

C3 Approve a renewal lease agreement with Parlay Investments, Inc., for office space at 1313 Yuba Street, City of Redding.

STAFF REPORT

BOARD MEETING DATE: May 27, 2025

CATEGORY: Consent Calendar 3

SUBJECT: Approve a renewal lease agreement with Parlay Investments, Inc., for office space at 1313 Yuba Street, City of Redding.

DEPARTMENT: County Administrative Office

SUPERVISORIAL DISTRICT #: District 1

DEPARTMENT CONTACT: Bryce Ritchie, Senior Administrative Analyst, (530) 225-5561

STAFF REPORT APPROVED BY: David J. Rickert, County Executive Officer

<u>Vote Required?</u>	<u>General Fund Impact?</u>
Simple Majority Vote	No General Fund Impact

RECOMMENDATION

Approve a renewal lease agreement with Parlay Investments, Inc., for 13,500 square feet of office space at 1313 Yuba Street, City of Redding (Premises) for a one-year term with three one-year options beginning at a rate of \$12,322.80 per month.

DISCUSSION

Health and Human Services Agency's Children's Services has been providing direct services at the Premises since October 2001. Children's Services provides child protection services, along with an array of other services to children and families in Shasta County. This location was selected due to its proximity to the other Children's Services location where court ordered and mandated services for children and their families, are provided. This location has been equipped with the required State computer network connectivity that is unique to Children's Services.

Prior to taking occupancy the building was modified to ensure they are in compliance with the American Disabilities Act (ADA), and it remains in compliance.

ALTERNATIVES

The Board could not to approve the lease agreement. The County would be required to vacate approximately 70 employees the Premises by the end of the term on July 31, 2025. This would cause an interruption to services and additional costs on the Department to secure a new location for the services located at the site.

OTHER AGENCY INVOLVEMENT

HHSA reviewed the lease agreement. Risk Management has approved the agreement. County Counsel approved the agreement to form. The County Administrative Office drafted the agreement.

FISCAL IMPACT

There is no General Fund impact as a result of the recommended actions. Sufficient appropriations to cover the lease costs will be requested in the Fiscal Year 2025-26 Budget.

ATTACHMENTS:

1: Draft Lease

REAL PROPERTY LEASE AGREEMENT

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

Section 1. PREMISES

- 1.1 **Premises.** Lessor hereby leases to County those premises located at 1313 Yuba Street, City of Redding, County of Shasta, State of California, consisting of approximately 13,500 square feet of office space and common use of driveways, sidewalks, and common use public parking spaces.

Section 2. TERM AND TERMINATION

- 2.1 **Initial Term.** The Premises are leased for an initial term commencing August 1, 2025, and ending June 30, 2026, or such earlier date as this lease may terminate as provided in this lease, except that if the termination date falls on a Sunday or a holiday, then this lease shall end at 12:00 o'clock noon on the business day next preceding that day.
- 2.2 **Options to Extend Term.** At the expiration of the initial term of this lease, if County is not in default, County shall have three options to extend this lease for additional one-year periods on the same terms and conditions as the initial term. The exercise of any option shall be by written notice to Lessor 60 days prior to the end date of this lease or any option period. The written notice to Lessor for this purpose may be signed by the County Executive Officer. The initial term and any exercise option to extend term shall each be a part of the “term” of this lease.
- 2.3 **Holding Over.** Any holding over shall be on a month-to-month tenancy at the then rental price, and all other provisions of this lease shall remain in full force and effect on a month-to-month tenancy unless and until either Party gives 30 days written notice to the other, and County’s tenancy shall terminate at midnight on the last day of the month following the last day of the month in which such notice is given. The total term of this lease including any options to extend, and hold-over periods shall not exceed five years.

- 2.4 **Fiscal Termination.** County is a public entity. Lessor acknowledges and agrees that the obligation of County to pay rent under this lease is contingent upon the availability of County funds which are appropriated or allocated by County's Board of Supervisors for the payment of rent. Should the funding for the intended use of the premises cease, be materially decreased, or otherwise not available or not be appropriated or allocated by the Board of Supervisors during the term of this lease, County may terminate this lease by furnishing at least 30 days written notice of its intention to vacate. In no event shall Lessor be entitled to a remedy of acceleration of the total rent payments due over the term of this lease. The parties acknowledge and agree that the power to terminate described in this Section is required by Article 16, Section 18 of the California Constitution, and that that constitutional provision supersedes any law, rule, regulation, or statute which conflicts with the provisions of this subsection.
- 2.5 **Termination Due to Contamination.** Notwithstanding any other provision of this lease, County shall have the right to terminate this lease should problems with asbestos, lead, mold, fungus, or other contamination arise which would cause County to expend funds to eliminate the problems in order to continue its tenancy. County shall have no liability for any repairs occasioned by asbestos, lead, mold fungus, or other contamination problems, and has the option to terminate this lease should County reasonably determine that any such problem exists.

Section 3. RENT

- 3.1 **Rent.** The rent to be paid by County for the initial term shall be \$12,322.80 per month.
- 3.2 For the first option provided for in Section 2.2 of this lease (July 1, 2026, through June 30, 2027), if exercised by County: Rent as of June 30, 2026, plus an increase effective July 1, 2026, not to exceed 3%, based on the Percent Change Year ending the previous February figure of the U.S. Bureau of Labor Statistics, Consumer Price Index (CPI) for All Urban Consumers (CPI-U) for San Francisco-Oakland-Hayward, CA (Report).
- 3.3 For the second option provided for in Section 2.2 of this lease (July 1, 2027, through June 30, 2028), if exercised by County: Rent as of June 30, 2026, plus an increase

effective July 1, 2027, not to exceed 3%, based on the Percent Change Year ending the previous February figure of the Report.

- 3.4 For the third option provided for in Section 2.2 of this lease (July 1, 2028, through June 30, 2029), if exercised by County: Rent as of June 30, 2027, plus an increase effective July 1, 2028, not to exceed 3%, based on the Percent Change Year ending the previous February figure of the Report.
- 3.5 Rent shall be paid in advance on the first County business day of each month of the term of this lease. For purposes of this lease, rent shall be considered paid if: (1) deposited in the United States mail, postage prepaid, and addressed to the Lessor at the address specified for notices in this lease on the first County business day of the month; or (2) executing a transfer of the rent via automated clearing house ("ACH") on the first County business day of the month in accordance with the provisions of a validly executed ACH Direct Deposit Authorization form that has been delivered to County's Auditor-Controller.
- 3.6 **Prorated Rent.** If the term begins (or ends) on other than the first (or last) day of the calendar month, the rent payment for the partial month shall be prorated on a per diem basis based upon the number of days of occupancy during the month.

Section 4. USE OF PREMISES

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

Section 5. SERVICES AND UTILITIES

- 5.1 **County's Obligations.** County shall pay all charges for electricity, gas, telephone, garbage removal, water, sewer, and custodial services associated with the premises during the term of this lease and any extensions of the term.
- 5.2 **Lessor's Obligations.** Lessor shall pay all charges for common area utilities and all costs associated with taxes and insurance on the premises.
- 5.3 **Government Restrictions.** In the event of imposition of federal, state, or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the term of this lease, both Lessor and County shall be bound thereby. Any costs associated with compliance shall be paid by the

Lessor unless such costs are directly related to the conduct of County's particular business within the premises.

Section 6. MAINTENANCE AND REPAIRS

6.1 Lessor's Obligations.

- 6.1.1 Lessor may, upon written authorization by County, enter and inspect the premises at reasonable times to render maintenance services or make any necessary repairs to the premises. Written authorization for this purpose may be provided to Lessor via email by the County Executive Officer or their designee.
- 6.1.2 Lessor shall, during the term of this lease, provide and maintain in good repair and tenantable condition, at Lessor's own cost, the exterior of the premises, together with appurtenances, rights, privileges and easements belonging or appertaining thereto including, but not limited to, the following: landscaping, all structural components of the premises including, without limitation, exterior walls, interior load-bearing walls and components, roof support systems and foundation, walks, roof, gutters, downspouts, drainage systems, non-structural portions of exterior walls, exterior doors, windows, exterior building including, but not limited to, exterior lighting, and other outside elements of the premises. Lessor shall also provide for maintenance of common use driveways, sidewalks, and parking spaces.
- 6.1.3 Lessor shall, during the term of this lease, provide and maintain in good repair and tenantable condition, at Lessor's own cost, interior components including, but not limited to, stairways, handrails, ceilings, doors, door handles, fire sprinkler systems, fire alarm systems, and walls. Until such time that they may be allowed for sale in California, Lessor shall furnish at Lessor's sole expense, all incandescent and fluorescent light bulbs and/or tubes as required during the term of this lease. County shall furnish all other electric light bulbs, and/or tubes, as required during the term of this lease.
- 6.1.4 Lessor, at Lessors cost, shall perform the ordinary and routine maintenance of, and repair and replace as necessary, the plumbing systems and fixtures,

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

- 6.1.5 Upon mutual agreement of both Parties, Lessor shall repair or replace any flooring and repaint premises when it is degraded by wear and tear. If the Lessor replaces any flooring at the premises, or repaints any portion of the premises, Lessor shall give County the option to choose the color. If the Lessor replaces the flooring, Lessor shall provide notice to the County Executive Officer prior to scheduling any replacement of flooring and shall schedule work in a manner that is least disruptive to County operations as possible, as determined by County. Lessor shall comply with any security or privacy directives of County. County shall remove all furniture and strip the walls in preparation for new flooring installation and/or painting services.
- 6.1.6 Lessor shall provide all exterior pest control services.
- 6.1.7 Lessor shall, at Lessor's own cost, promptly make repairs to areas of water intrusion and replace any building materials that show signs of current or previous water intrusion.
- 6.1.8 Lessor shall, during the term of this lease, replace all stained drop ceiling tiles.
- 6.1.9 Lessor is responsible for repairs or maintenance to the premises which are caused by Lessor, or its agents, employees, contractors or others entering the premises on Lessor's behalf including, but not limited to, for the purpose of performing the work described in Section 7.2 of this lease and/or any other maintenance and repairs.
- 6.1.10 If Lessor, or its employees, contractors or others are at the premises on Lessor's behalf after County's regular business hours for any reason

whatsoever, Lessor is responsible for securing the premises including, but not limited to, locking windows, locking doors, and alarming the security system.

6.1.11 Notwithstanding Section 6.1.1, for emergency access to premises by Lessor, Lessor shall make reasonable attempts to contact County Executive Officer, or their designee, in advance of entering the premises to conduct emergency repairs to respond to another emergency at the premises.

6.2 **County's Obligations.**

6.2.1 County shall, at County's own expense and at all times, maintain the interior portions of the premises that are not the maintenance obligation of Lessor in good and safe condition. Lessee shall provide a chair mat at each workstation. Except as provided in Section 6.1, County shall be responsible for repairs or maintenance to the premises, including clogged toilets, which are caused by County, or its employees, contractors, clients, or others entering the premises on County's behalf.

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

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

6.2.4 County shall be allowed to re-key all locks serving the premises at its sole cost and discretion and shall maintain all exterior door hardware. In the event of such re-keying, County shall provide Lessor a key within five working days and ensure all Knox Box contents are kept current. In the event County does not provide Lessor a key, County shall be responsible

for any damage caused by entry during an emergency when such damage is caused by Lessor's lack of a key. County shall be responsible for repairs and maintenance to any card key system units installed in accordance with Section 7.1.1.

6.2.5 County shall be allowed to change any or all security alarm codes on the premises. County may provide a security alarm code to Lessor upon the effective date of this lease for the purpose of emergency access by Lessor. Lessor shall keep the alarm code secure. County shall be responsible for repairs and maintenance to any card key system units installed in accordance with Section 7.1.3.

6.2.6 Notwithstanding Section 6.1.3, County shall pay for monitoring fees related to fire alarm systems serving the premises.

6.3 **Compliance with Law.**

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

6.3.2 To the best of Lessor's knowledge, Lessor represents that the premises are compliant with the Americans with Disabilities Act (42 USC sec. 12101) and its related regulations, and the Fair Employment and Housing Act (Gov. Code section 12940), and Title 24 of the California Code of Regulations. Lessor's obligation as set forth in Section 9.2 herein shall include the obligation to indemnify, defend, and hold County harmless from any and all claims or actions arising from violations of the Americans with Disabilities Act or the Fair Employment and Housing Act.

6.3.3 As required by California Civil Code section 1938, Lessor represents that the premises have not undergone inspection by a Certified Access Specialist (CAsp). A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject

premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

Section 7. ALTERATIONS

7.1 Alterations by County.

- 7.1.1 Communication and Telecommunication Alterations.** County, at its own cost, may install in the premises the equipment needed for telecommunication systems and computer terminals including, but not limited to, telephone cable, key system units, intercom systems, telephones, answering machines, security systems, computer cabling, and additional fan(s) or cooling system(s) for hardware such as servers and computers.
- 7.1.2 Signage.** County shall have the exclusive right to erect and maintain on the premises all signs it deems appropriate. Lessor shall not permit any signs or advertising matter of any nature other than County's without County's written consent, which may be given or withheld in County's sole discretion. Lessor shall cooperate with County in obtaining any variances from restrictions placed on the use of signs by local authorities.
- 7.1.3 Security and Safety Alterations.** County, at its own cost, may install, and repair and/or replace as needed, in the premises the equipment needed for security systems including, but not limited to, burglar/intruder alarm systems (may include infrared motion sensors, glass break sensors, and door sensors), panic button systems (including, but not limited to, transmitters, receivers, buttons), fire alarm systems, fire extinguishers, and manual and/or electronic access systems, including but not limited to, proximity badge and/or biometric access systems.

- 7.1.4 During the term of this lease, County may, at its sole discretion and cost, remove all torn and or peeling wall coverings, patch and paint any or all of the interior walls at the premises, and paint any or all of the ceilings at the premises.
- 7.1.5 **Other Alterations by County.** Except as specifically permitted by Subsections 7.1.1, 7.1.2, 7.1.3, and 7.1.4 above, County, with Lessor's written consent, which shall not be unreasonably withheld, may make any alterations to the premises, or any part of the premises that County deems appropriate and necessary. Written consent by Lessor may be provided via facsimile or email with original to follow. Written consent by Lessor for this purpose may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 7.1.6 **End of Lease.** All improvements made by County to the premises that are attached to the premises so that they cannot be removed without material injury to the premises shall become the property of Lessor upon installation and County shall have no obligation or liability for removal of such improvements. Not later than the last day of the term of this lease, County shall, at County expense, remove all of County's personal property and those improvements made by County which have not become the property of Lessor, including trade fixtures, cabinet work, moveable paneling, partitions and the like; repair all damage resulting from the installation or removal of such property and improvements; surrender the premises in as good order, condition or repair as they were in at the beginning of the term, except for reasonable use and wear thereof, and damage by fire, the elements, casualty, act of God or other cause not due to the misuse or neglect of County or County's officers, agents, employees or visitors; and remove at County's expense any signs, notices or displays placed or installed by County.

7.2 Alterations by Lessor.

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

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

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

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

By this notice, Lessor is also informed that Public Contract Code section 22002 et seq. applies to work performed pursuant to this lease. In addition

to any other indemnification provision of this lease, Lessor shall indemnify and hold County harmless from and defend County against any and all claims of liability for any failure by Lessor arising in part or in whole from Lessor's or its agents, contractors, or employees' failure to comply with the duties proscribed by this Section.

Section 8. ASSIGNMENT AND SUBLETTING

- 8.1 **Lessor's Consent Required.** County shall not assign this lease, or any interest therein, and shall not lease or sublet said premises, or any part thereof, or any right or privilege appurtenant thereto, without the written consent of Lessor, which consent shall not be unreasonably withheld. Consent to one assignment or subletting shall not be construed as consent to any subsequent assignment or subletting. Unless such consent has been obtained, any assignment or transfer, or attempted assignment or transfer of this lease, or of any interest therein, or subletting, either by voluntary or involuntary act of County, or by operation of law or otherwise, shall, at the option of Lessor, terminate this lease, and any such purported assignment, transfer or subletting without such consent shall be null and void.
- 8.2 **Release of County.** In the event of an assignment of this lease, which is approved by Lessor, whereby such successor in interest agrees to be bound by all the terms, covenants and conditions of this lease, County shall be relieved from all obligations and liabilities occurring thereafter on the part of the new tenant.

Section 9. INDEMNITY

- 9.1 **County's Indemnification.** County shall indemnify and hold Lessor harmless from and defend Lessor against any and all claims of liability for any injury, death, or damage to any person or property occurring in or on the premises when such injury, death or damage is caused in part or in whole by the neglect, fault or omission of any duty with respect to the same by County, its agents, contractors, or employees. County shall further indemnify and hold Lessor harmless from and against any and all claims arising from any breach or default in the performance of any obligation on County's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of County or any of its elected officials, officers,

employees, agents, and volunteers and from and against all costs, attorney's fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. If an action or proceeding is brought against Lessor by reason of any such claim, County, upon notice from Lessor, shall defend the same at County's expense provided, however, that County shall not be required to defend nor be liable for damage, injury, or death occasioned by the active or passive negligence or intentional acts of Lessor or its agents, contractors, or employees, or . Lessor shall provide notice to County within 10 days of receipt or notice of any claim.

- 9.2 **Lessor's Indemnification.** Lessor shall indemnify and hold County, its elected officials, officers, employees, agents, and volunteers harmless from and defend County against any and all claims of liability for any injury, death, or damage to any person or property occurring in, on, or about the premises when such injury, death, or damage is caused in part or in whole by the neglect, fault, or omission of any duty with respect to the same by Lessor, its agents, contractors, or employees. Lessor shall further indemnify and hold County, its elected officials, officers, employees, agents, and volunteers harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of Lessor, or any of its agents, contractors, or employees and from and against all costs, attorney's fees (including fees of County Counsel), expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. If an action or proceeding is brought against County by reason of any such claim, Lessor, upon notice from County, shall defend the same at Lessor's expense provided, however, that Lessor shall not be liable for damage or injury occasioned by the active or passive negligence or intentional acts of County or its agents or employees. County shall be required to provide notice to the Lessor within 10 days of receipt or notice of any claim. This indemnification provision is independent of, and shall not in any way be limited by, Lessor's insurance coverage or lack of coverage, or by the insurance requirements of this agreement. County acknowledgement or approval of Lessor's evidence of insurance coverage required

by this agreement does not in any way relieve Lessor from its obligations under this Section.

Section 10. INSURANCE

- 10.1 Lessor shall carry property insurance against all risk of loss, with the exception of flood and earthquake, to protect the premises and all common areas at full replacement cost with no coinsurance penalty provision. Lessor releases County from liability for loss or damage covered by Lessor's fire and extended coverage insurance; each such policy shall contain a clause or be endorsed to state the carrier waives its right of subrogation against Shasta County, its elected officials, officers, employees, agents, and volunteers which might arise in connection with this agreement.
- 10.2 Without limiting Lessor's duties of defense and indemnification, Lessor shall carry, from an insurance carrier authorized to transact business in the State of California, Commercial General Liability Insurance of not less than Two Million Dollars (\$2,000,000) per occurrence; policy shall include an endorsement or amendment naming Shasta County, its elected officials, officers, employees, agents, and volunteers as additional insureds.
- 10.3 Any deductible or self-insured retention exceeding \$25,000 for Lessor shall be disclosed to and be subject to approval by the County Risk Manager prior to the effective date of this lease.
- 10.4 Before the effective date of this lease Lessor shall provide County certificate of insurance, and all amendatory endorsements or policy amendments, as evidence of insurance protection.
- 10.5 In the event that coverage is reduced or canceled, or otherwise materially changed, a notice of said reduction or cancellation shall be provided to County within 24 hours.
- 10.6 The insurance coverage required by this lease shall be in effect at all times during the term of this lease. In the event any insurance coverage expires at any time during the term of this lease, Lessor shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this lease or for a

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

10.7 For any claims related to this agreement, Lessor's coverage shall be primary and non-contributory. Any coverage maintained by Shasta County, its elected officials, officers, employees, agents, and volunteers, shall be excess of the Lessor's coverage and shall not contribute with it.

10.8 County will maintain public liability coverage for its operations and provide evidence of coverage upon request by Lessor.

Section 11. DAMAGE OR DESTRUCTION

In the event of any damage to or destruction of the premises, or any portion of the premises, at any time during the term or extended term of this lease, Lessor will promptly repair, replace, restore, and renew the good condition, order, and repair of the premises. Lessor or County may, in writing delivered to the other Party within 30 days after the damage or destruction, terminate this lease as of the date of the damage or destruction if the repair, replacement, restoration, or renewal would likely require more than three months to complete or if the damage or destruction occurs within the final 12 months of the term. During the period of any such repair, replacement, restoration, or renewal, the obligation of County to pay rent will be abated to the extent the premises are effectively rendered unfit for their intended use by County as a result of such damage or destruction.

Section 12. EMINENT DOMAIN

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

income, rent, awards, relocation expenses, and interest that may be paid or made in connection with any taking will be divided between the Parties as their respective interests may appear as determined by the condemning authority.

Section 13. DEFAULT

If either the Lessor or County fails to comply with any provision of this lease, notice of such default shall be served on the defaulting Party pursuant to the notice provisions of Section 14 and the defaulting Party shall have 10 days from receipt of the notice of default to cure said breach. Provided, however, in the event the nature of the default is such that it cannot reasonably be cured within 10 days, so long as the defaulting Party initiates the cure within 10 days and thereafter continues uninterrupted to pursue completion of cure using commercially reasonable efforts, the defaulting Party shall remain within the cure period. In the event the default is not timely cured, the noticing Party may terminate this lease.

Section 14. NOTICES

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

If to Lessor: Parlay Investments, Inc.
 Brian D. Leidig, President
 P.O. Box 994310
 Redding, CA96099-4310
 Phone: 530-244-4246
 Email: brianleidig@gmail.com

Copy to: Michele Goedert, Broker
 Redding Mall Properties
 1510 Market Street
 Redding, CA 96001
 Phone: 530-243-6968
 Email: michgo@mac.com

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

Copy to: Asset Management
HHSa - Administration
2600 Park Marina Drive
Redding, CA 96001
Email: hhsaassetmgt@shastacounty.gov

Section 15. GOVERNING LAW

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

Section 16. INUREMENT

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

Section 17. ENTIRE AGREEMENT

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

Section 18. ATTORNEY'S FEES

If any legal action is brought by either Party for the enforcement or interpretation of this lease, for remedy due to its breach, for recovery of the premises, or in any other way arising from the terms of this lease, the prevailing Party shall be entitled to recover reasonable attorney fees (including fees of County Counsel), costs, and other litigation expenses which shall become a part of any judgment in the action.

Section 19. ACCESS TO RECORDS/RECORDS RETENTION

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

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

Section 20. PROPERTY TAXES

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

Section 21. HIPAA CONSIDERATION

Lessor acknowledges that County’s patient files are confidential to its patients, as provided under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). Notwithstanding any default by County, the exercise of any right of entry by Lessor, or lien rights of the Lessor, Lessor hereby covenants and agrees to (a) not access patient files;

(b) use all reasonable precautions to assure that no employee, agent, contractor, or others at the premises on Lessor's behalf access such files; (c) provide County with access to its patient files at all times; and (d) otherwise comply with each and every provision of all applicable laws and regulations including, but not limited to, HIPAA.

Section 22. CONFIDENTIALITY

22.1 This lease is for Lessor to provide the premises to County in consideration of County providing Social Services program eligibility services at the Premises. However, should information regarding County's clients become known to Lessor, the following confidentiality rules shall apply:

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

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

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

Section 23. VIOLATION OF CONFIDENTIALITY

To the fullest extent permitted by law, Lessor shall indemnify and hold harmless County, its elected officials, officers, employees, agents, and volunteers against all claims, fines, penalties, suits, actions, costs, expenses (including, but not limited to, reasonable attorney's fees of County Counsel and counsel retained by County, expert fees, litigation costs, and investigation costs), damages, judgments, or decrees arising out of any violation of any law or regulation regarding confidentiality including, but not limited to, HIPPA, by Lessor or

by any of Lessor's subcontractors, any person employed under Lessor, or under any subcontractor, or in any capacity, except when the violation, injury or loss is caused by the sole negligence or intentional wrongdoing of County. Lessor shall also, at Lessor's own expense, defend the County, its elected officials, officers, employees, agents, and volunteers, against any claim, suit, action, or proceeding brought against County, its elected officials, officers, employees, agents, and volunteers, arising out of any violation of any law or regulation regarding confidentiality including, but not limited to, HIPPA by Lessor, or any of Lessor's subcontractors, any person employed under Lessor, or under any Subcontractor, or in any capacity. The provisions of this paragraph are intended to be interpreted as broadly as permitted by applicable law. This provision shall survive the termination, expiration, or cancellation of this lease.

Section 24. LEGAL MANDATES

- 24.1 **Child Abuse or Neglect.** Lessor shall ensure that all known or suspected instances of child abuse or neglect are reported as mandated by section 11166 of the Penal Code.
- 24.2 **Elder Abuse or Neglect.** Lessor shall ensure that all known or suspected instances of elder abuse or dependent adult abuse are reported as required by section 15630 of the Welfare and Institutions Code.

Section 25. COUNTERPARTS/ELECTRONIC, FACSIMILE, AND PDF SIGNATURES

This agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each Party of this agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this agreement. The Parties further agree that the electronic signatures of the Parties included in this agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among Parties in California, including a government agency. Digital signature means an electronic

identifier, created by computer, intended by the Party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the Parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (h) of Section 1633.2 of the Civil Code. Facsimile signatures or signatures transmitted via pdf document shall be treated as originals for all purposes.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties have executed this lease on the dates set forth below. By their signatures below, each signatory represents that they have the authority to execute this lease, and to bind the Party on whose behalf their execution is made.

COUNTY OF SHASTA

Date

KEVIN W. CRYE, CHAIR
Board of Supervisors
County of Shasta
State of California

ATTEST:

DAVID J. RICKERT
Clerk of the Board of Supervisors

By: _____
Deputy

Approved as to form:

JOSEPH LARMOUR
County Counsel

RISK MANAGEMENT APPROVAL

Signed by:
By: C. Todd Endres
C. Todd Endres
Deputy County Counsel

Signed by:
By: Dolyene Lane
Dolyene Lane
Risk Manager

LESSOR

05/09/2025 | 7:25 PM PDT

Date

Signed by:
Brian D. Leidig
Brian D. Leidig, President
Parlay Investments, Inc.
Tax ID #: On File

05/13/2025 | 12:52 PM PDT

Date

Signed by:
Sara M. Leidig
Sara M. Leidig, Secretary-Treasurer
Parlay Investments, Inc.