

## REAL PROPERTY LEASE AGREEMENT

THIS LEASE is made between Parlay Investments Inc., hereinafter referred to as “Lessor,” and the County of Shasta, a political subdivision of the State of California, hereinafter referred to as “County” (collectively, the “Parties” and individually a “Party”).

Section 1.     **PREMISES:**

Lessor hereby leases to County those premises located at 1420 Yuba Street, City of Redding, County of Shasta, State of California, consisting of approximately 1,850 square feet of office space and common use of driveways, sidewalks and common use public parking spaces.

Section 2.     **TERM AND TERMINATION:**

2.1     **Initial Term.** The premises are leased for an initial term commencing February 1, 2017, and ending December 31, 2021, or such earlier date as this lease may terminate as provided in this lease, except that if the termination date falls on a Sunday or a holiday, then this lease shall end at 12:00 o'clock noon on the business day next preceding that day.

2.2     **Options to Extend Term.** At the expiration of the initial term of this lease, if County is not in default, County shall first have 2 two year and then 1 one year option to extend this lease on the same terms and conditions as the initial term other than rent as provided in Section 3.1 “Rent” of this lease. The exercise of any option shall be by written notice to Lessor 60 days prior to the end date of this lease or any option period. The written notice to Lessor for this purpose may be signed by the County Executive Officer or his/her designee.

2.3     **Holding Over.** Any holding over shall be on a month-to-month tenancy at the then rental price, and all other provisions of this lease shall remain in full force and effect on a month-to-month tenancy unless and until either party gives 30 days written notice to the other, and County’s tenancy shall terminate at midnight on the last day of the month following the last day of the month in which such notice is given.

2.4 **Fiscal Termination.** County is a public entity. Lessor acknowledges and agrees that the obligation of County to pay rent under this lease is contingent upon the availability of County funds which are appropriated or allocated by County's Board of Supervisors for the payment of rent. Should the funding for the intended use of the premises cease, be materially decreased, or otherwise not available or not be appropriated or allocated by the Board of Supervisors during the term of this lease, County may terminate this lease by furnishing at least 30 days written notice of its intention to vacate. In no event shall Lessor be entitled to a remedy of acceleration of the total rent payments due over the term of this lease. The parties acknowledge and agree that the power to terminate described in this section is required by Article 16, section 18 of the California Constitution, and that that constitutional provision supersedes any law, rule, regulation or statute which conflicts with the provisions of this subsection.

2.5 **Termination Due to Contamination.** Notwithstanding any other provision of this lease, County shall have the right to terminate this lease should problems with asbestos, lead, mold, fungus, or other contamination arise which would cause County to expend funds to eliminate the problems in order to continue its tenancy. County shall have no liability for any repairs occasioned by asbestos, lead, mold fungus, or other contamination problems, and has the option to terminate this lease should County reasonably determine that any such problem exists.

Section 3. **RENT:**

3.1 **Rent.**

- a) The monthly rent to be paid by County for the initial term and any extensions of this lease shall be as follows:
  - i. February 1, 2017 through December 31, 2017:  
\$1,572.50.
  - ii. January 1, 2018 through December 31, 2021:  
\$1,572.50 plus an annual increase or decrease, not to exceed +2% or -2%, based on the Percent Change Year ending the previous June figure of the U.S. Bureau of Labor Statistics, Consumer Price Index (CPI) for All

Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose (“Report”).

- iii. For the first option provided for in section 2.2 of this lease (January 1, 2022 through December 31, 2023), if exercised by County: Rent as of December 31, 2021 plus an annual increase or decrease effective each January 1, not to exceed +2% or -2%, based on the Percent Change Year ending the previous June figure of the Report.
- iv. For the second option provided for in Section 2.2 of this lease (January 1, 2024 through December 31, 2025), if exercised by County: Rent as of December 31, 2022 plus an annual increase or decrease effective each January 1, not to exceed +2% or -2%, based on the Percent Change Year ending the previous June of the report.
- v. For the third option provided for in Section 2.2 of this lease (January 1, 2026 through December 31, 2026), if exercised by County: Rent as of December 31, 2023 plus an annual increase or decrease effective each January 1, not to exceed +2% or -2%, based on the Percent Change Year ending the previous June of the report.

(b) Rent shall be paid in advance on the first County business day of each month of the term and any extensions of this lease. For purposes of this lease, rent shall be considered paid if: (1) deposited in the United States mail, postage prepaid, and addressed to the Lessor at the address specified for notices in this lease on the first County business day of the month; or (2) executing a transfer of the rent via automated clearing house (“ACH”) on the first County business day of the month in accordance with the provisions of a validly executed ACH Direct Deposit Authorization form that has been delivered to County’s Auditor-Controller.

3.2 **Prorated Rent.** If the term begins (or ends) on other than the first (or last) day of the calendar month, the rent payment for the partial month shall be prorated on a per diem basis based upon the number of days of occupancy during the month.

3.3 **First and Second Monthly Rent Payments.** Notwithstanding anything to the contrary in this lease, the first and second monthly rent payments pursuant to this lease may be paid other than in advance, but no later than 30 days after the date of signing of this lease by both parties.

Section 4. **USE OF PREMISES:**

County shall use and occupy the premises for the purpose of conducting general County business. The premises shall be used for no other purpose without the written consent of Lessor. Such consent shall not be unreasonably withheld.

Section 5. **SERVICES AND UTILITIES:**

5.1 **County's Obligations.** County shall pay all charges for electricity, sewer, water service, gas, telephone, garbage removal, and custodial services associated with the premises during the term of this lease and any extensions of the term.

5.2 **Lessor's Obligations.** Lessor shall pay all charges for common area utilities, and all costs associated with taxes and insurance on the premises.

5.3 **Government Restrictions.** In the event of imposition of federal, state, or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the term of this lease, both Lessor and County shall be bound thereby. Any costs associated with compliance shall be paid by the Lessor unless such costs are directly related to the conduct of County's business within the premises.

Section 6. **MAINTENANCE AND REPAIRS:**

6.1 **Lessor's Obligations.**

6.1.1 Lessor may, upon written authorization by County, enter and inspect the premises at reasonable times to render maintenance services or make any

necessary repairs to the premises. Written authorization for this purpose may be provided to Lessor via email by the Health and Human Services Agency (HHS) Director, HHS Branch Director, or HHS Deputy Branch Director, as designated by the HHS Director.

6.1.2 Notwithstanding Section 6.1.1, for emergency access to premises to Lessor, Lessor shall make reasonable attempts to contact the HHS Director, HHS Branch Director or HHS Deputy Branch Director in advance of entering the premises to conduct emergency repairs to respond to another emergency at the premises.

6.1.3 Lessor shall, during the term of this lease or any extension of the term, provide and maintain in good repair and tenantable condition, at Lessor's own cost, the exterior of the premises, together with appurtenances, rights, privileges and easements belonging or appertaining thereto including, but not limited to, the following: landscaping, building structural integrity, fencing, irrigation systems, walks, roof, gutters, downspouts, exterior walls and doors, windows, exterior building including, but not limited to, exterior lighting, and other outside elements of the premises. Lessor shall also provide for maintenance of common use of driveways, sidewalks, and common use public parking spaces.

6.1.4 Lessor shall, during the term of this lease or any extension of the term, provide and maintain in good repair and tenantable condition, at Lessor's own cost, interior structural components such as, but not limited to, stairways, handrails, ceilings, fire sprinkler systems, fire alarm systems, and walls.

6.1.5 Lessor shall pay the costs of ordinary and routine maintenance and any repairs and/or replacement of the plumbing systems and fixtures, hot water heater, electrical systems and fixtures, and heating, ventilation and air conditioning (HVAC) systems and any other installed systems used for heating or cooling or ventilation. Lessor shall schedule and pay for annual HVAC inspections. Lessor shall provide County HVAC maintenance records quarterly. Lessor shall replace HVAC filters no less frequently than every 90 days. Maintenance of equipment shall include but is not limited to furnishing and replacing ballasts and ventilating equipment filter pads.

6.1.6 Lessor shall repair or replace any flooring and repaint premises when it is degraded by wear and tear.

6.1.6.1 If Lessor replaces any flooring at the premises, Lessor shall give County the option to choose the color. For the purposes of this section, the color may be selected by the HHS Business and Support Services Branch Director or HHS Business and Support Services Deputy Branch Director.

6.1.6.2 If Lessor replaces any flooring, Lessor shall provide faxed notice to the HHS Business and Support Services Branch Director or HHS Business and Support Services Deputy Branch Director prior to scheduling any replacement of flooring and shall schedule such work in a manner that is least disruptive to County operations as possible, as determined by County. Lessor shall comply with any security or privacy directives of County.

6.1.7 Lessor shall provide all exterior pest control services.

6.1.8 Lessor shall, at Lessor's own cost, promptly make repairs to areas of water intrusion and replace any building materials that show signs of current or previous water intrusion.

6.1.9 Lessor is responsible for repairs or maintenance to the premises which are caused by Lessor, or its agents, employees, contractors or others entering the premises on Lessor's behalf including, but not limited to, for the purpose of performing the work described in section 7.2 of this lease and/or other maintenance and repairs.

6.1.10 Lessor is responsible for securing the premises including, but not limited to, locking windows and doors, when Lessor, or its employees, contractors or others are at the premises on Lessor's behalf including, but not limited to, for the purpose of performing the work described in section 7.2 of this lease and/or other maintenance and repairs.

## **6.2 County's Obligations.**

6.2.1 County shall furnish at County's sole expense all electric light bulbs and/or tubes as required during the term of this lease and any extensions of the term. Except as provided in section 6.1, County shall be responsible for repairs or maintenance to the premises, including clogged toilets, which are caused by County, or its employees, contractors or others entering the premises on County's behalf.

6.2.2 County shall, at County's own expense and at all times, maintain the interior of the premises in good and safe condition. Except as provided in section 6.1, County shall be responsible for repairs or maintenance to the premises which are caused by County, or its employees, contractors or others entering the premises on County's behalf.

6.2.3 County shall repair at its own expense any damage to the premises caused by or in connection with the removal of any articles of personal property, business or trade fixtures, machinery, equipment, furniture, movable partitions, or improvements or additions, including without limitation thereto, repairing damage to the floor and patching the walls.

6.2.4 County shall give Lessor prompt notice of any damage to or defective condition in any part or appurtenance of the hot water heater or the mechanical, electrical, plumbing, HVAC, or other systems serving, located in, or passing through the premises, including notice of any water intrusion. If, after notice from County, Lessor does not commence making repairs within 48 hours, County may cause the repairs to be made and deduct the cost of the repairs from the rent.

6.2.5 County shall be allowed to re-key all locks serving the premises at its sole cost and discretion. In the event of such re-keying, County shall provide Lessor a key within five working days. In the event County does not provide Lessor a key, County shall be responsible for any damage caused by entry during an emergency when such damage is caused by Lessor's lack of a key.

### **6.3 Compliance with Law.**

6.3.1 Lessor and County shall each do all acts required to comply with all applicable laws, ordinances, regulations and rules of any public authority relating to their respective maintenance obligations as set forth herein. Any costs associated with compliance shall be paid by Lessor unless such costs are directly related to the conduct of County's business within the premises.

6.3.2 Lessor represents that the premises are compliant with the Americans with Disabilities Act (42 USC sec. 12101) and its related regulations, and the

Fair Employment and Housing Act (Gov. Code section 12940), and Title 24 of the California Code of Regulations. Lessor's obligation as set forth in Section 9.2 herein shall include the obligation to indemnify, defend, and hold County harmless from any and all claims or actions arising from violations of the Americans with Disabilities Act or the Fair Employment and Housing Act.

6.3.3 As required by California Civil Code section 1938, Lessor represents that the premises have not undergone inspection by a Certified Access Specialist (CASp) and, the premises have not been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code section 55.53.

Section 7. **ALTERATIONS:**

7.1 Alterations by County.

7.1.1 **Communication and Telecommunication Alterations.**

County, at its own cost, may install in the premises the equipment needed for telecommunication systems and computer terminals including, but not limited to, telephone cable, key system units, intercom systems, telephones, answering machines, security systems, computer cabling, and additional fan(s) or cooling system(s) for hardware such as servers and computers.

7.1.2 **Signage.** County shall have the exclusive right to erect and maintain on the premises all signs it deems appropriate. Lessor shall not permit any signs or advertising matter of any nature other than County's without County's written consent. Lessor shall cooperate with County in obtaining any variances from restrictions placed on the use of signs by local authorities.

7.1.3 **Security and Safety Alterations.** County, at its own cost, may install, and repair and/or replace as needed, in the premises the equipment needed for security systems including, but not limited to, burglar/intruder alarm systems (may include infrared motion sensors, glass break sensors, and door sensors), panic button systems (including, but not limited to, transmitters, receivers, buttons), fire extinguishers,



and manual and/or electronic access systems, including but not limited to, proximity badge and/or biometric access systems.

**7.1.4 Other Alterations by County.** Except as specifically permitted by subsections 7.1.1, 7.1.2, and 7.1.3 above, County, with Lessor's written consent, which shall not be unreasonably withheld, may make any alterations to the premises, or any part of the premises that County deems appropriate and necessary. Written consent by Lessor may be provided via facsimile or email with original to follow. Written consent by Lessor for this purpose may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

**7.1.5 End of Lease.** All improvements made by County to the premises that are attached to the premises so that they cannot be removed without material injury to the premises shall become the property of Lessor upon installation and County shall have no obligation or liability for removal of such improvements. Not later than the last day of the term of this lease, County shall, at County expense, remove all of County's personal property and those improvements made by County which have not become the property of Lessor, including trade fixtures, cabinet work, moveable paneling, partitions and the like; repair all damage resulting from the installation or removal of such property and improvements; surrender the premises in as good order, condition or repair as they were in at the beginning of the term, except for reasonable use and wear thereof, and damage by fire, the elements, casualty, act of God or other cause not due to the misuse or neglect of County or County's officers, agents, employees or visitors; and remove at County's expense any signs, notices or displays placed or installed by County.

**7.1.6 Electric Alterations.** County, at its own cost, may install one electric outlet in each of the four offices constructed pursuant to Section 7.2.3. Outlets to be located high on the wall at a position to be determined by County.

## **7.2 Alterations by Lessor.**

**7.2.1 Compliance with Law; Testing.** During the term of this lease and any options thereof, should Lessor make any modifications or alterations to the

premises, modifications or alterations shall comply with the California Building Code, local building codes Americans with Disabilities Act (ADA) regulations, and all other applicable laws and regulations. The Lessor shall pay the costs and shall take samples and test, by an accrediting laboratory, all building materials subject to remodel, modifications or repair for asbestos and lead in paint content prior to performing the work. The laboratory test report shall be provided to County prior to commencement of the work. In the event asbestos and/or lead in paint is found in building materials that will be disturbed in the course of remodeling, modifications or repair, the Lessor shall pay the costs and handle the materials as per the California Code of Regulations, local codes, Federal Environmental Protection Agency regulations, and all other applicable laws and regulations.

**7.2.2 Prevailing Wages.** Lessor shall and shall require any party performing any work that constitutes a public works project as defined by California law including, but not limited to, construction, improvement, demolition, alteration, renovation, or repair of a publicly leased or operated building or structure, to comply with all provisions of California law regarding construction that constitutes a public works project. Any agreement between Lessor and a third party for work that constitutes a public works project shall include the following provision:

Contractor shall pay, and shall require any subcontractor to pay, not less than the specified prevailing rates of per diem wages to all laborers, workers, and mechanics employed by them in the execution of this Contract in accordance with the provisions of Article 2 (commencing with section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code. Copies of the prevailing rate of per diem wages are on file at Shasta County's Department of Public Works, located at 1855 Placer Street, Redding, California, and are available to Contractor upon request. Contractor shall also pay, and shall require each subcontractor to pay, travel and subsistence payments to each laborer, worker, and mechanic needed to execute the work.

By this notice, Lessor is also informed that Public Contract Code section 22002 et seq. applies to work performed pursuant to this lease. In addition to any other indemnification provision of this lease, Lessor shall indemnify and hold County harmless from and defend County against any and all claims of liability for any failure by Lessor arising in

part or in whole from Lessor's or its agents, contractors, or employees' failure to comply with the duties proscribed by this section.

7.2.3 Lessor shall complete the modifications listed below identified in Attachment A, attached hereto and incorporated herein, within 60 days of the execution of this lease.

- Construct four offices approximately 9' x 14' in the east portion of the premises. Each office door shall be equipped with lockable door hardware.
- Construct one closet approximately 5' wide with lockable door hardware to secure County's information technology hardware. Closet depth to be aligned with the existing wall.
- Remove both existing sinks and cabinet in the east portion of the premises

Section 8. **ASSIGNMENT AND SUBLETTING:**

8.1 **Lessor's Consent Required.** County shall not assign this lease, or any interest therein, and shall not lease or sublet said premises, or any part thereof, or any right or privilege appurtenant thereto, without the written consent of Lessor, which consent shall not be unreasonably withheld. Consent to one assignment or subletting shall not be construed as consent to any subsequent assignment or subletting. Unless such consent has been obtained, any assignment or transfer, or attempted assignment or transfer of this lease, or of any interest therein, or subletting, either by voluntary or involuntary act of County, or by operation of law or otherwise, shall, at the option of Lessor, terminate this lease, and any such purported assignment, transfer or subletting without such consent shall be null and void.

8.2 **Release of County.** In the event of an assignment of this lease, which is approved by Lessor, whereby such successor in interest agrees to be bound by all the terms, covenants and conditions of this lease, County shall be relieved from all obligations and liabilities occurring thereafter on the part of the new tenant.

Section 9. **INDEMNITY:**

9.1 **County's Indemnification.** County shall indemnify and hold Lessor harmless from and defend Lessor against any and all claims of liability for any injury, death, or damage to any person or property occurring in or on the premises when such injury, death or damage is caused in part or in whole by the neglect, fault or omission of any duty with respect to the same by County, its agents, contractors, or employees. County shall further indemnify and hold Lessor harmless from and against any and all claims arising from any breach or default in the performance of any obligation on County's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of County or any of its elected officials, officers, employees, agents, and volunteers and from and against all costs, attorney's fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. If an action or proceeding is brought against Lessor by reason of any such claim, County, upon notice from Lessor, shall defend the same at County's expense provided, however, that County shall not be required to defend nor be liable for damage, injury, or death occasioned by the active or passive negligence or intentional acts of Lessor or its agents, contractors, or employees. Lessor shall provide notice to County within 10 days of receipt or notice of any claim.

9.2 **Lessor's Indemnification.** Lessor shall indemnify and hold County, its elected officials, officers, employees, agents, and volunteers harmless from and defend County against any and all claims of liability for any injury, death, or damage to any person or property occurring in, on, or about the premises when such injury, death, or damage is caused in part or in whole by the neglect, fault, or omission of any duty with respect to the same by Lessor, its agents, contractors, or employees. Lessor shall further indemnify and hold County, its elected officials, officers, employees, agents, and volunteers harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of Lessor, or any of its agents, contractors, or employees and from and against all costs, attorney's fees (including fees of County Counsel), expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. If an action or proceeding is brought against County by reason of any such claim, Lessor, upon notice from County,

shall defend the same at Lessor's expense provided, however, that Lessor shall not be liable for damage or injury occasioned by the active or passive negligence or intentional acts of County or its agents or employees. County shall be required to provide notice to the Lessor within 10 days of receipt or notice of any claim.

Section 10. **INSURANCE:**

10.1 Lessor shall maintain throughout the term of this lease and any extension of the term, fire and extended coverage insurance to protect Lessor's interest in the premises and all common areas.

10.2 Without limiting Lessor's duties of defense and indemnification, Lessor shall also obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, Commercial General Liability Insurance for the building and premises of not less than One Million Dollars (\$1,000,000) combined single limit bodily injury and property damage.

10.2.1 Any deductible or self-insured retention exceeding \$25,000 for Lessor shall be disclosed to and be subject to approval by the County Risk Manager prior to the effective date of this lease.

10.2.2 Lessor shall provide County an endorsement or amendment to Lessor's policy of insurance as evidence of insurance protection before the effective date of this lease. The endorsement or amendment shall name County, its elected officials, officers, employees, agents, and volunteers as additional insureds. In the event that coverage is reduced or canceled, a notice of said reduction or cancellation shall be provided to the County within 24 hours. If the endorsement or amendment does not reflect the limits of liability provided by the policy, Lessor shall also provide County a certificate of insurance reflecting those limits.

10.2.3 The insurance coverage required by this lease shall be in effect at all times during the term of this lease. In the event any insurance coverage expires at any time during the term of this lease, Lessor shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of

this lease or for a period of not less than one year. In the event Lessor fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this lease, County may, in addition to any other remedies it may have, terminate this lease upon 30 days' notice.

10.3 Lessor releases County from liability for loss or damage covered by Lessor's fire and extended insurance coverage and waives subrogation rights of the insurer.

10.4 County will maintain public liability coverage for its operations through self-insurance and provide certification of self-insurance upon request by Lessor.

Section 11. **DAMAGE OR DESTRUCTION:**

In the event of any damage to or destruction of the premises, or any portion of the premises, at any time during the term or extended term of this lease, Lessor will promptly repair, replace, restore, and renew the good condition, order, and repair of the premises. Lessor or County may, in writing delivered to the other party within 30 days after the damage or destruction, terminate this lease as of the date of the damage or destruction if the repair, replacement, restoration, or renewal would likely require more than three months to complete or if the damage or destruction occurs within the final twelve months of the term. During the period of any such repair, replacement, restoration, or renewal, the obligation of County to pay rent will be abated to the extent the premises are effectively rendered unfit for their intended use by County as a result of such damage or destruction.

Section 12. **EMINENT DOMAIN:**

If all or any part of the premises are taken or appropriated for public or quasi-public use by right of eminent domain with or without litigation or transferred by agreement in connection with such public or quasi-public use, either party shall have the right, at its option, exercisable within 30 days of receipt of notice of such taking, to terminate this lease as of the date possession is taken by the condemning authority. In the event of a partial taking which does not result in a termination of this lease, rent shall be

abated in the proportion which the part of the premises made unusable bears to the rented area of the premises immediately prior to the taking. All consideration, compensation, damages, income, rent, awards, relocation expenses, and interest that may be paid or made in connection with any taking will be divided between the parties as their respective interests may appear as determined by the condemning authority.

Section 13. **DEFAULT:**

If either the Lessor or County fails to comply with any of the material provisions of this lease, notice of such default shall be served on the defaulting party pursuant to the notice provisions of Section 14 and the defaulting party shall have 10 days from receipt of the notice of default to cure said breach. In the event the default is not cured within the 10-day period, the noticing party may terminate this lease.

Section 14. **NOTICES:**

Unless otherwise provided, notices required by law or by this lease to be given to either party shall be in writing and may be given personally or by depositing the same in the United States mail, postage prepaid, and addressed to either party as set forth below or at such other address as a party specifies in writing. If notice is mailed, notice shall be deemed to have been given three days after mailing. When oral notice is authorized by this lease, it shall be deemed to be effective immediately. Unless otherwise stated in this lease, any written or oral notices on behalf of County as provided for in this lease may be executed and/or exercised by the County Executive Officer.

If to Lessor:            Parlay Investments, Inc.  
                                 Brian D. Leidig, President  
                                 P.O. Box 994310  
                                 Redding, CA 96099-4310  
                                 Phone: 530-244-4246  
                                 Fax: 530-244-4247

If to County:            County Executive Officer  
                                 Shasta County Administrative Office  
                                 1450 Court Street, Suite 308A  
                                 Redding, CA 96001-1680  
                                 Phone: 530-225-5561

Fax: 530-229-8238

Copy to: HHS Branch Director, Business and Support Services  
1810 Market Street  
Redding, CA 96001  
Phone: 530-229-8425  
Fax: 530-225-5555

Section 15. **GOVERNING LAW:**

All questions with respect to construction of this lease and the rights and liabilities of the parties hereto shall be governed by the laws of the State of California. Any dispute arising hereunder or relating to this lease shall be litigated in the State of California and venue shall lie in the County of Shasta.

Section 16. **INUREMENT:**

Subject to the restrictions on assignments as herein contained, this lease shall inure to the benefit of, and shall be binding upon the assigns, successors in interest, personal representatives, estates, and heirs of the respective parties hereto.

Section 17. **ENTIRE AGREEMENT:**

This instrument along with any exhibits or attachments hereto constitutes the entire lease between Lessor and County relative to the premises. This lease and any exhibits or attachments may be altered, amended, or revoked only by an instrument in writing signed by both Lessor and County. Lessor and County agree that all prior or contemporaneous oral agreements between their agents or representatives relative to the leasing of the premises are written into or revoked by this lease. If any provision contained in an exhibit or attachment to this lease is inconsistent with any other provision herein, the provision contained in the exhibit or attachment shall control, unless otherwise provided in the exhibit or attachment.

Section 18. **ATTORNEY'S FEES:**

If any legal action is brought by either party for the enforcement or interpretation of this lease, for remedy due to its breach, for recovery of the premises, or



in any other way arising from the terms of this lease, the prevailing party shall be entitled to recovery reasonable attorney fees (including fees of County Counsel), costs, and other litigation expenses which shall become a part of any judgment in the action.

Section 19. **ACCESS TO RECORDS/RECORDS RETENTION:**

19.1 **CalOSHA Records Retention.** Section 5142 of Title 8 of the California Code of Regulations titled “Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems to Provide Minimum Building Ventilation” requires Lessor to provide to County, quarterly HVAC maintenance and annual HVAC inspection records. Lessor’s HVAC maintenance and inspection records must be maintained by Lessor for five years after the termination of this lease, and shall be made available to the County and/or to CalOSHA inspectors by Lessor upon request within 48 hours of written or verbal notification from the County.

19.2 **General Records Retention.** County, federal, and state officials shall have access to any books, documents, papers, and records of Lessor which are directly pertinent to the subject matter of this lease for the purpose of auditing or examining the activities of Lessor or County. Except where longer retention is required by federal or state law, Lessor shall maintain all records for five years after County makes the final lease payment thereunder.

Section 20. **PROPERTY TAXES.**

Lessor represents and warrants that Lessor, on the date of execution of this lease, (1) has paid all property taxes for which Lessor is obligated to pay, or (2) is current in payments due under any approved property tax payment arrangement. Lessor shall make timely payment of all property taxes at all times during the term of this lease.

Section 21. **MARKET STREET PROMENADE FEES AND ASSESSMENTS**

Lessor shall pay any assessments levied against, or the portion thereof attributable to, the leased premises for the maintenance, security, or other expenses of the Market Street Promenade.

Section 22. **HIPAA CONSIDERATION**

22.1 **HIPAA.** Lessor acknowledges that County's patient files are confidential, as provided by law including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Notwithstanding any default by County, the exercise of any right of entry by Lessor, or lien rights of the Lessor, Lessor hereby covenants and agrees to (a) not view or access patient files; (b) use all reasonable precautions to assure that no employee, agent, contractor, or others at the premises on Lessor's behalf views or accesses such files; (c) provide County access to its patient files at all times; and (d) otherwise comply with each and every provision of all applicable laws and regulations including, but not limited to, HIPAA.

22.2 **Violation of Confidentiality.** Furthermore, should there be a violation of any law or regulation regarding confidentiality including, but not limited to, HIPAA by Lessor, or any of its employees, agents, contractors, or others at the premises on Lessor's behalf, in addition to any other indemnification provision provided for in this lease, Lessor hereby agrees to indemnify County for any and all damages, costs, attorney's fees (including fees of County Counsel), expenses, and liabilities incurred by County as the result of any such claim or action and any costs, attorney's fees (including fees of County Counsel), expenses, and liabilities incurred by in the defense of any such claim or any action or proceeding brought thereon. resulting from such violation.

Section 23. **CONFIDENTIALITY:**

County shall provide social services program services at the Premises. All information regarding the provision of social services is confidential. However, should information regarding County's clients become known to Lessor, the following confidentiality rules shall apply:

(a) Lessor shall comply with, and require all of Lessor's employees, contractors, volunteers, agents, and officers to comply with, all applicable laws pertaining to the confidentiality of documents or data in whatever and all the provisions of sections 827, 5328 and 10850 of the Welfare and Institutions Code, and of Division 19 of the State of California Department of Social Services Manual of Policies and Procedures.

(b) Lessor shall ensure all of Lessor's employees, contractors,

volunteers, agents, and officers comply with the above provisions, and shall inform all of Lessor's employees, contractors, agents, and officers that any person knowingly and intentionally violating such provisions is guilty of a misdemeanor.

(c) Lessor shall preserve the confidentiality of and not disclose any confidential or proprietary information to any third party without the express written consent of County or as required by law. This provision shall survive the termination, expiration, or cancellation of this lease.

**SIGNATURE PAGE FOLLOWS**

IN WITNESS WHEREOF, the parties have executed this lease on the dates set forth below. By their signatures below, each signatory represents that he or she has the authority to execute this lease, and to bind the party on whose behalf his or her execution is made.

**COUNTY OF SHASTA**

\_\_\_\_\_  
Date

\_\_\_\_\_, Chairman  
Board of Supervisors  
County of Shasta  
State of California

**ATTEST:**

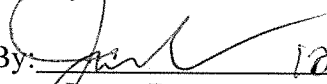
LAWRENCE G. LEES  
Clerk of the Board of Supervisors

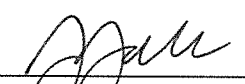
By: \_\_\_\_\_  
Deputy

Approved as to form:

RISK MANAGEMENT APPROVAL

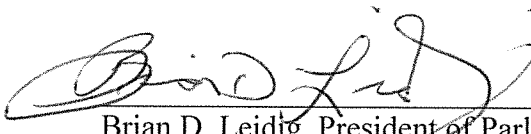
RUBIN E. CRUSE, JR.  
County Counsel

By:  12/9/16  
James Ross  
Assistant County Counsel

By:  12/12/16  
James Johnson  
Risk Management Analyst I

**LESSOR**

12-12-16  
Date

  
Brian D. Leidig, President of Parlay  
Investments, Inc.

Tax ID: 94-2392706