

924 EMERALD BAY, SOUTH LAKE TAHOE

LEASE - #073-L1711

THIS LEASE ("Lease") is made as of September 1, 2016 ("Commencement Date"), by and between Emerald Bay Properties, LLC, a California Limited Liability Company ("Lessor") and the County of El Dorado ("Lessee"), a political subdivision of the State of California upon the following terms and conditions.

SECTION 1: BASIC LEASE PROVISIONS. These Basic Lease Provisions set forth the basic terms of this Lease. In the event of any inconsistency between the terms set forth in these Provisions and any other provision of this Lease, the Basic Lease Provisions shall prevail.

1.1	<u>Lessee:</u>	<u>Name:</u> COUNTY OF EL DORADO <u>Address for Notices:</u> Chief Administrative Office Attention: Facilities Manager 330 Fair Lane Placerville CA 95667
1.2	<u>Lessor:</u>	<u>Name:</u> EMERALD BAY PROPERTIES, LLC <u>Address for Notices and Payments:</u> Ross W. Groelz, DDS 2163 White Sands Drive South Lake Tahoe, CA 96150
1.3	<u>Premises:</u>	First floor office space of building consisting approximately 318 rentable square feet, use of restroom, and surrounding parking areas (" <u>Premises</u> "). The Premises are more fully described in <u>Exhibit "A" marked "Floor Plan"</u> , attached hereto and made a part hereof by reference.
1.4	<u>Property:</u>	The property contains that certain office building (" <u>Building</u> ") where the Premises are located and the surrounding parking areas, located at 924 Emerald Bay Road, South Lake Tahoe, California 96150 (APN #023-192-08-100).
1.5	<u>Term:</u>	Twenty-Eight (28) months from Commencement Date. Commencement Date: September 1, 2016 <u>Option to Extend:</u> Two (2) One (1) year option periods as more specifically described in <u>Section 4</u> .
1.6	<u>Rent:</u>	Initial Monthly Rent \$477.00 (see <u>Section 3</u> – Rent for complete schedule), plus flat rate of \$50.00 per month for electricity and propane costs.
1.7	<u>Security Deposit:</u>	None
1.8	<u>Permitted Use:</u>	General office space use, including government operations or uses related thereto.
1.9	<u>Definitions:</u>	All capitalized terms used in this Lease shall have the meanings specified in this <u>Section 1</u> or in <u>Section 41</u> .
1.10	<u>Exhibits:</u>	The following Exhibits are attached to this Lease and incorporated herein by this reference: <ul style="list-style-type: none">• Exhibit "A" marked "Floor Plan"

1.11	<u>Addendum:</u>	Attached: ___ Yes <u>X</u> No
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SECTION 2: PREMISES AND COMMON AREAS.

2.1 Premises. Lessor hereby leases the Premises to Lessee and Lessee hereby leases from Lessor the Premises, as outlined on the floor plans in Exhibit "A", attached hereto and incorporated herein by reference.

2.2 The rentable and usable square feet of the Premises has been verified by the parties in accordance with the Building Owners and Management Association Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 (the "BOMA Standard"). The parties agree the Premises consists of three hundred eighteen (318) square feet of office space and shall not be subject to adjustment, during either the Term or any extensions thereof, unless Lessee leases additional space or Lessee reduces its occupied space in the Premises.

2.3 Common Areas. Lessee shall have the nonexclusive right to use the Common Areas, subject to reasonable rules and regulations for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order. Lessee's rights are subject to Lessor's right to make changes to the Common Areas or the use of such Common Areas which Lessor deems reasonable, perform maintenance and repairs and otherwise use the Common Areas as Lessor may deem appropriate in its reasonable judgment. Notwithstanding the foregoing, in no event shall Lessor's activities pursuant to this section interfere with Lessee's access to or use of the Premises.

2.4 Delivery of Premises. Lessor shall deliver to Lessee possession of the Premises, free and clear of all other tenants and occupancies on the Premises. Lessor shall deliver the Premises in a clean condition on the Commencement Date, and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Premises shall be free of material defects, and that the Premises do not contain hazardous levels of mold or fungi defined as toxic under applicable state or federal law.

2.5 Compliance with Laws. Lessor warrants that the Lessor is delivering the Premises and the Property in compliance with all applicable local, state, and federal laws, including, without limitation, the American Disabilities Act and any amendments thereto or regulations promulgated thereunder, ordinances, orders, rules, resolutions, and other governmental requirements relating to the use, condition, or occupancy of the Premises and the Building ("Applicable Requirements"). If the Property does not comply with Applicable Requirements, Lessee shall have the right to terminate this Lease as provided in Section 15.

2.5.1 If the Applicable Requirements are hereafter changed so as to require during the Lease Term the construction, alteration, or retrofit of the Premises, the remediation of any hazardous substance, or the reinforcement or other physical modification of the Premises, Lessor shall be solely responsible for the cost of such work, except where such work is triggered by Lessee as a result of an actual or proposed change in use or modification to the Premises.

2.5.2 Lessor shall, at its own cost and expense, be responsible for compliance with existing federal, state and local statutes, codes and ordinances, including the American Disabilities Act ("ADA") and Title 24 requirements in the construction, alteration, or other physical modifications that may be required on the Property.

2.5.3 During the Term and any extension, Lessor shall be responsible for any repairs, improvements, retrofits, or upgrades to the interior and exterior of the Building and the Property that are required to comply with the Applicable Requirements, including the evaluation, installation, and costs arising from changes necessary to bring the Property and the Building up to ADA accessibility standards due to changes in the Applicable Requirements after Lease commencement. Lessor shall defend and indemnify Lessee for any claims, liability, costs, or damages associated with Lessor's failure to comply with the ADA requirements. If Lessee makes any alterations or improvements to the interior of the Premises after the Commencement Date, Lessee shall, at its sole cost and expense, be responsible for insuring that any alterations or improvements to the Premises made by Lessee comply with Applicable Requirements.

2.5.4 The Premises being leased will undergo an inspection by a Certified Access Specialist (CAsp) with the execution of the Lease Agreement and any construction-related accessibility standards pursuant to California Civil Code Section 55.53 will be corrected within forty-five (45) days of the execution of the Lease.

2.6 Vehicle Parking. All parking areas will be shared use. Parking areas shall have appropriate and adequate overhead lighting. Any work in the parking areas must be coordinated with Lessee to minimize any interference with Lessee's access to or use of the Premises. Lessor shall provide any necessary substitute parking free of charge at nearby facilities to accommodate Lessee's access to and use of the Premises. In the event Lessee requires additional parking during the Term of this Lease, Lessor shall use its best efforts to work with Lessee to accommodate such additional parking need.

2.7 Quiet Possession. So long as Lessee is not in Default, Lessee shall be entitled to quietly have, hold, and enjoy the Premises during the Term, subject to Lessor's rights under this Lease.

2.8 Use of Premises. Lessee shall use the Premises for the purpose of conducting business and activities permitted by law, including any government operations or uses related thereto.

2.9 Changes to Property. Except for the Premises, Lessor reserves the right to make or allow permanent or temporary changes or replacements to the Property during the Term. Lessor's activities may require the temporary alteration of means of ingress and egress to the Property and the installation of scaffolding and other temporary structures while the work is in progress. Such work shall be performed in a manner reasonably designed to minimize interference with Lessee's conduct of business from the Premises. Notwithstanding the foregoing, Lessor shall not block Lessee's ingress and egress of the Premises.

SECTION 3: RENT.

3.1 Rent shall be paid in advance on or before the first day of each calendar month. If the Commencement Date or the expiration date of this Lease occurs on a day other than the first or last day of a calendar month, then the rent for the fractional month shall be prorated on the basis of a thirty (30) day month. Rent shall be paid in accordance with the monthly rent schedule specified below:

Month	Monthly Amount	Price per sq. ft.
1 – 28	\$477.00	\$1.50

3.2 Rent shall be made payable to the Lessor at the address stated in Section 1.2 or to such other persons or place as Lessor may from time to time designate in writing. Lessor shall notify Lessee in writing of such designation in accordance with the notice provision in Section 34. Said notice shall become part of this Lease upon acknowledgment in writing by the County Lease Administrator, and no

further amendment of the Lease shall be necessary provided that such designation does not conflict with any other provisions of this Lease.

SECTION 4: OPTIONS TO EXTEND.

4.1 Provided Lessee is not in Default as of the date of exercise or the commencement of the renewal term, Lessee shall be entitled to two (2) options (each, an "Option") to extend the term of the Lease for a period of one (1) year (each, an "Option Term") for all or part of the Premises, on the same terms and conditions of the Lease, except that the Rent at the beginning of each Option Term shall be adjusted to equal the lesser of (i) the current fair market rate for the Premises, or (ii) two percent (2%) above the then currently monthly rental rate for the Building. The monthly rental rate for the Building shall be increased on the first day of the second year of each Option Term, and on each anniversary thereof throughout each Option Term, by an amount equal to two percent (2%) of the then currently monthly rental rate.

4.2 The Option shall be exercised (if at all) by Lessee giving written notice to Lessor at least six (6) months prior to the expiration of the Term, or the first Option Term, as applicable. Lessee's exercise of any option(s) shall be subject to approval by Lessee's Board of Supervisors.

4.3 The prevailing market rental rate for the first year of each Option Term shall be determined in the following manner, which shall reflect the prevailing market rent for comparable space within the Property and comparable first-class office buildings in Placer County and El Dorado County as of the date of commencement of the relevant Option. Prevailing market rental rate shall be determined taking into account all relevant factors, including (to the extent relevant) number of months of free rent, if any (which shall be part of the determination of the rental rate), Lessee improvement obligations, moving allowances, and leasing commissions and costs. The term "comparable leases" shall not include leases entered into under special circumstances affecting the economics of the tenancies, including following the exercise of options to lease space at other than then current prevailing market rate, or the sublease of space by a sublessor not primarily in the business of leasing space similar to the Premises.

4.4 The Parties shall commence negotiations of the rental rate one (1) year prior to the expiration of the then current term. Lessor shall give Lessee notice of Lessor's proposed prevailing market rental value for the Premises. Lessee shall give Lessor written notice within thirty (30) days thereafter as to whether or not Lessee agrees with Lessor's proposed prevailing market rental value. If Lessee disagrees with Lessor's proposed prevailing market rental value, the parties shall negotiate in good faith to resolve their differences for a period of thirty (30) days. Upon the expiration of such thirty (30) day period, if the parties are not in agreement as to such fair market rental value, then either party may initiate appraisal to determine the fair market rental value by giving written notice to the other party, such notice containing the name of an appraiser. If the Parties cannot agree upon a rate, the matter may be referred for arbitration to the nearest local office of the American Arbitration Association with each party equally sharing the cost thereof. If, following the arbitration, the fair market is not acceptable to Lessee, Lessee may rescind its exercise of the option to renew.

SECTION 5: RIGHT OF FIRST OFFER.

5.1 Lessee shall have a right of first offer to purchase the Building or lease available space in the Building. Prior to marketing any or all of the building(s) for sale or lease, Lessor shall deliver written notice to Lessee notifying Lessee of the availability of the building for sale or space for lease and setting forth Lessor's proposed purchase price or rental rate (based on the prevailing fair market value) and other economic terms ("Availability Notice").

5.2 Lessor shall not sell or lease space in any or all of the building(s) to any other person or entity until the process set forth in this provision has been fully complied with. Lessee shall have the right, but not the obligation, for a period of thirty (30) business days following receipt of the Availability Notice from Lessor, to elect to purchase the building(s) or lease available space. If Lessee elects to exercise its right to purchase the available building(s) or lease available space, written notice of such election shall be given to Lessor within thirty (30) business days from the time of Lessee's receipt of the Availability Notice from Lessor (the "Offer Period").

5.3 Lessee's election to exercise this right of first offer is expressly made contingent upon the Board of Supervisors' approval of the proposed purchase of the building(s) or lease of available space at an open and public hearing upon proper legal notice.

SECTION 6: ALTERATIONS AND IMPROVEMENTS.

6.1 Lessee Alterations. Lessee will install a wall and door to split the large area indicated on Exhibit "A" into two (2) separate rooms. Except as provided herein, Lessee shall not make any further alterations to the interior of the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessee, at its own cost, may install in the Premises the equipment needed for telecommunication system and computer terminals including, but not limited to, the following: (a) telephone, internet, and/or cable; (b) key and card key system units; (c) intercom system; (d) security system. Upon termination of the Lease, Lessee shall have the right to remove from the Premises such equipment installed by Lessee. Throughout the term of this Lease or any renewal or extension thereof, Lessor shall not charge any coordination or review fee for Lessee's construction of alterations including all expansion space in the Premises. Lessee shall be responsible for the ongoing monthly costs of the service.

6.2 With the exception of the wall and door installation as specified in Section 6.1 above, any alterations permanently affixed to realty, that may be made or installed upon the Premises by either of the parties and that in any manner are attached to the floors, walls, or ceilings, shall become the property of the Lessor and surrendered with the Premises, provided, however, Lessee may remove trade fixtures or equipment if Lessee repairs any damage to the Premises caused by such removal. However, any floor covering that may be cemented or otherwise affixed to the floor of the Premises shall become property of Lessor.

SECTION 7: REPAIR AND MAINTENANCE.

7.1 Throughout the initial and extended term(s) of the Lease, Lessor, at its sole cost and expense, shall inspect the Premises bi-monthly and maintain and repair, or cause to be maintained and repaired, in good working order, repair, and condition:

- (a) Systems and Equipment of the Building and Property, HVAC, mechanical and electrical systems, fire safety systems, plumbing;
- (b) Foundation, paint, exterior/interior lighting, windows, exterior/interior walls, structural components, and roof of the Building; and
- (c) Building and Common Areas, including parking lot, storage container and landscape.

7.2 Lessor shall have ten (10) days after notice from Lessee to perform its obligations hereunder, except Lessor shall perform its obligations immediately if the nature of the problem presents a material hazard or emergency as determined by Lessee. 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.

7.3 If Lessor does not perform its obligations within the time limitations provided herein, Lessee, after notice to Lessor, may perform the obligations and has the right to be reimbursed for the sum Lessee actually and reasonably expends (including charges for use of Lessee's employees and equipment) in the performance of Lessor's obligations. If Lessor does not reimburse Lessee within ten (10) days after demand from Lessee, Lessee shall have the right to withhold from future rent due the sum Lessee has expended until Lessee is reimbursed in full. Lessor shall also be liable for interruption or interference in Lessee's business, or for any other damages (whether direct or consequential), and rent shall be abated, on account of Lessor's failure to perform its maintenance and repair obligations.

SECTION 8: BUILDING SERVICES, UTILITIES, TAXES AND ASSESSMENTS.

8.1 Lessor shall furnish the Premises with the following utilities and services:

(a) Heating, ventilation, and air conditioning ("HVAC") for the comfortable occupancy of Premises for general office purposes, subject to any energy conservation or other regulations which may be applicable from time to time. The HVAC system shall be inspected each year by a qualified inspector. Lessor shall notify Lessee when the inspection shall occur and shall provide Lessee with a copy of the inspection report within five (5) days of receipt by Lessor. Lessor at its sole cost and expense, shall correct any problems identified in the inspection report within ten (10) days of the date of the inspection. Lessor shall change the HVAC filters and clean the HVAC vents quarterly. Lessor shall be responsible for the ongoing monthly costs of the service.

(b) Gas and/or electrical current for routine lighting and the operation of general office machines such as personal computers, copy machines, printers, office equipment, and the like, which use 110 volt electric power. Lessee shall pay fifty dollars (\$50.00) per month towards the cost of the service.

(c) Water and sewer suitable for the intended use of the Premises. Lessor shall be responsible for the ongoing monthly cost of the service.

(d) Right of access to, from and within the Building (including a pathway to the Premises) to Lessee and/or its telecommunication companies, including but not limited to local exchange telecommunications companies and alternative access vendor service companies, for the installation and operation of Lessee's telecommunication systems, including but not limited to voice, video, data, and any other telecommunication services provided over wire, fiber optic, microwave, wireless, and any other transmission systems, for part or all of Lessee's telecommunications to, from and within the Building and Premises.

(e) Telephone and/or fiber optic to the Premises. Lessee shall be responsible for the ongoing monthly costs of the service.

(f) Propane and/or natural gas. Lessor shall be responsible for the ongoing monthly costs of the service.

8.2 Lessee shall have the option, at its sole cost and expense, to install and operate a satellite antenna dish and cables thereto on the roof or exterior of the Building at no charge. Lessee shall be responsible for the installation and removal of the satellite antenna dish and cables thereto and any necessary repair to the Building due to their installation and removal.

8.3 Lessee agrees to reasonably cooperate with Lessor, and to abide by all regulations and requirements which Lessor may prescribe for the proper functioning and protection of the Building's HVAC, electrical, and plumbing systems.

8.4 Unless due to any fault on the part of Lessee, its employees or agents, Lessee's obligation to pay rent shall abate proportionately during any period in which Lessee's access to, or use of, all or any portion of the Premises for their intended purpose is so impaired that Lessee cannot, and actually does not, use all or such portion of the Premise for a period in excess of five (5) consecutive business days; the rent abatement in such case to commence as of the sixth (6th) business day. Lessee shall give Lessor notice of any such interruption of access, use, or service prior to Lessee ceasing to use all or any portion of the Premises. If such interruption or discontinuation in services continues beyond thirty (30) consecutive business days, Lessee has the right to terminate the Lease with no additional financial obligation to Lessor.

8.5 Should Lessee require, and should Lessor provide, additional building services during the Lease Term, Lessee agrees to pay the expense of such additional services as mutually agreed upon by both parties. All costs for such additional services shall be prorated among all lessees in the Building then requesting comparable additional services during such time periods.

8.6 In the event that building services provided by Lessor under the Lease are discontinued due to Lessor's failure to pay, Lessee shall have the option to assume payment for such building services, in which event Lessee will be entitled to a rent credit equal to the amount thus paid by Lessee, plus ten percent (10%) annual interest, which shall be applied against the first installments of rent due under the Lease until the obligation is fully satisfied.

8.7 Lessor shall pay all real property taxes, special taxes and assessments on or attributable to the Premises.

8.8 Building Services. Lessor shall also be solely responsible for the cost of providing the following services to the Property and Premises:

- (a) Building and Liability insurance
- (b) Real property taxes
- (c) Snow and ice removal when snow level is expected to reach at least three (3) inches or more
- (d) Water
- (e) Sewer
- (f) Landscaping
- (g) Exterior trash/disposal services
- (h) Pest control/extermination
- (i) Replacement light fixtures
- (j) HVAC filters
- (k) Exterior window cleaning twice per year
- (l) Building system fire monitoring and repair

8.9 Lessee will pay fifty dollars (\$50.00) per month towards the electricity and propane costs incurred by Lessor. Lessee will be responsible for the monthly cost of janitorial services. Lessee shall

contract directly with a vendor for janitorial services for the Premises, including the cleaning of the interior windows and replacement of light globes or fluorescent tubes inside the Premises. Lessor is responsible for replacement of light globes or fluorescent tubes outside the Premises.

SECTION 9: ASSIGNMENT AND SUBLETTING.

9.1 Restriction on Assignment and Subletting. This Lease shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld. The party requesting assignment or subletting ("Transfer") of the Lease shall provide the other party with prior written notice of the proposed Transfer containing the items specified in Section 9.2 below. Within ten (10) business days after receipt of the Transfer notice, the other party shall notify the requesting party of its election to (a) approve the requested Transfer or (b) disapprove the requested Transfer, which disapproval shall specify the reasons for such disapproval. Notwithstanding the foregoing, an assignment or sublet of the Lease by Lessee to any agencies, departments, affiliates, or contractors of Lessee shall not constitute a Transfer and shall only require prior written notice to Lessor but not Lessor's consent.

9.2 Documentation Required. The Transfer notice shall be accompanied by each of the following:

- (a) A copy of all proposed Transfer documents.
- (b) A statement setting forth the name, address and telephone number of the transferee, and all principal owners of the transferee.
- (c) Current financial information regarding the proposed transferee, including a statement of financial condition.
- (d) For any sublease, a description of the portion of the Premises to be sublet.
- (e) Any other information reasonably required by the party in order to determine the financial responsibility, character, and reputation of the proposed transferee, nature of such transferee's business, or proposed use of the Building or portion thereof.

9.3 In the event of any Transfer by any Lessor of its interest, Lessor shall be relieved from all liability accruing from and after the date of the transfer or conveyance, but shall not be released from the obligation to indemnify Lessee for acts or omission occurring prior to the transfer unless so released by Lessee in writing. Upon any conveyance of title to the Property, the grantee or transferee shall be deemed to have assumed Lessor's obligations to be performed under this Lease from and after the date of such conveyance.

9.4 Lessor and Lessee shall share equally in any profit made from the Transfer of the Lease by Lessee.

SECTION 10: INSURANCE.

10.1 Prior to Commencement Date, Lessor shall furnish to Lessee proof of a policy of insurance issued by an insurance company that is acceptable and satisfactory to Lessee's Risk Manager and documentation evidencing that Lessor maintains insurance that meets the following requirements:

- (a) Commercial General Liability insurance of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage and a \$2,000,000 aggregate limit.
- (b) Workers' Compensation and Employers' Liability Insurance covering all employees of Lessor as required by law in the State of California.

(c) Property insurance on real property covered by this Lease under a standard “all Risk” policy.” The policy shall insure for not less than ninety percent (90%) of the replacement value of the property.

(d) The certificate of insurance must include a provision stating that insurer will not cancel insured’s coverage without thirty (30) days written notice to Lessee.

10.2 Lessor shall maintain the required insurance in effect at all times during the Term of this Lease. In the event said insurance expires at any time during the Term, Lessor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the Term of the Lease, or for a period not less than one (1) year. New certificates of insurance are subject to the approval of the Lessee. If Lessor fails to maintain in effect at all times the insurance coverage specified herein, Lessee may, in addition to any other remedies it may have, terminate this Lease.

10.3 Lessee shall be included as additional insured, but only insofar as the operations under this Agreement are concerned. This provision shall apply to all general and excess liability insurance policies. Proof that Lessee is named additional insured shall be made by providing Lessee’s Risk Manager with a certified copy, or other acceptable evidence, of an endorsement to Lessor’s insurance policy naming Lessee as additional insured.

SECTION 11: INDEMNITY.

11.1 Lessee shall defend, indemnify and hold Lessor harmless from and against any and all losses, damages, claims, suits, liability, costs, including reasonable attorney’s fees, for any damage to property or injury to any person occurring in, on, or about the Premises or any part thereof, caused by, arising out of, or in connection with the performance under this Lease by Lessee, its officers and employees, except to the extent such damage or injury is caused in whole or in part by the negligence or willful misconduct of Lessor, its employees, agents or contractor.

11.2 Lessor shall defend, indemnify and hold Lessee harmless from and against any and all losses, damages, claims, suits, costs, and liability for damages of every name, kind and description, including reasonable attorney’s fees, incurred, brought for, or on account of any damages to property or injuries to or death of any person, or any economic or consequential losses which are claimed to or in any way caused by, arise out of, or are connected with the operations, acts, omissions, or performance under this Lease by Lessor, its employees, agents or contractors, except to the extent such damage or injury is caused by the sole or active negligence of Lessee, its officers and employees.

SECTION 12: DAMAGE OR DESTRUCTION; EMINENT DOMAIN.

12.1 Damage or Destruction. If any part of the Premises or the Property is damaged by fire, Hazardous Substance Condition, or other casualty and the damage affects Lessee's use or occupancy of the Premises, Lessee shall give prompt notice to Lessor, and Lessor shall repair such damage with reasonable diligence. Except as provided herein, Lessor shall, at its sole cost and expense, restore or repair the Premises diligently and to their condition immediately prior to the damage. If such casualty occurs and a portion of the Premises is still usable by Lessee, the rent shall be abated and prorated on a square footage basis of usable space until the Premises are restored to their original condition.

12.1.1 In the event of damage or destruction or Hazardous Substance Condition to the Premises or the Property and a portion of the Premises is still usable, the rent payable by Lessee for the period required for the repair or remediation of such damage shall be abated and prorated on a square footage basis of usable space until the Premises are restored to their original condition immediately prior to the damage.

12.1.2 If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair, remediation, or restoration of the Premises within ninety (90) days after such obligation shall accrue, Lessee may at any time prior to the commencement of such repair or restoration give written notice to Lessor and to any Lenders, of which Lessee has actual notice, of Lessee's election to terminate the Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice and repair or restoration is not commenced within thirty (30) days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such thirty (30) days, this Lease shall continue in full force and effect. "Commence" shall mean the beginning of the actual work on the Premises.

12.1.3 Exceptions to Obligation to Rebuild. Notwithstanding the above, this Lease may be terminated by Lessor in any of the following situations:

(a) If substantial alteration or reconstruction of the Property or Premises is required as a result of the damage, to an extent exceeding forty percent (40%) of the full insurable value thereof.

(b) If the damage to the Property or Premises is caused by the gross negligence or willful misconduct of Lessee, its employees or agents.

(c) If existing laws do not permit the Premises to be restored to substantially the same condition as they were in immediately before the destruction.

(d) If the damage occurs during the last six (6) months of the Lease Term and the repair, reconstruction, or restoration of the Premises will take more than six (6) months to complete.

Any such election to terminate this Lease shall be exercised by notice to Lessee delivered within 60 days after the occurrence of the event of casualty causing such damage. The notice shall specify the date of termination, which shall be at least sixty (60) days after such notice is given. If Lessor gives such notice of termination, this Lease shall terminate as of the date specified, and all rent shall be prorated to the later of the date of termination or Lessee's vacation of the Premises.

12.1.4 Lessee's Right to Terminate. If the Premises are rendered unusable for the conduct of Lessee's business by reason of such damage, Lessor shall give Lessee a reasonable estimate of the time required for repair within forty-five (45) days after the date of damage. If Lessor reasonably estimates that the time needed for repair will extend more than nine (9) months after the date of damage, then Lessee shall have the right to terminate this Lease by giving written notice within fifteen (15) days after receipt of Lessor's estimate. The termination shall be effective ten (10) days after the date such notice of termination is given.

12.2 Eminent Domain. If the Property or Premises, or such portion thereof shall be taken for public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority.

12.2.1 Lessee shall not assert any claim against Lessor or the taking authority for any compensation because of such taking and Lessor shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Lessee. However, Lessee shall not be precluded from claiming from the condemning authority any compensation to which Lessee may otherwise lawfully be entitled in respect to personal property or fixtures belonging to Lessee, or for relocating to new space, or for the unamortized portion of any Repair and Maintenance

Improvements installed in the Premises to the extent they were paid for by Lessee or for the loss of goodwill.

12.2.2 In the event of taking of less than the entire Premises, Lessee may elect to terminate the Lease by giving thirty (30) days written advanced notice to Lessor. If Lessee does not so elect, Lessor shall promptly proceed to restore the Premises (including the Repair and Maintenance Improvements and any Lessee's alterations) to substantially their same condition prior to such partial taking and a proportionate allowance shall be made to Lessee for the rent corresponding to the time during which, and to the part of the Premises of which Lessee shall be so deprived on account of such taking and restoration. Notwithstanding the foregoing, if the costs of restoration exceed the portion of the condemnation award allocated to restoration costs, Lessor may elect to terminate this Lease unless Lessee elects to pay such excess.

SECTION 13: DEFAULT.

13.1 The occurrence of any one or more of the following shall be deemed a default by Lessee, or as and where the context allows, by Lessor:

13.1.1 Abandonment or Vacation of Premises. Abandonment or vacation of the Premises by Lessee, together with the non-payment of rent, for a continuous period in excess of thirty (30) consecutive days.

13.1.2 Nonpayment of Rent. Lessee's failure to pay rent when due, if the failure continues for ten (10) days after written notice has been given to Lessee.

13.1.3 Other Obligations. Except as otherwise expressly provided in this Lease, the failure to perform any other provisions or obligations under this Lease if the failure to perform is not cured within thirty (30) days after written notice has been given to the defaulting party. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

13.2 Notice given under this Section 13 shall specify the alleged default and applicable lease provisions, and shall demand that the defaulting party perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time. No such notice shall be deemed a forfeiture or a termination of this Lease unless the party giving notice so elects in the notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired. Lessee agrees to give Lessor's lenders, by registered or certified mail, return receipt requested, a copy of any notice of default served upon Lessor, provided that prior to such obligation to give notice, Lessee has been notified, in writing of the addresses of the Lenders. Lessee further agrees that if Lessor shall have failed to cure such default within the time provided in this Lease, then before Lessee pursues its other remedies, Lessor's lenders shall have an additional thirty (30) days (the "Lender Cure Period") within which to cure the default on behalf of Lessor.

SECTION 14: REMEDIES UPON DEFAULT

14.1 Termination. In the event of a default, non-defaulting party may elect to terminate this Lease or can cure the default at the defaulting party's cost. The election to terminate may be stated in any notice served upon the defaulting party.

14.2 Any sum paid by the non-defaulting party to cure the default shall be due within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate permitted by law. Lessee shall have the right to withhold from future rent due the sum Lessee has expended until Lessee is reimbursed in full for the sum and interest on it.

14.3 Remedies Cumulative. All rights, privileges and elections of remedies are cumulative and, to the extent permitted by law, are in addition to and do not in any manner limit other remedies set forth in other sections of this Lease.

SECTION 15: TERMINATION.

15.1 This Lease may be terminated upon the occurrence of one or more of the following:

- (a) The failure to remedy any default or breach of any provisions of this Lease.
- (b) The failure to comply with any provisions of this Lease.
- (c) Damage or destruction, or condemnation of the Premises as specified in Section 12.
- (d) In the case of bankruptcy, voluntary or involuntary, or insolvency of either party.

15.2 Non-Appropriation. Lessee's business operations are funded by federal, state, county, local, and/or private foundations ("Funding Sources"). Pursuant to Section 18, Article XVI of the California Constitution, and notwithstanding any provisions in this Lease, if during the Term of the Lease, the Funding sources reduce, eliminate, withhold, fail to allocate, or make unavailable to Lessee sufficient funds for Lessee's continued operations and/or administration of programs at the Premises or to meet the obligations of this Lease, Lessee shall have the right to terminate this Lease upon ninety (90) days written notice of such termination to Lessor.

15.3 Termination for Convenience. Lessee shall have the right to terminate this Lease for no reason, in Lessee's sole discretion, upon ninety (90) days written notice.

SECTION 16: AUDIT BY CALIFORNIA STATE AUDITOR. Lessor acknowledges that if total compensation under this Lease is greater than \$10,000.00, this Lease is subject to examination and audit by the California State Auditor for a period of three (3) years, or for any longer period required by law, after final payment under this Lease, pursuant to California Government Code §8546.7. In order to facilitate these potential examinations and audits, Lessor shall maintain, for a period of at least three (3) years, or for any longer period required by law, after final payment under the contract, all books, records and documentation necessary to demonstrate performance under the Lease.

SECTION 17: SUBORDINATION AND ATTORNMENT.

17.1 Subordination. At the election of the Lessor or any first mortgagee with a lien on the property or any ground lessor with respect to the property, this Lease shall be subject to and subordinate the lien of any mortgage or deed of trust which may now exist or hereafter be executed for which the Building, land, ground leases or underlying leases, or Lessor's interest or estate in any said items is specified as security. If requested by Lessor, Lessee agrees to execute and deliver to Lessor, within ten (10) business days after written demand therefor, and in the form requested by Lessor or such further instruments confirming the subordination of this Lease to the lien of any such mortgage or deed trust as may be requested by Lessor or any Lender from time to time. Any failure or refusal of Lessee to execute such instrument, which incorporates Lessee's reasonable changes, within ten (10) business days, shall constitute a default. However, Lessor agrees that as a condition to any subordination of this Lease to any future mortgage, deed of trust or ground lease, Lessee shall first receive a subordination, attornment and non-disturbance agreement from such lender or ground lessor on commercially reasonable terms.

17.2 Attornment. In the event of the foreclosure of any mortgage or cancellation, Lessee, at the request of the then successor to the Lessor following such event, shall attorn to and recognize the successor (herein referred to as the “***Successor Lessor***”), as Lessor under this Lease. Lessee agrees to execute and deliver at any time upon request of any Lender or purchaser, and the successors of either, any instrument reasonably requested to further evidence such attornment.

17.3 Non-Disturbance Protection. Notwithstanding anything to the contrary contained herein, Lessee's obligations to subordinate its rights hereunder to any future mortgage or to attorn to any future lender shall be conditioned upon Lessor's obtaining from the Lender (upon request from Lessee) a non-disturbance agreement in such other commercially reasonable form as may be acceptable to Lessor's lender providing in substance that: (i) so long as Lessee is not in default under this Lease, Lessee's tenancy will not be disturbed, nor its rights under this Lease affected by, any default under such mortgage nor shall Lessee be named as a defendant in any foreclosure proceeding (unless the Lender is legally required to do so), (ii) any Successor Lessor shall assume the obligations of Lessor under this Lease accruing thereafter, and (iii) the non-disturbance agreement shall be binding upon and inure to the benefit of the successors or assigns of the parties thereto.

SECTION 18: LESSEE'S DEFAULT. Lessee shall not be deemed to be in default in the performance of any obligation required of it under this Lease unless Lessee has failed to perform such obligation within thirty (30) days after receipt of written notice from Lessor to Lessee, specifying the obligation in question and the manner in which Lessee has failed to perform the obligation. If the nature of Lessee's obligation is such that more than thirty (30) days are reasonably required for its performance, Lessee shall not be in default if Lessee commences to cure the default within ten (10) business days after receipt of notice and proceeds to completion with reasonable promptness. In the event of Lessee's default, this Lease shall continue in effect for so long as Lessor does not terminate Lessee's right to possession, and Lessor may enforce all its rights and remedies under this Lease, including the right to recover rent as it becomes due. If the Lease is terminated due to an uncured default by Lessee, in no event shall Lessor be entitled to a remedy of acceleration of the total rent payments due over the term of the Lease.

SECTION 19: ENTRY AND ACCESS.

19.1 Lessor and its agents or representatives may enter the Premises only in case of emergencies or required maintenance and/or repairs of the Premises. Any inspection, entry or access to the Premises shall be coordinated through Lessee's management or personnel and with no less than twenty-four (24) hours prior notice. Access to the Premises will be under supervision and accompanied at all times by Lessee's employees. All work shall be done as expeditiously as reasonably feasible so as to cause as little interference to Lessee as reasonably possible. Lessor shall at all times have a key to all doors providing entry to the Premises, but excluding Lessee's vaults, safes, files, or security rooms, and any areas designated by Lessee, as to which Lessee shall provide Lessor with supervised access for the purpose of Lessor performing its obligations under the Lease.

19.2 Lessee shall have access twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year to the Premises, the Building and parking facilities.

SECTION 20: RELOCATION. Lessor shall not have the right to relocate Lessee under any circumstances.

SECTION 21: SURRENDER OF PREMISES.

21.1 Upon the expiration or earlier termination of this Lease, Lessee shall surrender the Premises in the same condition as when received, ordinary wear and tear excepted. Lessee, at its own

expense, shall perform all necessary restoration made necessary by the removal of Lessee's personal property or alterations in the Premises, at or prior to the expiration or termination of this Lease.

21.2 Lessor may elect to retain or dispose of, in any manner, any personal property or alterations in the Premises made by Lessee that Lessee does not remove from the Premises upon expiration or earlier termination of the Term, provided, however, that in the event of an early termination, Lessee shall have thirty (30) days to remove its personal property from the Premises.

21.3 Hold Over. Lessee shall have the right to remain in the Premises on a month-to-month basis at the then monthly rent in effect as of the last day of the Term for a period of up to twelve (12) months, with or without Lessor's consent, which tenancy shall be terminable by Lessee upon thirty (30) days advanced written notice. After the twelve (12) month period, the rental rate shall be one hundred ten percent (110%) of the then current monthly rent. .

SECTION 22: HIPAA. To the extent applicable, Lessor shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") including, but not limited to, Privacy Rule (45 CFR Parts 160 and 164), as such are implemented and revised from time to time, including, without limitation, the American Recovery and Reinvestment Act ("ARRA") and the objectives of the guidelines establishing privacy standards as adopted by any federal regulatory agencies having jurisdiction over Lessee's affairs (the "Privacy Guidelines"). "Protected health information" ("PHI") shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the "Privacy Standards"), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto ("HIPAA"). Neither Lessor nor Lessor's employees, agents or contractors shall need access to, or the use of, any PHI. In the event PHI is seen by or disclosed (whether inadvertently or otherwise) to Lessor or its employees, agents or contractors, the party discovering such disclosure shall promptly notify Lessee, and if required by applicable law, to regulatory agencies. Lessor shall promptly take commercially reasonable measures to prevent any subsequent dissemination by Lessor or its employees or agents of such PHI to third parties, and if required by applicable law, to regulatory agencies. The parties agree that the provisions of this section do not create, and are not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

SECTION 23: MOLD; AIR QUALITY. Lessor warrants and represents that the Premises are free of mold and odor free. Lessor, at its sole cost and expense, shall remove, mitigate or remediate any such mold or odors that Lessee identifies during the initial and extended term(s) of the Lease.

SECTION 24: HAZARDOUS MATERIALS. Lessor hereby represents and warrants that to Lessor's actual knowledge that as of the date hereof there are no Hazardous Materials on or under the Premises or Property and that Lessor has received no written notice stating that any portion of the Property is in violation of any Hazardous Material laws. Removal or remediation of any Hazardous Materials which existed on the Premises or Property prior to Lessee's occupancy or not caused by the gross negligence or willful acts or omissions of Lessee, its employees or agents shall be the sole obligation of Lessor. Lessor shall indemnify, defend and hold harmless Lessee, its employees or agents, from and against any and all losses, liability, claims, lawsuits, damages, destruction of property, or injuries incurred by Lessee in connection with or as the result of the presence, use, or disposal of any Hazardous Materials in or about the Premises or Property.

SECTION 25: LESSEE EXCLUSIONS. Lessor shall not lease any portion of the Property to the following types of Lessees: marijuana dispensaries, tattoo parlors, and/or any business that serves alcoholic beverages.

SECTION 26: AUTHORITY. Each of the persons executing this Lease on behalf of any entity warrants and represents that he or she has been duly authorized to do so by the entity on whose behalf he or she executes this Lease and that said entity will thereby be obligated to perform the terms of this Lease.

SECTION 27: ENTIRE AGREEMENT. This Lease constitutes the entire understanding of the parties with respect to the Premises and supersedes all prior or contemporaneous understandings and agreements relating to the subject matter thereof. There are no other promises, covenants, understandings, agreements, representations, or warranties with respect to the subject matter of this Lease except as expressly set forth herein or in any instrument executed concurrently herewith.

SECTION 28: AMENDMENTS. This Lease may not be modified or amended except pursuant to a written instrument duly executed by all of the parties hereto.

SECTION 29: FURTHER ASSURANCES. From time to time, either party, at the request of the other party, and without further consideration, shall execute and deliver further instruments and take such other actions as the requesting party may reasonably require to complete more effectively the transactions contemplated by this Agreement.

SECTION 30: NO THIRD PARTY BENEFITS. This Lease is made and entered into for the sole benefit and protection of the parties hereto, and the parties do not intend to create any rights or benefits under this Lease for any person who is not a party to this Lease, other than a Lender and the Indemnified Parties.

SECTION 31: WAIVER. The waiver by any party of any term, covenant, agreement or condition herein contained shall be effective only if in writing and shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition herein contained, nor shall any custom or practice which may develop between the parties in the administration of this Lease be construed to waive or to lessen the right of any party to insist upon the performance by the other party in strict accordance with all of the terms, covenants, agreements and conditions of this Lease.

SECTION 32: FORCE MAJEURE. Whether or not any specific provision of this Lease expressly excepts delays caused by Force Majeure, neither Lessee nor Lessor shall be chargeable with, or be liable or responsible to the otherwise chargeable, liable or responsible party for, anything or in any amount for any failure to perform or delay in performing caused by Force Majeure, provided that nothing herein shall affect or relieve Lessee's obligation to pay rent under this Lease. Any such failure or delay due to Force Majeure shall not be deemed a breach of or default in the performance of this Lease by either Lessee or Lessor. Notwithstanding the foregoing, those provisions of this Lease that exclude specifically Force Majeure events shall govern and control over this Section 31.

SECTION 33: TIME OF THE ESSENCE. Time is of the essence with respect to the performance of this Lease.

SECTION 34: ESTOPPEL CERTIFICATE. Lessee, shall at any time, and from time to time, upon twenty (20) business days' prior written notice from Lessor, execute, acknowledge and deliver to Lessor an Estoppel Certificate. Any Estoppel Certificate may be relied upon by any Lender or any prospective lender with respect to, or any prospective purchaser of any interest in, the Property. Any failure or refusal by Lessee to execute and return a requested Estoppel Certificate within the time period specified in this Section 33 (without additional time, despite any other provision of this Lease) shall constitute a default.

SECTION 35: NOTICES. All notices, requests, demands or other communications required or desired to be given hereunder, to be legally binding, shall be in writing and may be served either

personally (including service by any commercial messenger or courier service), by registered or certified United States mail, return receipt requested, with all postage and fees fully prepaid, via facsimile or electronically. Any written notice must be addressed to the respective addresses set forth in Section 1.1 and 1.2 above, or to such other address as the party to whom the notice is addressed has theretofore specified in a notice served upon the other party in accordance with the requirements hereof. All notices shall be effective upon actual delivery to the addressee, as evidenced by the return receipt if service is by mail, except in the case of a party that has relocated and has not served upon the other party a notice of a new address for service of notices as specified above, or in the case if a party to whom the notice is addressed that refuses to accept delivery of the notice, in either of which cases the notice shall be deemed effective upon the first date of attempted delivery, as indicated by the return receipt if the attempted service was by mail, at the last address of which the party attempting to make the service had notice. In addition, a copy of any notice with respect to a default of or claim against Lessor, which is served upon Lessor, shall be sent concurrently to all Lenders of which Lessee has notice.

SECTION 36: GOVERNING LAW. This Lease shall be governed by and construed pursuant to the law of the State of California, without reference to conflicts of laws rules.

SECTION 37: SEVERABILITY. In the event that any provision of this Lease shall be adjudicated to be void, illegal, invalid, or unenforceable, the remaining terms and provisions of this Lease shall remain in full force and effect.

SECTION 38: SUCCESSORS AND ASSIGNS. Subject to all restrictions set forth herein, the terms, covenants, conditions and agreements herein contained shall inure to the benefit of and bind the heirs, successors, legal representatives and assigns of the parties hereto.

SECTION 39: INTERPRETATION. The provisions of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

SECTION 40: COUNTERPARTS. This Lease may be executed in counterparts, each of which shall be deemed an original including copies sent to a party by facsimile transmission or in portable document format (pdf), but which together shall constitute one and the same instrument.

SECTION 41: LEASE ADMINISTRATION. The County officer or employee with responsibility for administering this Lease is Russell Fackrell, Facilities Manager, Chief Administrative Office, or successor.

SECTION 42: DEFINITIONS. In addition to the terms defined in Section 1 of the Lease, the following terms shall have the meanings specified below when used in the Lease:

(a) **“Common Areas”** means all areas within the exterior boundaries of the Property now or later made available for the general use of Lessor and other persons entitled to occupy floor area in the Property, including the common entrances, lobbies, restrooms, elevators, stairways and accessways, loading docks, ramps, parking stalls or areas, parkways, sidewalks, retaining walls, driveways and roadways, loading and unloading areas, trash areas, landscaped areas in the Property, and the common pipes, conduits, wires and appurtenant equipment serving the Premises. Any enlargement of or addition to the Common Areas shall be included in the definition of Common Areas.

(b) **“Days”** means calendar days unless otherwise specifically referred to as business days.

(c) **“Estoppel Certificate”** means a certificate to be executed by Lessee as together with such additional information as any Lender or prospective purchaser may reasonably require.

(d) **“Force Majeure”** means fire or other casualty, earthquake, explosion, flood, hurricane, acts of God, enemy or hostile governmental action, civil commotion, war, invasion, terrorist attack, insurrection, rebellion, riots, strikes or lockouts, or any other cause or occurrence beyond the reasonable control of the party obligated to perform.

(e) **“Hazardous Materials”** means any substance, material, product, chemical, waste, contaminant, or pollutant including but not limited to, asbestos and asbestos-containing materials, urea formaldehyde, radioactive substance, flammable explosives, petroleum including crude oil or any fraction thereof, polychlorinated biphenyls, and all other hazardous substance, materials, wasted regulated by existing or future federal, state or local law, ordinance, regulation, code, resolution, administrative or legal decisions, and any common law theory relating to such materials.

(f) **“Person”** means an individual, trust, partnership, joint venture, association, corporation, and any other legal or business entity.

(g) **“Personal Property”** means any trade fixtures, furnishings or equipment, and all other personal property contained in the Premises from time to time.

(h) **“Property”** shall mean the Property described in Section 1.4, including the land, the Building thereon and all roads, plazas, landscaped areas, Common Areas, improvements and other facilities situated on or adjacent to the land, as the same may be modified, altered, reduced or expanded from time to time throughout the Term of this Lease.

(i) **“Systems and Equipment”** means any plant, machinery, transformers, duct work, cable, wires, equipment, facilities, or systems designed to supply heat, ventilation, air conditioning, humidity, or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life/safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment utilized for the Property or any portion of it.

DEPARTMENT HEAD CONCURRENCE

By: _____

Name: Jim Mitrisin

Title: Clerk of the Board of Supervisors

Date: _____

LEASE ADMINISTRATOR

By: _____

Name: Russell Fackrell

Title: Facilities Manager

Date: _____

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year specified below.

“LESSEE”:

COUNTY OF EL DORADO

By: _____

Chairman, Board of Supervisors

Date: _____

Attest:

James S. Mitrisin, Clerk of the Board of Supervisors

By: _____

Date: _____

“LESSOR”:

EMERALD BAY PROPERTIES, LLC

By: _____
Ross W. Groelz, Member

Date: _____