COUNTY OF GLENN
AGENDA ITEM TRANSMITTAL

MEETING DATE: April 5, 2016
Submitting Department(s):
Health and Human Services Agency

BRIEF SUBJECT/ISSUE DESCRIPTION:
Recommendation for the Board to:
Approve the Lease Agreement with Sandhill Holdings LLC, for the
Health and Human Services Agency office located at 420 E.
Laurel Street in Willows.

Contact: Christine Zoppi
Phone: 934-6514

AGENDA PLACEMENT

APPOINTMENT – Appearances by: (Specify Name & Title)

Required
☐ Business – No ☑ Consent
☐ Correspondence ☐ Reports & Notices

AFFECTED DEPARTMENT(S)

☐ Receive Concurrence

ATTACHMENTS

☐ Board Report
☐ Letter
☐ Minute Order
☒ Contract
☐ Transfer
☐ Grant App.
☐ Resolution

LEGAL/PERSONNEL/FISCAL

☒ County Counsel
☐ Personnel
☒ Finance
☐ County Administrative Office

CLERK INSTRUCTIONS

☒ Return Minute Order to Teresa Chavez
☐ Return Certified Copy:
☐ Other:

PUBLIC HEARINGS & COMMITTEE VACANCIES

Public Hearings:
☐ Published
☐ Affidavit on File w/Clerk
☐ Affected Parties Notified

Committees:
☐ Vacancy Posted
☐ Application Attached

LEGISLATION

☐ State ☐ Federal

Bill#: ☐ Latest Version of Bill
☐ Draft Letter Attached
☐ List of Supporters/Opposers
☐ Statement of Relevance to
County Interests
☐ Description Attached

FUNDING SOURCE/IMPACT

☐ General Fund Impact
☐ Other:
☒ Budgeted
☐ Transfer Attached
☐ 4/5ths Vote Required
☐ Contingency Request

CONTRACTS, LEASES & AGREEMENTS

☐ New ☑ Renewal
☐ Amendment
☐ Insurance Certificate
☐ Contract Report

Date of Original
Contract: 2/1/94
Contract No.: 509
Fiscal Year: 1994/95

RECOMMENDED ACTION/MOTION:

Recommendation for the Board of Supervisors to:
1. Approve the Lease Agreement with Sandhill Holdings LLC, for the Health and Human Services Agency office located at
420 E. Laurel Street in Willows.
2. Authorize the HHSA Director, or designee, to execute the Agreement.
3. Authorize the HHSA Director, or designee, to modify or amend the Agreement contingent upon the review and approval
of County Counsel.

Reviewed By (if applicable):

Christine Zoppi, Director

Personnel Director

Department of Finance
Executive Summary

The lease for the Health and Human Services Agency (HHSA) office building at 420 E. Laurel Street in Willows expired on February 29, 2016, and the HHSA wishes to extend the term of the lease for an additional eighteen (18) months, with additional options to extend the lease further.

Recommendation(s)

1. Approve the Lease Agreement with Sandhill Holdings LLC, for the Health and Human Services Agency office located at 420 E. Laurel Street in Willows.
2. Authorize the HHSA Director, or designee, to execute the Agreement.
3. Authorize the HHSA Director, or designee, to modify or amend the Agreement contingent upon the review and approval of County Counsel.

History and Background

In March 1994, the HHSA (at the time known as the HRA) entered into a lease agreement for the property located at 420 E. Laurel Street in Willows. The original lease was for an initial period of ten (10) years, and since that time, the lease has been amended twelve (12) times for a total of twenty-two (22) years.

The HHSA and the building owner, Sandhill Holdings LLC, have agreed to extend the lease for an additional eighteen (18) months through August 31, 2017, with additional options to extend the lease through August 31, 2018.

Fiscal/Personnel Impact(s)

This request does not require the use of County General Funds.

Analysis/Discussion

The HHSA continues to look at future building options, but it will likely to take a substantial amount of time to locate a building large enough to accommodate the needs of the agency. This new lease and extension options affords the HHSA enough time to plan and prepare for a large scale move while still meeting program mandates and the delivery of services.
LEASE AGREEMENT

PREAMBLE

Sandhill Holdings LLC, hereinafter called "Lessor," hereby leases to the County of Glenn Health & Human Services Agency, a political subdivision of the State of California, hereinafter called "Lessee," certain real property located at 420 East Laurel Street, Willows, in the County of Glenn, State of California, as more particularly described in Exhibit "A" and consisting of buildings 1-5 as shown in Exhibit "B", consisting of 32,140 square feet as described in Exhibit "C". Exhibits A, B, & C are attached hereto and made a part hereof (collectively referred to herein as the "Premises").

ARTICLE 1 - TERM OF LEASE

Section 1.01 Original Term

The term of this lease shall be for a period of eighteen (18) months plus any fraction of a calendar month required by Section 1.04 of this lease. The term of this lease shall commence at 12:01 am of the "Commencement Date" specified in Section 1.02 of this lease and shall end at 12:01 am on the date that is exactly eighteen (18) months after the Commencement Date, unless renewed or extended as provided in Section 1.05 and 1.06.

Section 1.02 Commencement Date of Lease

The commencement date of this lease, hereinafter called "Commencement Date," shall be March 1, 2016, for the lease of the Premises.

Section 1.03 Term Extension for Fractional Month

Rental payment for the fractional last month shall be prorated and calculated by multiplying the number of days of Lessee’s occupancy times the daily rental rate, which shall be determined by multiplying the monthly rental rate for the prior full calendar month by twelve (12) and dividing the product by three-hundred and sixty five (365) ("Daily Rental Rate").

Section 1.04 Hold Over

Should Lessee hold over and continue in possession of the premises after expiration of the term of the lease and any renewal or extension thereof, Lessee’s continued occupancy of such premises shall be considered a month-to-month tenancy terminable by either party with 30 days written notice. Occupancy is subject to all other terms and conditions of this lease. Monthly rental payment in such holdover shall be paid in an amount equal to the monthly sum paid during the last month of the prior term.
Section 1.05 Option to Renew Lease

Lessee shall have the option to extend this Lease for two (2) additional consecutive periods of six (6) months each, an “Option Term”, under the same terms and conditions, save and except rent which shall be re-set at the beginning of each year and each Option Term as set forth in Section 1.07 below. Lessee must provide written notice to Lessor of its unequivocal intent and commitment to exercise an Option Term no later than two (2) months prior to the expiration of the then-current term.

Section 1.06 Extension

Upon notice to Lessor, given at least thirty (30) days prior to the expiration date of the lease as provided in Section 1.01 or 1.05, the lease shall be extended for up to an additional ninety (90) days, at Lessee’s option, on the same terms and conditions. The notice to Lessor shall include the number of days of extension, and Lessee shall exert its best efforts to vacate the premises at the earliest possible date during the extension. Rent payments for any fractional month during the extension shall be calculated using the Daily Rental as described in Section 1.03.

Section 1.07 Option Terms

Lessee shall pay to Lessor as rent for the Premises, in advance on the first day of each calendar month of the term of this Lease in lawful money of the United States as follows:

<table>
<thead>
<tr>
<th>Term:</th>
<th>Monthly Minimum Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2016, to February 28, 2017</td>
<td>$16,803.30</td>
</tr>
<tr>
<td>March 1, 2017, to August 31, 2017</td>
<td>$17,307.40</td>
</tr>
</tbody>
</table>
| 1st Option - September 1, 2017, to February 28, 2018 | $17,307.40
| 2nd Option- March 1, 2018, to August 31, 2018      | $17,826.63           |
ARTICLE 2 – BUILDING IMPROVEMENTS

Section 2.01 Building Improvements

Lessor agrees that in consideration for the execution of this lease, the following building improvement will be completed in accordance with the timelines outlined in Section 2.02 below:

1. Eliminate loud oscillating noise and vibration from air conditioning unit above office in the Social Worker area (upstairs, southwest corner).

Section 2.02 Completion Date

Subject to materials shortage, labor shortages, strikes, boycotts, lockouts, other labor disruptions, governmental actions, war, riot, insurrection, rebellion, act of God, fire, flood, storm, earthquake, or any and all causes beyond the reasonable control of the Lessor, building improvements shall be completed within two (2) months after the execution of this lease, and each individual project should take no more than thirty (30) days to complete.

Section 2.03 Remedy for Delay

If the building improvements are not completed and any portion of the building is not fit for occupancy by Lessee within the time specified in Section 2.02, the rental payment for this period shall be prorated accordingly and calculated by dividing the amount of rent by the number of total square feet (Rent per Square Foot) and multiplying the Rent per Square Foot by the number of square feet that are not fit for occupancy and multiply that by the days in the month that the space was not fit for occupancy.

ARTICLE 3 - RENT

Section 3.01 Amount

A. Lessee shall pay to the Lessor rent in the sum according to Section 1.07 of this lease titled “Option Terms”.

The rent shall be payable in advance on the first day of the month during the term of this lease. All rent payments due hereunder shall be made payable to Sandhill Holdings LLC, or other agent as designated by the Lessor, and mailed to:

Mr. Khalid Sultan
Sandhill Holdings LLC
504 Isabel Drive
Martinez, CA 94553
B. Lessor shall deliver to the Lessee’s Auditor Lessor’s IRS Taxpayer ID Number prior to any payments being made by Lessee under this lease.

ARTICLE 4 - USE OF PREMISES

Section 4.01 Permitted Use

The premises shall, during the term of this lease and any extensions or renewals thereof, be used for county offices, county sponsored or approved programs, co-organized and operated county-city programs and offices, state programs and offices, or for any other lawful purpose as agreed upon in writing by the parties hereto. Lessor shall not unreasonably withhold approval for such other use or uses.

Section 4.02 Waste or Nuisance

Lessee shall not commit or permit the commission by others of any waste on the premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code on the premises; and Lessee shall not use or permit the use of the premises for any unlawful purpose.

Section 4.03 Compliance with Law

Lessor shall at Lessor’s own cost and expense comply with all statutes, ordinances, regulations, and state and county requirements, applicable to Lessee’s use and occupancy of the premises whether such statutes, ordinances, regulations, requirements be now in force or hereinafter enacted. The judgment of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessor and Lessee by any entity, that the Lessee has violated any such statute, ordinance, regulation, or requirement shall be conclusive as between Lessor and Lessee and shall be grounds for termination of the lease by Lessor.

ARTICLE 5 - TAXES AND UTILITIES

Section 5.01 Payment of Utility Charges

Lessee shall be responsible for payment of all charges for garbage, sewer, landscape maintenance and weed abatement, gas, electricity, telephone, and water services for which Lessee has contracted. Lessor shall be responsible for all other utility service costs.

Section 5.02 Personal Property Taxes

Lessee shall be responsible for all personal property taxes on equipment and items placed there by Lessee.
Section 5.03 Real Property Taxes

A. All real and personal property taxes, general and special assessments and other charges of every description levied or assessed against the premises, improvements owned by Lessor located on the premises, personal property of Lessor located on or in the land or improvements, or the gross rents payable hereunder, to the full extent of installments falling due during the term, whether belonging to or chargeable against Lessor or Lessee shall be paid by Lessor prior to delinquency.

B. Lessee shall not be required to pay any taxes, assessments, charges or fees of any kind or description imposed upon Lessor or Lessor’s property by any unit or level of government. If at any time during the term hereof the State of California or any political subdivision of the state, including the city, county, public corporation, district, or any other political entity or public corporation of this state, levies or assesses against Lessor or Lessor’s property a tax, fee, or excise on (a) rents, (b) the square footage of the premises, (c) the act of entering into this lease, or (d) the occupancy of Lessee, or levies or assesses against Lessor any other tax, fee, or excise, however described, including, without limitation, a so-called value added tax, as a direct substitution in whole or in part for, or in addition to, any real property taxes, Lessor shall pay before delinquency that tax, fee, or excise.

ARTICLE 6 - ALTERATION AND REPAIRS

6.01 Repairs and Maintenance by Lessor

Lessor shall, at Lessor’s sole cost and expense, during the term of this lease or any renewal or extension of the term of this lease, do the following:

A. Keep and maintain the premises in good order, repair, and tenantable condition;
B. Regularly employ a heating and air conditioning maintenance firm to service and maintain the heating and air conditioning systems on the premises in good working order;
C. With respect to the surface of the parking facilities, provide normal maintenance sealing and any necessary restriping;
D. Keep the subsurface drainage structures unobstructed and free flowing; and
E. Except for damages covered by insurance on the premises from any source whatsoever, repair any significant defects in the exterior roof, side walls, structural supports, utilities, and foundations of the building on the premises not caused by the negligence of or abuse of the building by Lessee or any employee, agents, sublessees, or permittees of Lessee. For purposes of this lease, significant defects will
mean those defects causing a safety hazard or posing a risk of any kind to the health and well-being of employees or the public.

F. For Sections 6.01 and 6.02, Tenant shall provide written notice to Landlord to repair any items and provide Landlord reasonable time to make repairs.

Section 6.02 Additional Repairs and Maintenance

A. Lessor shall replace or repair any defects in the premises, which shall occur or be discovered at any time during the term of this lease. Lessee shall notify Lessor of such defect in writing within fifteen (15) days following the discovery of the defect and such repairs are not required to be made by Landlord if the repair is required as a result of any act or omission of Lessee or its authorized agents, or employees or invitees, except to the extent covered by insurance maintained pursuant to Section 7.03. “Defect” as used in this lease means any condition impairing the safety, worth, or utility of the affected structure, equipment, or fixture. Landlord is allowed reasonable time to make repairs under Section 6.02.

B. Lessor shall be required to keep the exterior roof, side walls, structural supports, foundation, parking facilities, walkways, utilities, and subsurface drainage structures in good repair.

C. During the term of this lease, Lessor shall respond to repair requests within 48 hours unless doing so is made impractical by conditions beyond Lessor’s reasonable control. Lessor shall correct all defects that pose a safety hazard as soon as feasibly possible should such response time fall on a weekend or holiday. Failure to comply with these time requirements shall entitle Lessee to effect the necessary repairs and deduct the cost of same as a setoff of the rental payment for the immediately succeeding month.

D. Lessor shall not be liable for any damages resulting from Lessor’s failure to make any repairs required by this section unless Lessee gives written notice to Lessor specifying a need for the repairs and Lessor fails to make the repairs within a reasonable time after receipt of such notice.

E. Notwithstanding the foregoing, Lessee shall keep the premises in good condition and repair and shall be responsible for the following repairs: Lighting, HVAC filter replacement, overflowed toilets, carpet cleaning, furniture moving/modifications, window screen repair/replacement, immediate safety concerns which include but not limited to loose hand rails, and door level repair/replacement.

Section 6.03 Cleaning and Maintenance by Lessee

Lessee, at Lessee’s sole cost and expense during the term of this lease or any renewal or extension of the term of this lease, shall perform regular routine cleaning and maintenance of the premises, the exterior and interior of the structures, and the parking area, excluding any painting,
restriping or resurfacing. Lessee shall replace light bulbs and ballasts and shall provide such items.

Section 6.04 Alterations and Liens

Lessee shall not make or permit any other person to make any alterations to the premises or to any improvement thereon or facility appurtenant thereto without the written consent of Lessor first had and obtained, which consent shall not be unreasonably withheld. Lessor may, after receiving written notice delivered to Lessor, at the time of Lessor’s consent to any alterations to premises, require that the alterations, additions, and improvements made or placed on or in the premises by Lessee or any other person shall, on expiration or sooner termination of this lease, be removed at Lessee’s sole cost and expense. Lessee shall keep the premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on the premises at the instance or request of Lessee.

Section 6.05 Inspection by Lessor

Lessee shall permit the Lessor or Lessor’s agents, representatives, or employees to enter the premises in emergencies or following advance written notification to Lessee, at all reasonable times and only to the extent necessary for inspecting the premises to determine whether Lessee is complying with the terms of this lease and for the purpose of doing any other lawful acts that may be necessary to protect the Lessor’s duties under this lease. These inspections shall not interfere with the confidentiality requirements of the Lessee or its agents.

Section 6.06 Surrender of Premises

On expiration or sooner termination of this lease, or any renewals or extensions of this lease, Lessee shall promptly surrender and deliver the premises to Lessor in as good condition as they appear at the Commencement Date of this lease, reasonable wear and tear and repairs herein required to be made by Lessor excepted.

ARTICLE 7 - INDEMNITY AND INSURANCE

Section 7.01 Indemnification Clauses

Lessor shall indemnify, defend, and hold harmless Lessee and its directors, officers, members, agents, employees and volunteers from and against any and all liability loss, damage, expense, and costs (including without limitation litigation costs and attorney fees) of every nature arising out of or in connection with Lessor’s performance of this lease or its failure to comply with any of its obligations contained in the lease, except such loss or damage caused by the sole negligence or willful misconduct of Lessee.
Lessee shall indemnify, defend, and hold harmless Lessor and its directors, officers, members, agents, employees and volunteers from and against any and all liability loss, damage, expense, and costs (including without limitation litigation costs and attorney fees) of every nature arising out of or in connection with Lessee’s performance of this lease or its failure to comply with any of its obligations contained in the lease, except such loss or damage caused by the sole negligence or willful misconduct of Lessor.

Section 7.02 Lessor’s Failures

Section 7.01 shall not apply to any condition of the premises caused or allegedly caused by a failure of Lessor to maintain premises as required by Section 6.01 or Section 6.02, provided sufficient notice is provided to Landlord (by Tenant) and reasonable time to make repairs.

Section 7.03 Liability Insurance

A. Lessee shall, at Lessee’s own cost and expense, for those areas occupied by Lessee, secure at the time of occupancy and maintain during the entire term of this lease and any renewals or extensions thereof, insurance against loss or liability caused by or connected with Lessee’s occupation and use of the premises under this lease in amounts not less than the amount of coverage of personal injury or death and property damage maintained by Lessee. The insurance shall be in the amount of one-million dollars ($1,000,000). Lessee at Lessee’s option may satisfy the requirement of this section by participation in the Golden State Risk Management Association or other agreement with government agencies providing pooled liability risk coverage provided said coverage shall not be less than required by this section. Such coverage is equivalent to the comprehensive coverage provided by Commercial General Liability insurance policies provided by tenants to landlords of similar nature. Lessor shall be listed as an additional insured (or beneficiary) on Lessee’s policy. Upon request by Lessor, Lessee shall provide evidence of insurance by providing documentation from the Golden State Risk Management Association office.

B. Lessor shall, at Lessor’s own cost and expense, for all areas accessible by Lessee and the public, secure at the time of occupancy and maintain during the entire term of this lease and any renewals or extensions thereof, insurance against loss or liability of the premises under this lease in amounts not less than the amounts of coverage of personal injury or death and property damage maintained by Lessee. Lessee shall be listed as an additional insured on Lessor’s policy. The insurance shall be a minimum combined single limit of liability of one million dollars ($1,000,000) per occurrence and a general aggregate limit in the amount of two-million dollars ($2,000,000). Evidence of insurance will be provided to the Golden State Risk Management Association office.
Section 7.04 Glass

The Lessee shall be responsible for breakage of glass in the windows and doors of premises occupied by Lessee. Lessee will not be responsible for damage to the premises as a result of natural disaster (i.e. weather damage).

Section 7.05 Fire Insurance

Lessee has the option to secure, at Lessee’s own cost and expense, and maintain during the term of this lease and any renewals or extensions thereof a policy of fire insurance, including vandalism and malicious mischief endorsements, covering the full replacement value of the contents of the leased premises.

ARTICLE 8 - FIXTURES

Section 8.01 Installation and Removal of Trade Fixtures

Lessee shall have the right at any time and from time to time during the term of this lease and any renewal or extension of such term, at Lessee’s sole cost and expense, to install and affix in, to, or on the premises such items, hereon called “Trade Fixture,” for use in Lessee’s trade or business as Lessee may in its sole discretion deem advisable. Any and all such Trade Fixtures that can be removed without structural damage to the premises or any building or improvements on the premises shall remain the property of the Lessee and may be removed by Lessee at any time or times prior to the expiration or sooner termination of this lease.

Section 8.02 Un-removed trade Fixtures

Any trade fixtures described in this Article that are not removed from the premises by Lessee within thirty (30) days after the expiration or sooner termination, regardless of cause, of this lease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed.

ARTICLE 9 - DESTRUCTION AND CONDEMNATION

Section 9.01 Destruction

A. If, during the term, the premises are totally or partially destroyed from a risk covered by the insurance described in Section 7.03B., rendering the premises totally or partially inaccessible or unusable, Lessor shall, within thirty (30) days after the event, notify Lessee of the time required for restoration.

B. If the restoration period in the notice does not allow Lessee to provide necessary services to the public, and twenty-five percent (25%) or more of the premises is not fit for occupancy, then Lessee may elect to terminate the lease. If the Lessee does not elect to terminate, the rental payment for this period shall be prorated accordingly.
using the first month’s rental of that calendar year as the base amount equaling one hundred percent (100%) with regard to the proration. If any portion of the building is not fit for occupancy by Lessee, during this period the rental payment for this period shall be prorated accordingly and calculated by dividing the amount of rent by the number of total square feet (Rent per Square Foot) and multiplying the Rent per Square Foot by the number of square feet that are not fit for occupancy and multiply that by the days in the month that the space was not fit for occupancy. If the existing laws do not permit the restoration, either party can terminate this lease immediately by giving notice to the other party.

C. If the cost of restoration exceeds the amount of the proceeds received from the insurance required under Section 7.03, Lessor can elect to terminate this lease by giving Lessee notice within fifteen (15) days after determining that the restoration costs will exceed the insurance proceeds.

Section 9.02 Non-Insured Risks

A. If, during the term of this lease, the premises are totally or partially destroyed from a risk not covered by insurance described in Section 7.03, rendering the premises totally or partially inaccessible or unusable, Lessor shall restore the premises to substantially the same condition as they were immediately before destruction. Such destruction shall not terminate this lease. If existing laws do not permit the restoration, either party can terminate this lease by giving notice to the other party.

B. If the restoration period in the notice does not allow Lessee to provide necessary services to the public, and twenty-five percent (25%) of the premises is not fit for occupancy, Lessee or Lessor may elect to terminate the lease.

C. If the cost of restoration exceeds twenty-five percent (25%) of the then replacement value of the premises that are destroyed, Lessor can elect to terminate this lease by giving notice to Lessee within fifteen (15) days after determining the restoration cost and replacement value.

Section 9.03 Destruction near End of Lease

If the destruction of the premises occurs during the last six (6) months of the lease term, Lessor can terminate this lease by giving notice to Lessee not more than fifteen (15) days after destruction. Except that, if destruction occurs during the last six (6) months of the term, and within fifteen (15) days after destruction, Lessee exercises its rights to renew the term as provided in Section 1.05, Lessor shall restore the premises as provided herein.
Section 9.04 Abatement of Rent

Should Lessor be required under Section 9.01 or Section 9.02 of this lease to repair and restore the premises to their former condition following partial or full destruction of the premises or the building on the premises, the following shall apply:

A. Lessee shall not be entitled to any damages for any loss of inconvenience sustained by Lessee by reason of the making of such repairs or restoration;

B. Lessor shall have full right to enter premises and take possession of so much of the premises, including whole of the premises, as may be reasonably necessary to enable Lessor to promptly and efficiently carry out the work of repair and restoration; and

C. The rent payable by Lessee to Lessor pursuant to Section 3.01 shall be abated to the extent and for so long as Lessee is prevented from using the whole of the premises. If a portion of the premises is used during repairs, rent will be proportionally paid on the portion used based on its proportion to the total square footage of the building prior to partial destruction.

ARTICLE 10 - ASSIGNMENT, DEFAULT, AND TERMINATION

Section 10.01 Subleasing or Assigning

Lessee may not encumber, assign, or otherwise transfer this lease, any right or interest in this lease, or any right or interest in the premises or any of the improvements that may now or hereafter be constructed or installed on the premises without Lessor’s prior written consent which shall not be unreasonably withheld. Lessee may not sublet the premises or any part thereof, without Lessor’s prior written consent. Lessee reserves the right to assign this lease, subject to all terms and conditions, to the State of California, should such entity assume responsibilities for the delivery of programs and services currently provided the Lessee.

Section 10.02 Default by Lease

A. If Lessee fails to perform any term or condition upon the part of the Lessee to be performed, and such default continues for a period of thirty (30) days for a non-monetary default, or ten (10) days for a monetary default, after written notice from Lessor to Lessee of such default, Lessor may exercise the remedies hereinafter provided for. However, if any non-monetary default is not capable of being cured within thirty (30) days, and Lessee is diligently attempting to cure such default, no action shall be brought by Lessor against Lessee unless Lessee fails to cure such default within a reasonable time after such notice.

B. In the event of default by Lessee, as described in paragraph “A” above, Lessor may either (a) maintain this lease in full force and effect and shall have the right to receive from Lessee each installment of rent as it comes due whether or not Lessee shall have
vacated and abandoned the premises or (b) Lessor may terminate this lease by written
notice to Lessee and shall be entitled to damages in the following amount: (1) the
worth at the time of judgment of the amount by which the unpaid rent from the time
of termination to the time of judgment exceeds the amount of rental loss that the
Lessee proves could be reasonably avoided; (2) the worth at the time of judgment of
the amount by which the unpaid rent for the balance of the term exceeds the amount
of the rental loss that Lessee proves could be reasonably avoided ("Worth" as used in
this provision is computed by discounting the total at the discount rate of the Federal
Reserve bank of San Francisco at the time of judgment or award plus one percent);
and (3) such other damages or expenses as may have been incurred by Lessor on
account of the breach of this lease by Lessee.

C. This lease is contingent upon the availability of the State and Federal funding, and as
the Lessee is a public entity, should the funding for the intended use of the building
be terminated or reduced by more than twenty-five percent (25%), the Lessee may
terminate this lease by furnishing at least ninety (90) days written notice of its
intention to vacate. This notice shall set forth the funding change which has occurred
together with the date the premises will be vacated.

Section 10.03 Waiver of Breach

The waiver by Lessor or Lessee of any breach of any of the provisions of this lease shall
not constitute a continuing waiver or a waiver of any subsequent breach either of the same or
another provision of this lease.

Section 10.04 Mutual Termination

Either party to this lease may by mutual agreement, terminate this lease upon sixty (60)
days written notice. Such time period shall commence on the date that mutual agreement is
reached.

ARTICLE 11 - MISCELLANEOUS

Section 11.01 Notices

Except as otherwise expressly provided by law, any and all notices or other
communications required or permitted by this lease or by law to be served on or given to either
party hereto by the other party hereto shall be in writing and shall be deemed duly served and
given when personally delivered to the party to whom such notice is directed, or in lieu of such
personal service, when deposited in the United States mail, certified mail, first class postage
prepaid, addressed as follows:
Lessee: Glenn County Health and Human Services Agency
c/o Christine Zoppi, Director
420 E. Laurel Street
Willows, CA 95988

Lessor: Sandhill Holdings LLC
c/o Khalid Sultan
504 Isabel Drive
Martinez, CA 94553

Either party, Lessee or Lessor, may change its address for the purpose of this section by giving written notice of such change in accordance with this section.

Section 11.02 Change of Ownership or Assignment

If the Lessor conveys their interest in the premises, subject to the lease, during the lease term, Lessor’s successor in interest shall be bound by all terms and conditions of this lease and shall be responsible for all of the liabilities of Lessor accruing after the conveyance. In such event, Lessor shall have no further liability under the terms and conditions of the lease accruing after the date of recordation of such conveyance.

Section 11.03 Estoppel Certificate

Each party, within ten (10) days after the notice from the other party shall execute and deliver to the other party, in recordable form, a certificate stating that the lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate should also state the amount of the minimum monthly rent then payable, the dates to which the rent has been paid in advance, and the amount of any prepaid rent. Failure to deliver this certificate within ten (10) days shall be conclusive upon the parties failing to deliver the certificate, for the benefit of the party requesting the certificate that this lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

Section 11.04 Binding on Heirs and Successors

This lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, Lessor and Lessee, but nothing in this section shall be construed as a consent by either party as required by Section 10.01 or 11.03.
Section 11.05 Partial Invalidity

Should any provisions of this lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this lease shall remain in full force and effect unimpaired by such holding.

Section 11.06 Sole and Only Agreement

This instrument constitutes the sole and only agreement between Lessor and Lessee respecting the premises, the leasing of the premises to Lessee, and the lease term herein specified, and correctly sets forth the obligations of Lessor or Lessee to each other as of its date. Any agreement or representations respecting the premises or their leasing by Lessor or Lessee not expressly set forth in this lease are null and void.

Section 11.07 Consents

Any consent required by this lease to be obtained from Lessor and Lessee shall not be unreasonably withheld.

Section 11.08 California Law

This lease shall be governed by and construed in accordance with the laws of the State of California.

Section 11.09 Time of Essence

Time is expressly declared to be the essence of this lease.

Section 11.10 Authority of Lessee

Except for modification of the lease, the Director of the Health and Human Services Agency, or designee, or any other person designated by the Glenn County Board of Supervisors may take any action required or allowed by Lessee herein.

Section 11.11 Warranties

Lessor hereby represents and warrants that Lessor owns the premises. Lessor covenants and agrees that the Lessee, upon meeting and keeping the covenants, conditions, and terms hereof, shall lawfully quietly hold, occupy, and enjoy the premises during the term of this lease without hindrance or molestation of Lessor or any person claiming under Lessor.

Section 11.12 Signs

Lessee shall have the exclusive right to erect and maintain upon the premises all signs that it deems appropriate. Lessor agrees that no signs or advertising matter of any nature other
than Lessee’s shall be permitted upon any part of the parking and common areas, except as Lessee and Lessor may otherwise agree from time to time.

Section 11.13 Attorney’s Fees

If either Lessor or Lessee institutes any legal action or proceeding to compel the payment of any sum or sums due and payable from the other party, hereunder, or to quiet title to recover possession of the premises, or to enforce the performance of any of the covenants and conditions of this lease, the losing party agrees to pay all the prevailing parties costs and attorney’s fees, whether or not such action proceeds to judgment.

IN WITNESS WHEREOF, the parties have executed this lease on ________________________

at Willows, Glenn County, California.

LESSEE:
Glenn County Health & Human Services Agency

BY: ________________________________
Christine Zoppi, Director

LESSOR:
Sandhill Holdings LLC

BY: ________________________________
Khalid Sultan, Owner

APPROVED AS TO FORM:

HUSTON T. CARLYLE, JR., County Counsel
Glenn County, California

Glenn County Health & Human Services Agency:
□ Approved by Deputy Director of Administration ________
□ Approved by Fiscal Manager ________

Glenn County Department of Finance
□ Approved by Director of Department of Finance ________
EXHIBIT "A"

PROPERTY DESCRIPTION

PARCEL ONE:

Lots 1 to 10 inclusive in Block 29, according to the official map of Pittsburgh addition and Resubdivision of Blocks 23 to 34 inclusive, Town of Willows, Glenn County, California, and filed in the office of the county Recorder of the County of Glenn, State of California, on April 21, 1910, in Book 2 of Maps and Surveys, at page 220.

APN: 003-132-001-0, 003-133-001-0, 003-133-002-0

PARCEL TWO:

Beginning a portion of the Southwest one-quarter of Section 10, Township 19 North, Range 3 West, M.D.B. & M., as shown on the Map of Survey filed February 16, 1962, in Book 7 of Maps and Surveys, at page 2, more particularly described as follows:

Beginning at the point of intersection of the east-west one-half section line of said Section 10 and the west right-of-way of the Central Canal; thence North 89° 47’ 00” West on and along said east-west one-half section line, 170.22 feet, more or less to the northeast corner of the property owned by the City of Willows; thence South 3° 59’ 45” West, on and along the east line of said City of Willows property, 218.18 feet to a point on the north line of the property owned by the Willows Baseball Park Association; thence North 40° 25’ 00” East, on and along said North line, 106.42 feet; thence South 0° 08’ 00” West on and along said north line 6.69 feet, more or less, to a point on the aforesaid west right-of-way line of the Central Canal; thence Northeasterly, on and along said west right-of-way line on a concave curve to the southeast having a radius of 1340.80 feet, through a central angle of 7° 52’ 53” an arc length of 184.44 feet to the point of beginning.

APN: 003-290-001-0
**EXHIBIT "C"**

**PROPERTY SQUARE FEET**

| Building 1 | 18,782 |
| Building 2 | 2,847  |
| Building 3 | 240    |
| Building 4 | 4,271  |
| Building 5 | 6,000  |
| **Total Square Feet** | **32,140** |