costs shall be credited to and deducted from COUNTY'S next monthly installments of Rent, payable under the lease. Evidence of when the Premises punch list items have been substantially completed shall be a certificate to that effect by both LESSOR'S

architect and COUNTY'S architect (if one is appointed by COUNTY at COUNTY'S cost and expense).

(d) Upon completion of the work, LESSOR shall file a Notice of Completion and provide COUNTY with a lien indemnification to insure the removal of all mechanic's liens and verification that all vendors have been fully paid and all lien rights expunged, or, at LESSOR'S option, an indemnity is pledged to COUNTY for said liens while LESSOR contests them.

#### 2.4 Change Orders.

(a) Change orders that are due to unanticipated existing conditions, design errors/omissions, construction defects, material delays, and all causes that are not attributable to COUNTY shall be administered and paid for in full by LESSOR. Such change orders may not reduce the quality of the project as stipulated in section 1.2 of this Exhibit.

(b) If COUNTY requests any change, addition, alteration or deletion in the site and building improvement work following approval of the Design and Construction Deliverables, then LESSOR shall promptly give COUNTY a written estimate of the cost, if any, of the professional and other services required to prepare a change order and the time delay expected, if any, because of such request. If COUNTY, in writing, approves such cost and/or delay estimate within five (5) business days, then LESSOR shall have the change order prepared, including construction costs, and COUNTY shall approve the finalized change order in writing. For any COUNTY requested change order, LESSOR shall be entitled to draw from the construction account recited in Section 2.2(a), above, an amount equivalent to said approved change order based on the percentage of change order work completed by LESSOR. The delay, if any, associated with the change order request shall extend LESSOR'S time for completion of the improvements.

#### 2.5 Construction Bidding Protocol Requirements; COUNTY Exemption/Urgency Resolution

COUNTY represents and warrants that LESSOR may dispense with the competitive bid solicitation advertisement and selection protocol required by the California Public Contract Code based on the County's adoption of a Resolution No. 22-69, and Shelter Crisis Ordinance No. 2695 on June 7, 2022, allowing the COUNTY to facilitate the development of emergency shelters on County-owned or County-leased land and meeting the obligations under California Assembly Bill 2553 (2020) pursuant to California Government Code Section 8698.4 and its subparts, which authorizes planning and construction of shelter facilities on an urgency basis pursuant to certain protocol exemptions related to contracting and bidding as specified in said statutory scheme. COUNTY shall indemnify, defend and hold harmless LESSOR from and against any and all claims and causes of action related to the determination that the improvements to the Premises are exempt from the aforesaid California Public Contract Code requirements.

**Exhibit F - Project Cost Share and Overrun Procedure**

Project Cost per 26.1.3	\$ 3,600,000	\$ 3,850,000	\$ 4,100,000
County Contribution	\$ 2,100,000 (\$0 amortized)	\$ 2,350,000 (\$250,000 amortized)	\$ 2,600,000 (\$500,000 amortized)
County's share of project costs	58%	61%	63%