Subject: Lease Agreement for 78 Table Mountain Boulevard in Oroville for Occupancy by Butte County Departments of Public Health, Employment and Social Services, and Child Support Services

Department: General Services  Meeting Date Requested: July 24, 2018

Contact: Grant Hunsicker  Phone: 530-552-3471  Regular Agenda  Consent Agenda

Department Summary: (Information provided in this section will be included on the agenda. Attach explanatory memorandum and other background as necessary).

The Butte County Public Health Department, Department of Employment and Social Services and the Department of Child Support Services currently occupy 78 Table Mountain Boulevard in Oroville under a lease due to terminate July 31, 2018. Staff requests that the Board approve a new lease with a new planned termination date of July 31, 2038 and the option to extend for an additional 120 month period. The current rate for the 85,000 square foot facility is $1.153158 per square foot for a total of $98,018.43 per month. Under the new lease the rate will be $1.12305882 per square foot for a total payment of $95,460 per month with provision for escalation reflecting current market conditions. Funding is included in the budget and no additional appropriation is necessary.

Fiscal Impact:

Funding is included in the budget and no additional appropriation is required.

Personnel Impact:

None.

Action Requested:

1) Approve the lease and authorize the Chair to sign.

Administrative Office Review: Meegan Jessee, Deputy Chief Administrative Officer
LEASE AGREEMENT - 2018
between
Guillon Business Park Properties LP 2
and
The County of Butte
(78 Table Mountain Blvd, Oroville)

This Lease Agreement, hereinafter “Agreement”, with a reference date of June 15, 2018, is by and between Guillon Business Park Properties LP 2, hereinafter “Lessor”, and the County of Butte, a political subdivision of the State of California, through its General Services Department, hereinafter “Lessee”, collectively “Parties”, for the lease of the real property commonly known as 78 Table Mountain Blvd, Oroville, California 95965, as identified in Exhibit “D” (Project Aerial View) attached hereto and incorporated herein, hereinafter the “Project”.

Novation:
Through the act of Novation, Lessor and Lessee desire to discharge Leases, Agreements and Amendments to County Contracts X18770, entered into the 26th Day of July, 2011 and enter into this new Agreement, between Guillon Business Park Properties LP 2, hereinafter “Lessor”, and the County of Butte, a political subdivision of the State of California, through its General Services Department, on behalf of the County of Butte, hereinafter “Lessee”, collectively the “Parties”, for the lease of the real property commonly known as 78 Table Mountain Blvd, Oroville, California 95965. Lessor and Lessee agree that this lease Agreement shall substitute and act as full satisfaction for the County of Butte Contract X18770, and accept the terms and conditions hereinafter as the full and complete agreement between Lessor and Lessee. It is intended as the final expression of the Parties’ agreement.

Witnesseth:
That for, and in consideration of the payment of rent and the performance of the terms, covenants and conditions contained herein on the part of the Lessee and in the manner hereinafter stated, Lessor leases and lets to Lessee, and Lessee hereby leases and takes from Lessor, upon the terms and conditions hereinafter set forth, the following described real property, and its appurtenances situate in Butte County, State of California, described as 78 Table Mountain Blvd, Oroville, California 95965, comprised of approximately 85,000 square feet of office space, with related common areas, parking and improvements, as identified in Exhibit “C” (Premises Floor Plan) attached hereto and incorporated herein, hereinafter the “Premises”.

1. Term:
   1.1. Initial Term: The Lease Term shall commence on August 1, 2018 and terminate on July 31, 2038.
   1.2. Lessee Option to Extend Term: Provided that Lessee is not in default in the performance of this Agreement, Lessee shall have the option to extend the Term (“Extended Term”) for an additional ten (10) years commencing upon August 1, 2038 (Initial Term expiration) and terminate on July 31, 2048. All of the terms and conditions of this Agreement shall apply during the Extended Term, except that beginning in year two (2) of the Extended Term, and every other year thereafter through expiration of the Extended Term, Base Rent shall be increased by 3%
above the prior year Base Rent amount. Intent of Lessee to extend the Initial Term shall be provided in writing to Lessor on or before one hundred and eighty (180) days prior to the expiration of the Initial Term.

1.3. **Hold Over:** In the event Lessee either fails to execute their Option to extend the Initial Term, or in the event the parties fail to reach agreement on negotiated rent amount, then any holding over after the expiration of the Initial Term shall create a Month – to – Month tenancy under the same terms and conditions applicable to the Initial Term except that the Base Rent shall be increased by 4.77% above the Base Rent existing at expiration of the Initial Term.

1.4. **Termination:** There shall be no early termination during the Term of this Agreement, except as otherwise stated in this Agreement.

2. **Rent:**

2.1. **Rent:** Rent is defined as the monetary obligation of Lessee to Lessor under the terms of this Agreement.

2.2. **Rent Payments:** Lessee agrees to pay Lessor rent as follows:

2.2.1. Total Rent, comprised of Base Rent and CAM Rent is due in advance on the first day of each calendar month during the term of this Agreement, payable to the Lessor or designee at the address shown in Section 12.2. (Notifications) or at such other place designated by written notice to Lessee from Lessor.

2.2.2. Rent Commencement shall be August 1, 2018.

2.2.3. **Rent Components:**

2.2.3.1. **Base Rent:** Base Rent shall be paid monthly, in addition to the CAMs amounts. Base rent amounts are detailed in Exhibit “B” (Rent Payment Schedule), attached hereto and incorporated herein, hereinafter Exhibit “B”. Beginning in year three (3) of this Agreement, Base Rent shall increase by 2% and every other year thereafter, through year ten (10) of the Initial Lease Term.

2.2.3.2. **Base Rent Increases:** Beginning in year eleven (11) of this Agreement, and every other year thereafter, through year twenty (20) of the Initial Lease Term, the Base Rent amount shall increase 3% and every other year thereafter, through the end of the Initial Lease Term of this Agreement.

2.2.3.3. **Common Area Maintenance (CAM):** CAM Rent reimburses Lessee for expenses for the benefit of Lessee associated with the maintenance and repair of interior and exterior common area facilities, improvements and services within the Project as more fully described in Section 4.2 (Reimbursable CAM Obligations).

2.2.3.4. For the term of this Agreement, the Lessee’s reimbursement for Lessor’s CAM expenses shall be determined by the Lessor, on or before February 15th of each year Lessor shall provide to Lessee a reconciliation of actual CAM expenses for the preceding calendar year together with an estimate of CAM expenses for the forthcoming twelve (12) month period January through December, collectively referred to as the “Reconciled
CAM Estimate”. Such CAM estimate shall be subject to a maximum increase of $0.025886 per square foot per month on an annual basis and shall become effective on July 1st of each year, beginning 2018 through expiration of this Agreement. Any difference between estimated CAM payments and actual CAM expenses resulting from Lessor’s annual reconciliation, subject to the maximum increase of $0.025886 per square foot per month on an annual basis shall, in the event of Lessee overpayment be credited to the next CAM payments coming due. In the event of Lessee underpayment, be reimbursed to Lessor within sixty (60) days of Lessee’s receiving the CAM reconciliation.

2.3. **Rent Loss Insurance Premium**: Rent Loss Insurance Premium payments, in the amount of $0.030 per square foot, paid during the term of Lease Agreement X18770, shall not continue as part of this Agreement.

2.4. **Rent Loss Insurance Balance**: Rent Loss Insurance Premium balance accrued during the term of Lease Agreement X18770, with a total amount of approximately $211,650.00 as of June 30, 2018, shall be retained by the Lessor on behalf of the Lessee and become a part of this new Agreement. Rent Loss Insurance Premium balance amount(s) including interest, collectively, may be credited towards total rent payments due under this Agreement and as detailed in Section 2.4.3., if and when necessitated by the non-appropriation of Tenant funds.

2.4.1. Unless otherwise mutually agreed:

2.4.1.1. The amount of Rent Loss Insurance available to Lessee shall be no greater than the proportionate reduction of funds appropriated to individual Department(s).

2.4.1.2. Rent Loss Insurance funds shall be held by Lessor in a separate, interest bearing account and the Lessee shall be provided monthly statements regarding status and balance of the account.

2.4.1.3. The amount of Rent Loss Insurance available to Lessee at any point in time shall not exceed the cumulative amount of monthly rent loss insurance premium(s) less rent abatement(s) previously used.

2.4.1.4. Lessee’s use of the Rent Loss Insurance premium(s) shall be predicated on six (6) months prior written notice to Lessor, which notice shall describe the amount and period of the use of the rent loss insurance premium(s) for rent abatement to be applied, such that the Parties may properly manage and coordinate application of funds.

2.4.2. **Best Effort**: Lessee shall make its best effort to maximize utilization of space within the Premises to avoid and or minimize the necessity to utilize Lessee’s rent loss insurance funds.

2.4.3. Rent Loss Insurance Balance: Providing Lessee is in not in default of this Agreement, upon expiration of the Initial Term, or the execution of the Lease extension pursuant to Section 1.2 (Lessee’s Option to Extend Term), or hold over occupancy or other mutually agreeable term extension, Lessor shall make available to Lessee any unused Rent Loss
Insurance Balance, which amount(s) may be returned to the Lessee in full including accrued interest, or credited toward Base and or CAM Rent coming due on the extended Lease term, or as an allowance for Lessee requested Tenant Improvements to the Premises, either at Lessee’s sole discretion.

2.4.4. With the change of fiscal years (July 1 through June 30th), Lessor acknowledges that rent payments due July 1 of each fiscal year, will be processed by Lessee as quickly as possible, but will be delivered to Lessor after July 1, of each fiscal year, at no cost or penalty to the Lessee.

2.5. Taxes:

2.5.1. Lessor shall pay prior to delinquency, all general real estate taxes and installments of special assessments coming due on the Project during the term of this Agreement.

2.5.2. Lessee shall be responsible for paying all personal property taxes with respect to Lessee’s personal property on the Premises.

3. Possession, Occupancy, and Use:

3.1. Possession: Lessee is in possession and occupies the Premises.

3.2. Use: The Premises are to be used for delivery of County Public Services and for no other purpose, without the prior written consent of the Lessor, which shall not be unreasonably withheld.

3.3. Common Areas: At no additional cost or expense, Lessee shall, subject to posted rules and regulations have the exclusive right to use any and all common areas within the Project and Premises including but not limited to common entrances, lobbies, conference rooms, hallways, corridors, public restrooms, stairways, access ways, ramps, trash area, roadways, sidewalks, walkways, parking areas, driveways, landscaped areas, drives, platforms and any passageways and service ways thereto and the common pipes, conduits, wires and equipment serving the Project and necessary for access to the Premises, hereinafter “Common Area”.

3.4. Nuisance and Quiet Possession: Lessee shall not, and shall ensure that guests and licensees of Lessee do not disturb, annoy, endanger or interfere with other occupants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, of committing a waste or nuisance on or about the Premises.

4. Lessor Maintenance, Repairs and Services:

4.1. Non-Reimbursable Building Support Obligations: Lessor shall at Lessor’s sole cost and expense and without reimbursement by Lessee:

4.1.1. Maintain areas of the Project in good repair and serviceable condition, so as to minimize breakdowns and loss of Lessee’s use of the Premises caused by deferred or inadequate maintenance.

4.1.2. Maintain and repair the exterior of the Premises including but not limited to the roof, skylights, roof gutters, down spouts, exterior walls including exterior paint, windows and doors, structural slab, all utility connections including but not limited to plumbing and electrical above the ceiling, sub-slab, and or behind the walls, water, fire sprinkler system repair, portions of

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the Project including, but not limited to, sanitary sewer and storm drains, asphalt surfaces, striping, legal signage, concrete sidewalks, curbs, walkways and fencing, ceiling (if caused by water damage) and replacement (as opposed to repair and maintenance described in Section 4.2.2), Project heating, ventilation and air conditioning (HVAC) so as to provide a minimum of 10% fresh air into the building.

4.2. Reimbursable CAM Obligations: Lessor shall at Lessor’s sole cost and expense subject to CAM reimbursement as described in Section 2.2.3.3 (Common Area Maintenance):

4.2.1. Be responsible for exterior common area maintenance and repair including trash, pest control including within walls and attic areas above ceiling, landscape, parking lot sweeping, exterior building and parking lot lighting.

4.2.2. Be responsible for interior maintenance and repair including fire extinguisher(s), emergency exit signage, backflow devices, fire alarm monitoring and testing, fire sprinkler inspection and maintenance, and HVAC maintenance and repair (as opposed to replacement described above in Section 4.1.2).

4.3. Compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises and Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation.

4.3.1. In the event Lessee's future alterations to the interior of the Premises requires ADA modifications or improvements to the Premises in order to be compliant, Lessee shall be responsible for interior Premises modifications only, and the Lessor shall be responsible for the first $50,000 of required ADA modifications or improvements to the exterior of the Premises or Project, triggered by Lessee’s interior modifications.

4.3.2. For the term of this Agreement, in the event the cumulative exterior modification or improvement costs exceed $50,000, triggered by Lessee’s interior modifications, the Lessee may elect to assist the Lessor in funding the remaining balance of ADA improvements above the $50,000 limit, for that project. If it is determined that required ADA modifications or improvements to the exterior of the Premises or Project are considered excessive or the Lessee is unable to fund the remaining costs above the $50,000 limit, the Lessee may elect to terminate the project.

4.3.3. For the term of this Agreement, if any ADA compliance modifications or improvements related to accessibility to the Premises or Project are triggered, for any reason or event, other than Lessee's future requested alterations to the interior of the Premises, the Lessor shall be solely responsible for all costs of exterior ADA Accessibility compliance.

4.4. Lessor Negligence - Duty to Repair: Notwithstanding Lessee’s obligations set forth in Section 5, Lessor shall be obligated for any repairs to the premises caused by Lessor negligence, including acts by its employees or agents.
5. Lessee Maintenance, Repair, Utilities and Services:

5.1. Lessee shall at Lessee’s sole cost and expense:

5.1.1. Keep the Premises in first (1st) – class sanitary condition and appearance, normal and reasonable wear and tear accepted.

5.1.2. Be responsible for any services Lessee has delivered to the Premises, excluding those services provided by Lessee above in Section 4, including but not limited to janitorial service, gas, electric, water, phone, building security and pest control within the Premises (excluding within walls and attic areas above ceiling).

5.1.3. Maintain and repair the interior of the Premises including but not limited to the interior walls, floor covering, ceiling repair (except those caused by water Damage), doors, plate glass, light bulbs and ballasts, plumbing fixtures, tenant signage, window coverings, internal data-com equipment and be responsible for all Delta ORCA View Energy Management Systems (EMS) equipment, connections and software.

5.1.4. Compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises and Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. Excepting Lessor’s improvement obligations set forth in Section 4.3, in the event Lessee's use or future alterations to the Premises requires future modifications or additions to the interior of the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions to the interior of the Premises at Lessee's sole expense.

5.1.5. Lessee shall immediately give written notice to Lessor of any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold or any mustiness or other odors that might indicate the presence of mold in the Premises.

5.1.6. Notwithstanding Lessor’s obligations, Lessee shall be obligated for any repairs to the Premises caused by Lessee negligence, including acts by its employees, agents and or clients.

6. Improvements and Alterations:

6.1. California Uniform Public Construction Cost Accounting Act (CUPCCAA) In all Public Projects involving the use of public funds Lessor and Lessee shall comply with CUPCCAA and the Prevailing Wage Law, and Lessor shall support the Lessee in those efforts.

6.1.1. If as a result of Tenant’s occupancy Landlord is obligated to pay prevailing wage on any improvements, modifications, abatement or alterations, Tenant shall be obligated to pay that amount which prevailing wage requirements increases Landlord cost of work, based on the difference between prevailing and non-prevailing wage rate basis, as determined by an independent 3rd party retained by Lessee or other mutually agreeable method to arrive at the increased cost of CUPCCAA compliance.
6.2. **Leasehold Improvements:** In all cases Lessor shall at Lessor's sole cost and expense and without benefit of public funds, if found to be present, abate lead and/or asbestos within the Premises.

6.3. **Lessee at Lessee’s sole cost and expense shall test for the presence of lead and or asbestos.**

6.4. **Consent** Lessee shall not make any alterations or improvements in or about the Premises, including installation of trade fixtures and signs, without Lessor’s prior written consent, which shall not be unreasonably withheld. Any alterations or improvements to the Premises shall be done according to the Law and with required permits. Upon completion of the Work, Lessee shall provide Lessor complete electronic copies of As-Built plans and specifications. Lessee shall give Lessor advance notice of commencement date of any planned alterations, so that Lessor, at its option, may post a notice of Non-Responsibility to prevent potential liens against Lessor’s interest in the Premises. Lessor may also require Lessee to provide Lessor with lien releases from any contractor performing work on the Premises.

7. **No Encumbrance:** Lessee shall not subject or encumber all or any part of Premises, or assign or transfer this Agreement or any interest in it, without the prior written consent of Lessor, which shall not be unreasonably withheld. Unless such consent is obtained, any assignment, transfer or encumbrance of the Premises by voluntary act of Lessee, operation of law, or otherwise, shall be null and at the option of the Lessor, terminate this Agreement.

8. **Rules and Regulations:** Lessee accepts Premises subject to all local, state and federal laws, regulations and ordinances including zoning classification. Lessor makes no representation or warranty that Premises are now or in the future will be suitable for Lessee’s intended use.

9. **Multiple Buildings:** If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform.

10. **Reservations:** Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recording of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee.

11. **Hazardous Material:** Lessee shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. Lessee is allowed to make use of such materials that are required in the normal course of action of the Lessee’s business provided land use is consistent with the definition in
Section 3.2 (Use). Lessee shall comply with all applicable laws relative to hazardous material.

11.1. **Duty to Inform:** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

12. **Claims for Payment, Notifications:**

**12.1. Claims for Payment** shall be submitted to:
Butte County Department General Services
Attention: Administration
2081 2nd Street
Oroville, California 95965-3413
Phone: 530-538-3819
Fax: 530-538-6760

12.2. **Notifications** may be served by mail, courier or email to the following locations or at such other places as may be designated in writing and agreed to by the parties:
Lessor Contact: Grant Hunsicker
Bill Brouhard
General Partner
Guillon Business Park Properties LP 2
2550 Lakewest Drive #50
2081 2nd Street
Chico, CA 95928
530-893-1277
530-891-6238 Fax
bill@gbrealestate.net ghunsicker@buttecounty.net

Lessees Contact:
Grant Hunsicker
Director – General Services
County of Butte,
2081 2nd Street
Oroville, CA 95965-3413
530-552-3471
530-538-6760 Fax

13. **Termination:** Upon termination of this Agreement, Lessee shall:

**13.1. Vacate Premises:** Vacate the Premises including common areas and surrender it to Lessor empty of all persons and personal property including trade fixtures.

**13.2. Condition of Premises:** Deliver Premises to Lessor in clean janitorial condition, normal wear and tear excepted.

**13.3. Provide to Lessor:** Copies of all keys or opening devices to Premises, codes for security system (if no longer used by Lessee), list of basic utility vendors and meter ID’s., and copies of operating manuals and maintenance contracts for leasehold equipment and facilities remaining with the Premises.

14. **Other Terms:**

**14.1. Confidentiality:** Lessor shall maintain the confidentially of all records and information, including, but not limited to, claims, Lessee and IS records, patient / client records and information, to the extent required by 42 USC 1320d et seq., Health Insurance Portability and Accountability Act of 1996 (HIPAA), and corresponding 45 CFR, Parts 160 and 164, to comply with applicable requirements of law and subsequent amendments relating to protected health information, and in
accompany with Part 2, Title 42, CFR; Welfare and Institutions Code (WIC),
Section 14100.2; Section 11977, Division 10.5 of the HSC; and Title 22, CCR,
Section 51009, and all other applicable county, state, and federal laws, ordinances,
rules, regulations, manuals, guidelines, and directives, relating to privacy /
security, whichever is most restrictive. Exhibit “A” Oath of Confidentiality is
attached hereto and incorporated by this reference. By signing Exhibit “A” Oath
of Confidentiality, Lessor and Lessor’s agent shall be responsible for its officers,
employees, and agents providing services hereunder to understand, and agree to
fully comply with, all such confidentiality provisions. Lessor and Agent shall
indemnify and hold harmless Lessee, its officers, employees, and agents, from and
against any and all loss, damage, liability, and expense arising from any disclosure
of such records and information by Lessor, its officers, employees, or agents.

14.2. Right of Entry:
14.2.1. Lessor will give Lessee 48 hour written notice of intent to enter and inspect
Premises.
14.2.2. The 48 hour notice will be waived in the case of an emergency or pursuant
to court order.
14.2.3. Lessor’s Access; Showing Premises; Repairs. Lessor and Lessor’s agents
shall have the right to enter the Premises at reasonable times after 48 hour
written notice for the purpose of showing the same to prospective
purchasers, lenders, or tenants, and making such alterations, repairs,
improvements or additions to the Premises as Lessor may deem necessary
or desirable and the erecting, using and maintaining of utilities, services,
pipes and conduits through the Premises and/or other premises as long as
there is no material adverse effect to Lessee’s use of the Premises. All such
activities shall be without abatement of rent or liability to Lessee.
14.2.4. Lessor agrees all such entry into the Premises, by Lessor and Lessor’s
agents and guests shall be escorted by County Personnel.

14.3. Dispute: Lessee and Lessor agree that any dispute or claim in law or equity
arising between them out of this Agreement or any resulting transaction shall be
mediated in accordance with California State Law.

14.4. Estoppel Certificate: Lessee shall execute and return a tenancy statement
delivered to the Lessee by Lessor or Lessor’s agent, within three (3) days after
receipt. The tenancy statement shall acknowledge that this Agreement is
unmodified and in full force, or in full force as modified, and state the
modifications. Failure to comply with this requirement shall be deemed Lessee’s
acknowledgment that the tenancy statement is true and correct or, at the option of
Lessor, may be treated as breach.

14.5. Indemnification:
14.5.1. Lessor agrees to indemnify, defend and hold Lessee harmless from all
claims, disputes, litigation, judgments and attorney fees arising from any
cause resulting from the Lessor’s failure to maintain the Premises.
14.5.2. Lessee shall indemnify, defend and hold Lessor harmless from all claims,
disputes, litigation, judgments and attorney fees arising out of Lessee’s use
of the Premises.
14.5.3. Waiver of Subrogation Without affecting any other rights or remedies,
Lessee and Lessor each hereby release and relieve the other, and waive
their entire right to recover damages against the other, for loss of or
damage to its property arising out of or incident to the perils required to be
insured against herein. The effect of such releases and waivers is not
limited by the amount of insurance carried or required, or by any
deductibles applicable hereto. The Parties agree to have their respective
property damage insurance carriers waive any right to subrogation that
such companies may have against Lessor or Lessee, as the case may be, so
long as the insurance is not invalidated thereby.

14.6. **Lessee Insurance:** Lessee shall, at Lessee’s sole cost and expense:

14.6.1. For the duration of this Agreement, obtain, maintain and keep in full force
and effect, sufficient funding within the self–insurance program to maintain
a minimum of One Million dollars ($1,000,000.00) per occurrence of
Excess General Liability, Automobile Liability and Worker’s
Compensation Insurance and to adequately cover all personal property
belonging to the Lessee located within the Project.

14.6.2. The County of Butte self-insures third Party liability claims alleging bodily
injury, personal injury, property damage, or public officials’ errors and
omissions. The County pays for losses up to $100,000 per occurrence.
Losses exceeding $100,000 are covered by an excess insurance policy
purchased through the County Supervisors Association of California-
Excess Insurance Authority (CSAC-EIA). The excess policy provides
coverage for losses up to 25 million dollars, which the County is legally
required to pay because of liability imposed by law or assumed by contract.

14.6.3. No later than fifteen (15) days after taking possession of the Premises,
deliver to Lessor for Lessor’s approval, certificates of insurance with
proper endorsements attached, affecting coverage required by this section,
naming the Lessor as additional insured, but only with respect to liability
arising out of Premises leased to Lessee, or operations performed by or on
behalf of the Lessee.

14.6.4. Insure that certificates of insurance shall state that the insuring agency
agrees to deliver timely notice to the Lessor should any of the policies
described herein be cancelled.

14.7. **Lessor Insurance:** Lessor shall, at Lessor’s sole cost and expense:

14.7.1. For the duration of this Agreement, maintain a policy of property owner’s
commercial property liability and fire insurance to substantially cover the
replacement cost of the Premises, excluding Lessee’s personal property
located within the Premises. Lessor makes no representation that the
limits or forms of coverage of insurance specified herein are adequate to
cover Lessee’s property, business operations or obligations under this
Lease.

15. **Default; Breach; Remedies:**

15.1. **Default and Breach:** Default is defined as a failure of Lessee to comply with or
perform any of the terms, covenants, conditions or Rules and Regulations under
and during the term of this Agreement. Breach is defined as the occurrence of one
or more of the following Defaults, and the failure of Lessee to cure such Default
within an applicable grace period:

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15.1.1. The abandonment of the Premises or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Section 14.6 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

15.1.2. The failure of Lessee to make any payment of Rent required pursuant to this Agreement, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Agreement which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee.

15.1.3. The commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

15.1.4. The failure by Lessee to provide reasonable written evidence of compliance with Applicable Requirements any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Agreement, where any such failure continues for a period of 10 days following written notice to Lessee.

15.1.5. A Default by Lessee as to the terms, covenants, conditions or provisions of this Agreement, or of the rules adopted under Section 8 hereof, other than those described above in Section 15.1.1 thru 15.1.4, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

15.1.6. The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Agreement, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Agreement, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this paragraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

15.2. Remedies: If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance
policies, or governmental licenses, permits or approvals. Lessee shall pay to
Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in
such performance upon receipt of an invoice therefore. In the event of a Breach,
Lessor may, with or without further notice or demand, and without limiting
Lessor in the exercise of any right or remedy which Lessor may have by reason of
such Breach:

15.2.1. Terminate Lessee's right to possession of the Premises by any lawful
means, in which case this Agreement shall terminate and Lessee shall
immediately surrender possession to Lessor. In such event, Lessor shall be
entitled to recover from Lessee the unpaid Rent which had been earned at
the time of termination. (ii) the worth at the time of award of the amount
by which the unpaid rent which would have been earned after termination
until the time of award exceeds the amount of such rental loss that the
Lessee proves could have been reasonably avoided; (iii) the worth at the
time of award of the amount by which the unpaid rent for the balance of
the term after the time of award exceeds the amount of such rental loss
that the Lessee proves could be reasonably avoided; and (iv) any other
amount necessary to compensate Lessee for all the detriment proximately
caused by the Lessee's failure to perform its obligations under this
Agreement or which in the ordinary course of things would be likely to
result therefrom, including but not limited to the cost of recovering
possession of the Premises, including necessary renovation and alteration
of the Premises to return it to its original condition unless otherwise
mutually agreed. The worth at the time of award of the amount referred to
in provision (iii) of the immediately preceding sentence shall be computed
by discounting such amount at the discount rate of the Federal Reserve
Bank of the District within which the Premises are located at the time of
award plus one percent. Efforts by Lessor to mitigate damages caused by
Lessee's Breach of this Agreement shall not waive Lessor's right to
recover damages. If termination of this Agreement is obtained through the
provisional remedy of unlawful detainer, Lessor shall have the right to
recover in such proceeding any unpaid Rent and damages as are
recoverable therein, or Lessor may reserve the right to recover all or any
part thereof in a separate suit. If a notice and grace period required under
Section 15 was not previously given, a notice to pay rent or quit, or to
perform or quit given to Lessee under the unlawful detainer statute shall
also constitute the notice required by Section 15. In such case, the
applicable grace period required by Section 15 and the unlawful detainer
statute shall run concurrently, and the failure of Lessee to cure the Default
within the greater of the two such grace periods shall constitute both an
unlawful detainer and a Breach of this Agreement entitling Lessor to the
remedies provided for in this Lease and/or by said statute.

15.2.2. Continue this Agreement and Lessee's right to possession and recover the
rent as it becomes due, in which event Lessee may sublet or assign,
subject only to reasonable limitations. Acts of maintenance, efforts to
relet, and/or the appointment of a receiver to protect the Lessor's interests,
shall not constitute a termination of the Lessee's right to possession.
15.2.3. Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Agreement and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Agreement as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

15.3. Lessor Breach:
15.3.1. Notice of Breach: Lessor shall not be deemed in breach of this Agreement unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

15.3.2. Performance by Lessee on Behalf of Lessor: In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent, the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor. Lessor shall pay to Lessee an amount equal to 115% of the costs and expenses incurred by Lessee in such performance upon receipt of an invoice therefore.

15.4. Condemnation: If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Agreement shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 90 days after the condemning authority shall have taken possession) terminate this Agreement as of the date the condemning authority takes such possession. If Lessee does not terminate this Agreement in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether
such award shall be made as compensation for diminution in value of
the leasehold, the value of the part taken, or for severance damages; provided,
however, that Lessee shall be entitled to any compensation paid by the condemner
for Lessee’s relocation expenses, loss of business goodwill and/or Trade Fixtures,
without regard to whether or not this Agreement is terminated pursuant to the
provisions of this Paragraph. All Alterations and Utility Installations made to the
Premises by Lessee, for purposes of Condemnation only, shall be considered the
property of the Lessee and Lessee shall be entitled to any and all compensation
which is payable therefore. In the event that this Agreement is not terminated by
reason of the Condemnation, Lessor shall repair any damage to the Premises
caused by such Condemnation.

16. Destruction of Premises:

16.1. Partial: During the term of this Agreement, in the event of a partial destruction of
the Premises, which shall be proportionally determined as a percentage of the
entire Premises. Percentage of Premises damage shall mutually be determined by
the local municipalities, Lessor’s insurance carrier and Lessor. If such partial
destruction does materially affect Lessee’s ability to conduct normal business
affairs as determined by Lessee, Lessor and Lessee agree this Agreement shall
remain in full force and effect, and the rent shall be proportionately abated as
determined above during the period of Premises repair. Lessor shall endeavor to
complete repairs to the Premises within one hundred and twenty (120) days, or as
soon as reasonably possible. Premises repairs shall be completed under the laws
and regulations of the County, State, Federal or Municipal authorities. Parties
agree adequate fire insurance, including necessary personal property coverages
within the Premises, shall be maintained, as detailed in Section(s) 14.6 and 14.7
of this Agreement.

16.2. In the event such partial destruction does not materially affect Lessee’s ability to
conduct normal business affairs, as determined by Lessee, this Agreement shall
remain in full force and effect and the monthly rent shall not be proportionately
abated as detailed above.

16.3. In the event, the Lessor does not elect to make necessary repairs to the Premises
or which cannot be completed in one hundred and twenty (120) days, or such
repairs cannot be made under such laws and regulations, this Agreement may be
terminated at the option of either Party, by written notice to the other Party within
sixty (60) days after expiration of said one hundred and twenty (120) day
Premises repair period, detailed in Section 16.1, and shall not be considered a
Breach.

16.4. Total: A total destruction of the building in which the Premises are located shall
terminate this Agreement as of date of destruction. Parties shall issue a written
letter of termination and deliver other Party(s) no later than sixty (60) days after
date of destruction. In the event of any dispute between the Lessor and Lessee
relative to the provisions of this section, Parties shall each select a mediator, the
two mediators so selected shall select a third mediator and the three mediators
selected shall hear and determine the controversy and their decision thereon shall
be final and binding upon both the Lessor and the Lessee, who shall bear the cost
of such mediation equally between them.
17. Late Charges: Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, providing Lessor has invoiced Lessee for Rent payment(s) on or before the 15th of the month prior to Rent coming due, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to six percent (6%) of each such overdue amount. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee’s Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Agreement to the contrary, Base Rent shall, at Lessor’s option, become due and payable quarterly in advance.

18. Mediation: Those items that shall be excluded from mediation include a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust or mortgage; an unlawful detainer action the filing or enforcement of a mechanics lien and any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

19. Agency: Grant Hunsicker is licensed by the California Department of Real Estate as Broker, license number 01143770 and represents the Lessee only. Lessee’s agent waives any and all commission fees. Lessor acknowledges that Lessor shall be solely responsible for all commissions due Lessor’s broker and agrees to indemnify and hold Lessee harmless from any Broker claims.

20. Entire Agreement: This Agreement between Lessor and Lessee which constitutes the entire Agreement. It is intended as a final expression of the Parties’ agreement. The Parties further intend that this Agreement constitutes the complete and exclusive statement of its terms. Any changes to this Agreement shall be in writing and approved by the Parties’.

21. Attorneys’ Fees: No attorneys’ fee will be paid by the Lessee during the term of this Agreement.

22. Severability: If any provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction or a mediator to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law, unless the effect of such severance would be to substantially alter this Agreement or the obligations of the Parties, in which case this Agreement may be immediately terminated.
23. Limitation on Liability: The obligations of Lessor under this Agreement shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Agreement, and shall not seek recourse against Lessor’s partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

24. Substitution: Lessee agrees that the transferee of Lessor’s interest shall be substituted as Lessor under this Agreement.

25. Offer: Preparation of this Agreement by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Agreement is not intended to be binding until executed and delivered by all Parties hereto.

26. Successors and Assigns: Except as otherwise provided in this Agreement, all of the covenants, conditions and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and assigns.

27. Time: Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Agreement.

28. Waiver: The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

The balance of this page left blank with signature page to follow:
By their signatures below, each of the following persons represent that they have authority to execute this Agreement and to bind the Party on whose behalf their execution is made.

**Lessor:**

- Bill Brouhard
- General Partner
- Guillon Business Park Properties LP 2

**Lessee:**

- Cathy Radosky
- Director - Public Health
- County of Butte

- Shelby Boston
- Director - Department of Employment and Social Services
- County of Butte

- Sean Farrell
- Director - Child Support Services
- County of Butte

- Deborah Heath
- Contracts Division, GSD, Reviewed for Contract Policy Compliance
- County of Butte

- Grant Hunsicker
- Director - General Services
- County of Butte

- As to Form
- Bruce Alpert
- Butte County Counsel

- Steve Lambert
- Chair, Butte County Board of Supervisors
- County of Butte
Exhibit “A”

Oath of Confidentiality

[Welfare & Institutions Code Section 5328(e)]. As a condition of providing access to the Premises, Guillon Business Park Properties LP 2 (Lessor) agrees not to divulge any information to unauthorized persons, and not to publish or likewise make public any information regarding persons who have received services such that the persons who receives services is identifiable (names or phone messages, printed data, charts, etc.).

I/we recognize that the unauthorized release of confidential information may make me subject to a civil action under the provisions of Welfare & Institutions Code Section 5330.

Further it is understood, that any failure to comply with the Oath of Confidentiality is a violation of federal law and all the relevant consequences thereto. Any breach of this Oath of Confidentiality must be reported immediately to Lessee.

The signature below represents the authority to execute this Agreement and to bind the Party on whose behalf their execution is made.

Bill Brouhard  
General Partner  
Guillon Business Park Properties LP 2  

Date

Douglas J. Guillon  
General Partner  
Guillon Business Park Properties LP 2  

Date

78 Table Mountain Blvd., Oroville  
Lease Agreement - 2018  
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### Exhibit B: Rent Payment Schedule

#### Notes:
- Pursuant to lease paragraphs 2 and 7.4, the above rent schedule is exclusive of Rent Loss Insurance.
- Notes (1), (2), and (3) apply to Rent and % increase to Base Rent are whole number. Square footage projections are for exempt calculation.
- Note (1) includes Year 1 CAM Estimate recorded on annual basis.

<table>
<thead>
<tr>
<th>Period</th>
<th>REY BASE RENT</th>
<th>ANNUAL BASE RENT</th>
<th>TOTAL RENT EXCLUDING CAM</th>
<th>TOTAL RENT BASE RENT</th>
<th>MONTHLY CAM FREE</th>
<th>MONTHLY BASE RENT</th>
<th>TOTAL RENT (BASE RENT INCLUDING RENTAL INSURANCE, R&amp;I &amp; CAM ESTIMATE)</th>
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</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
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<tr>
<td>Year 2</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
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<tr>
<td>Year 3</td>
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<td>$000,000,000.00</td>
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<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
<td>$000,000,000.00</td>
</tr>
</tbody>
</table>

#### Notes:
- 1% increase with $15,000,000.00 in Year 2.
- 2% increase with $30,000,000.00 in Year 3.
- 3% increase with $45,000,000.00 in Year 4.

#### Schedule:
- Yearly Rent: $000,000,000.00
- Annual Rent: $000,000,000.00
- Total Rent: $000,000,000.00
- Monthly Rent: $000,000,000.00
- CAM: $000,000,000.00
- BASE RENT: $000,000,000.00
- TOTAL RENT (BASE RENT INCLUDING RENTAL INSURANCE, R&I & CAM ESTIMATE): $000,000,000.00