

COUNTY OF SANTA CRUZ

La Selva Beach Library

316 Estrella Avenue, La Selva Beach, CA

SUBLEASE AGREEMENT

THIS SUB-LEASE IS MADE THIS 18th DAY OF JUNE, 2019, between the COUNTY OF SANTA CRUZ as "Lessee" and SANTA CRUZ PUBLIC LIBRARIES as "Sub-Lessee". The parties all agree that the purpose of this Sub-Lease Agreement is to ensure the operation and maintenance of the 2,206 square foot La Selva Beach branch library at 316 Estrella Avenue, La Selva Beach, CA. This Sub-Lease includes the attached and incorporated Exhibits "A" thru "B". Wherefore, the parties hereby agree as follows:

TERMS

1. Sub-Lessee shall assume all rights and responsibilities of the Lessee defined in the attached lease between the County of Santa Cruz and the La Selva Beach Recreation District attached hereto as Exhibit "A" (the Master Lease).
2. Sub-Lessee agrees to all of the terms and conditions of the Master Lease, including the conditions of use, rent and building maintenance provided therein.
3. The term if this Sub-Lease shall be the same as the Master Lease.
4. Sub-Lessee agrees to the insurance provisions attached hereto as Exhibit "B".
5. Sub-Lessee shall indemnify, defend and hold harmless Lessee, its officers, agents, employees and invitees from and against any claims, damages, costs, expenses, or liabilities (collectively "Claims") arising out of or in any way connected with this Sub-Lease Agreement including, without limitation, claims for loss or damage to any property, or for death or injury to any person or persons, but only in proportion to and to the extent that such Claims arise from the negligent or wrongful acts or omissions of Sub-Lessee, its officers, agents, employees, invitees, and tenants.






SIGNATURE PAGE TO FOLLOW

EXECUTION AND SIGNATURES:

In WITNESS WHEREOF,

Lessor has executed this Agreement as of the 18 day of JUNE, 20 19.

Lessee has executed this Agreement as of the 18 day of JUNE, 20 19.

SANTA CRUZ PUBLIC LIBRARIES	COUNTY OF SANTA CRUZ
 Date <u>6/18/19</u> CARLOS PALACIOS CHAIR, SANTA CRUZ PUBLIC LIBRARIES	Matt Machado, Director Department of Public Works  Date <u>6/18/19</u>
Date _____	APPROVED AS TO FORM:  Date <u>5/29/19</u> Office of County Counsel Date _____
Date _____	APPROVED AS TO INSURANCE:  Date <u>5/29/19</u> Risk Management Date _____
Date _____	RECOMMENDED FOR APPROVAL:  Date <u>5-24-19</u> Real Property Date _____
Date _____	RECOMMENDED FOR APPROVAL: Date _____

LEASE AGREEMENT

THIS LEASE IS MADE THIS _____ DAY OF _____, 20____, between LA SELVA BEACH RECREATION DISTRICT as "Lessor" and the COUNTY OF SANTA CRUZ as "Lessee". This Lease includes the attached and incorporated Exhibits "A" thru "B_?". This Lease is intended to replace the existing Agreement between Lessor and Lessee, as well as the Santa Cruz City and County Library System. The parties all agree that the purpose of this Lease Agreement is to assure the maintenance of the branch library in La Selva Beach. Wherefore, the parties hereby agree as follows:

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13. EXECUTION & SIGNATURES

1. PREMISES

1.1 Location

Lessor leases to Lessee that certain space, where the La Selva Beach library branch is currently located, consisting of approximately 2,206 square feet of office space commonly known as 316 Estrella Ave, La Selva beach, CA, being a portion of Lessor's building located on County of Santa Cruz APN 045-171-30, in the State of California, and further described in the attached Exhibit A, together with appurtenances, all hereinafter referred to as "**Premises**". To the extent that the Lessee has funds to also improve and enlarge a patio area adjacent to the existing Library branch, an approximate 900 square foot patio area ("patio area") will be included as part of the Premises for Lessee's non-exclusive use. Lessor and Lessee acknowledge that the patio area is part of the public park areas of the Lessor and is also used extensively by community members as part of the existing park area. Lessor and Lessee acknowledge that during library hours of operation, the Lessee has the right to use the patio for public library program uses. The parties further agree that to the extent formal library or community events are held in part on the Florida lawn and the adjacent patio area, the parties will cooperate in terms of the use of the space to further the best use of the patio area for community purposes. It is also understood that the Lessee will be able to utilize from time to time the adjoining club house conference room for library special events assuming it is not otherwise being used for a scheduled event.

1.2 Tenant Improvements

Lessee intends to improve the Premises by installing/erecting all those improvements as listed in Exhibit "B" attached.

2. TERM

2.1 Term

This Lease shall have a term of Fifteen (15) years.

2.2 Possession Dates

Lessee is currently in possession of the Premises pursuant to the above-referenced Agreement, but this new Lease will be effective on July 1, 2019, superseding the old Agreement. Lessee shall surrender possession of the Premises back to Lessor on the 30th day of June, 2034, unless Lessee exercises the option(s) set forth in Par 2.4 below, in which case Lessee shall surrender possession at the end of said option(s).

2.3 Holding Over

Should Lessee hold over said Premises after this Lease has expired, such holding over shall be deemed a tenancy from month to month at the last applicable rental rate plus 10 percent (including Additional Rents) payable under this Agreement, on the same terms and conditions as in this Agreement, absent a new agreement at that time.

2.4 Option(s)

Lessee shall have two fifteen (15) year option periods. In order to exercise said option(s), Lessee shall provide Lessor written notice of its exercise of the option no later than one (1) year before the existing Lease term expires.

3. RENT

3.1 Amount

Base Rent for the Premises shall be one dollar per year.

Additional Rent: In addition to the Base Rent specified in this Paragraph 3.1, Lessee shall also pay as "Additional Rent" 33.3% of the actual annual Operating Expenses of Lessor, plus \$100/ month for maintenance of septic (septic maintenance stipend) and \$150/ month for maintenance of the Florida parking area used by the Lessee and others (parking area stipend). Lessor shall maintain a fund into which it shall deposit each septic maintenance stipend and parking maintenance stipend for the purpose of maintaining septic and the Florida parking area. The Operating Expenses of Lessor include all expenses of Lessor to maintain the Premises, including by way of example, Lessor's total annual expenses for insurance, gas, electricity, heating, water*, landscaping, pest control and trash/ recycling or other expenses reasonably related to the Library-Clubhouse complex. . At the outset of this Lease, the Additional Rent shall be \$1,774 per month, as shown in the attached Exhibit B. Within three months of each anniversary of the effective date of this Agreement during the term, Lessor shall provide Lessee with a written reconciliation of actual Operating Expenses for the preceding year. Starting on July 1, 2021 and thereafter on July 1 of each year during the term of this Agreement, the Additional Rent will be recalculated based on the 33.3% of the prior calendar year's actual Operating Expenses of Lessor, plus the parking maintenance stipend and septic maintenance stipend, which will be adjusted annually to the same percentage (up or down) as the Operating Expenses adjust. *The water expense will not include the Lessor's water expenses for parts of the Lessor's property not adjacent to Library.

3.2 Late Payments

Lessee hereby acknowledges that late payments by Lessee to Lessor of rent will cause Lessor to incur costs not contemplated by this Lease, 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, on Lessee by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any

installment of rent shall not be received by Lessor within ten (10) calendar days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur because of late payment by Lessee. Acceptance of such late charge by Lessor shall in not constitute a waiver of Lessee's default regarding such overdue amount, nor prevent Lessor from exercising any of its other rights and remedies. This Paragraph 3.2 becomes effective the fourth month following the Commencement Date and any Amendments to this Lease.

3.3 Quiet Enjoyment

Lessor warrants to Lessee that this Agreement constitutes a binding obligation of Lessor, does not conflict with any existing agreement binding on Lessor, and that no consent is required for the execution and delivery of this instrument by Lessor or for its performance. Lessor further warrants that if Lessee shall pay all rental and other sums as provided herein to be paid by Lessee and perform all the covenants of this Lease to be performed by Lessee, then Lessee shall, during the term hereof, freely, peaceable and quietly occupy and enjoy the full possession of the Premises. Lessee knows Lessor rents out the Clubhouse and courtyard for private party events and such use of the Clubhouse and courtyard will not constitute a violation of Lessor's covenant hereunder. During any construction phase of Lessee's improvements, alterations, or additions to the building on the subject premises, Lessee and its contractor shall not interfere with Lessor's clubhouse operations and rentals, or with the Lessor's parkland on Florida. Further, Lessee shall indemnify and hold Lessor, its employees and directors, harmless from any injuries or property damage caused by Lessee's contractors or subcontractors. Lessee shall require its contractors and subcontractors to name Lessor, including its employees and directors, as Additional Insureds on its contractor liability insurance and worker's compensation insurance policies. Lessee shall also protect Lessor from any and all Mechanics liens recorded or filed related to Lessor's property.

3.4 Tax Allocation

Lessee shall be liable for all taxes levied against personal property, trade fixtures and other property placed on the Premises by Lessee, and if any such taxes are levied against Lessor or Lessor's property and Lessor pays the taxes or if the assessed value of Lessor's property is increased by the placement of such property or trade fixtures of Lessee, and Lessor pays the taxes based on the increased assessment, Lessee shall pay upon demand to Lessor the taxes so levied or that proportion of taxes resulting from the increased assessment. Lessee shall pay all increases in taxes levied or assessed against the land on which the building and parking lot are located and said tax shall be prorated on the basis of the number of square feet occupied by Lessee in the building in relation to the total square footage of the entire building up to a 2% increase per year in accordance with Proposition 13. Lessee shall not be liable for any perorations resulting from sale of the property, which result in a higher tax base.

3.5 Utilities

Lessor shall be responsible to provide gas, heat, electricity, trash and recycling, septic, landscaping, shared parking on Florida expenses and water, which may be furnished to or used, in or about the Premises during the term of this Lease and pass those costs along to the Lessee as Additional Rent as described in Section 3.1.
Lessee shall provide its own janitorial service for the Premises.

4. USE

4.1 County Use

Lessee shall use said Premises as a Public Library, and related purposes and for no other purpose. In the event of financial problems of the County or the Library system, Lessee will permit Lessor to continue to maintain the public library branch open in the discretion of Lessor, including allowing the Lessor to use volunteer members of the community to keep the library open.

4.2 Compliance with Laws

Lessee shall not permit anything to be done in or about the Premises that will conflict with any law, statute, ordinance or governmental rule or regulation now in force or that may hereafter be enacted or promulgated. Lessee shall comply, at its sole cost and expense, promptly with all current and future laws, statutes, ordinances and governmental rules, regulations or requirements that relate to or affect the condition, use, occupancy, repair, change or alteration of the Premises, including any structural changes required by law. For the purposes of this Paragraph, "structural changes" is defined as any change, alteration, addition, repair or improvement involving the removal or alteration of any part of the roof, a floor, a load bearing wall, column or girder, or other support of the Premises.

4.3 Assignment & Sublease

Except pursuant to a contemplated agreement for the operation of a public library on the Premises, Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises without the written consent of Lessor. To the extent any assignment or sublease would change the use of the Premises from being a public library or otherwise cause financial insecurity for Lessor's purposes herein, Lessor shall not be required to consent to such changes or any such assignment or sublease. Except as otherwise provided in this Agreement, Lessee shall not make or permit any alterations, additions to, or repairs in or upon the Premises without first obtaining Lessor's prior written consent. Neither this Lease nor any interest therein shall be assignable or transferable in any proceedings in execution against Lessee, or in any voluntary or involuntary proceedings in bankruptcy, or insolvency taken by or against Lessee, or by process of any law applying to such proceeding without the written consent of Lessor.

5. REPAIRS AND MAINTENANCE

5.1 Lessee Obligations:

Lessee acknowledges that it already is in possession of the Premises and acknowledges that the Premises are in good and tenable condition. During the term of this Lease, Lessee will, at its own cost and expense, maintain and keep in good order the Premises, including all Lessee improvements, alterations, and furnishings, exposed interior plumbing, and make all repairs and replacements of whatsoever kind or nature, either to the exterior or interior of said Premises. To the extent any water pipes or other utilities require maintenance or repair beyond the Premises' exterior, Lessor shall be responsible for such expenses. r

5.2 Fixtures

After (i) submitting to Lessor plans and specifications showing the proposed action, and (ii) obtaining Lessor's written consent, and (iii) obtaining all applicable governmental permits, Lessee may install in the Premises such fixtures, equipment, and partitions as Lessee may see fit; and if not in default hereunder may remove the same from the Premises at any time during the term of this Lease; provided however, that any installation and removal of such fixtures, equipment, and partitions shall be done in a careful, workmanlike manner and will not interfere with the use of the Premises as a library.

5.3 Other Alterations

After (i) submitting to Lessor plans and specifications showing the proposed action, and (ii) obtaining all applicable governmental permits, and (iii) obtaining Lessor's consent, Lessee shall have the right at any time, at Lessee's sole cost, to install carpet, paint, or wallpaper to the interior of the Premises, install security and restricted access systems, and make other modifications to the Premises to suit Lessee's needs.

5.4 Lessor Obligations

Lessor, at Lessor's sole expense, shall keep in good order, condition, and repair any portions of the building unrelated to the Lessee improvements, alterations, and fixtures, set forth in Exhibit B or any other Lessee improvements, alterations and fixtures. Lessor's responsibility includes the Florida parking area, any systems lying outside the Premises, which are unrelated to the Lessee improvements set forth in Exhibit B or any other Lessee alterations, improvements or fixtures. The obligations of the preceding sentence shall extend to the portions of any such system or structures lying outside the Premises. Lessor shall not be obligated to repair any improvements or fixtures made by the Lessee. Lessee will be obligated to maintain such improvements or fixtures in good condition, reasonable wear and tear excepted. To the extent Lessor makes repairs to portions of the Premises as required hereunder, those expenses will be applied to the formula for the Additional Rent set forth in Paragraph 3.1 and apportioned pursuant to that formula as a shared expense in the same proportion as set forth therein and applied to future Additional Rent costs. To the extent that Lessor is required to make repairs under this section that solely benefit the Library (as opposed to the Clubhouse-Library complex), the parties agree to meet to discuss how those repairs costs should be allocated between the Lessor and Lessee given that no rent is being paid other than the shared expenses set forth in Exhibit B.

Except as to the improvements made by Lessee, Lessor shall also be responsible for repairs, which relate to or arise out of:

- A. Structural or other latent defects in or of the Premises or the building;
- B. Violations of ordinances, laws, regulations and orders of governmental authorities applicable to the construction or structure of the Premises, or Lessor's building, except to the extent solely caused by Lessee's use or occupancy of the Premises;
- C. The negligence or intentional act of the Lessor, its employees, agents, other tenants, invitees, or contractors;
- D. Any breach by Lessor of any of the conditions, terms, or obligations of Lessor under this Lease, or
- E. Causes outside the Premises over which the Lessee has no control.

F. Except as to improvements, alterations or fixtures made by Lessee, Lessee shall notify Lessor (as specified in section 12.9 of this Lease) of any repairs required of Lessor under this paragraph. Lessor shall have sixty (60) days after written notice from Lessee to commence to perform its obligations to make repairs under this section, except that Lessor shall commence performance of such obligations immediately after such notice if the nature of the problem presents a hazard, emergency, or substantial interference with Lessee's conduct of its service to the public. Lessor shall diligently pursue such repairs to completion. If Lessor fails to perform its obligations to immediately repair or cure a problem which presents a hazard, emergency, or substantial interference with Lessee's conduct of its services to the public after sixty (60) days written notice of such defect, Lessee may terminate the Lease and be thereby released from all obligations thereunder. If Lessor does not perform its obligations under this paragraph, or does not show reasonable due diligence, Lessee may, in its discretion perform such obligations (subject to all necessary building codes and permits) and shall then have the right to be reimbursed for its actual expenditures in performing Lessor's obligations. However, in doing so Lessee shall not be entitled to reimbursement for repairs that will take longer than three months to reasonably complete or exceed the cost of two years' rent, based on the rent (including Additional Rent) then in effect at the time notice is provided to Lessor. If Lessor does not reimburse Lessee within sixty (60) days after Lessee's written demand accompanied by documentation of charges, Lessee may withhold from future rent the sum the Lessee has expended, until the Lessee is reimbursed in full. However, Lessee will not withhold rent if Lessor disputes that Lessor is obligated under this Lease to perform such repairs.

If Lessor does not believe that repairs are required, Lessor must provide, within 30 days of receipt of initial notice by Lessee, a written response in good faith, which demonstrates reasonable grounds for non-repair. If Lessee disagrees, the parties will endeavor in good faith to resolve the dispute amicably. In the event they are unable to resolve the dispute, they agree to hire a mutually agreed upon mediator to hold a

mediation to resolve the dispute. The expenses of the mediation will be shared equally among the parties. In no circumstances is the Lessor obligated to make repairs or reimburse Lessee for repairs that will take longer than three months to reasonably complete or exceed the cost of two years rent, based on the rent (including Additional Rent) then in effect at the time notice is provided to Lessor; provided, however that in the event Lessor does not make such repairs, Lessee is entitled to terminate this Agreement.

6. DAMAGE AND DESTRUCTION

6.1 Damage

If the Premises are damaged by Lessor or its employees or agents, Lessor shall, within thirty days, repair and rebuild the Premises if the damage prevents Lessee's use and occupancy of all or a part of the Premises. If the Premises cannot be completely restored within this period, Lessor shall commence work and pursue it diligently to completion.

If the Premises are damaged by Lessee or its employees or agents, Lessee shall, within thirty days, repair and rebuild the Premises. If the Premises cannot be completely restored within this period, Lessee shall commence work and pursue it diligently to completion.

If the Premises are damaged other than by Lessor or Lessee or their respective employees or agents, and the damage prevents Lessee's use and occupancy of all or a part of the Premises, and the Lessor does not repair and rebuild the Premises within thirty days (or such longer period as reasonably necessary to repair and rebuild the Premises), Lessee may at its discretion repair the damage or terminate this Agreement.

6.2 Destruction

If the Premises are destroyed before or during the term of this Lease, then Lessor or Lessee may terminate this Lease and neither party shall have any further rights or obligations under this Lease, except Lessee for any previously due and unpaid rent, and Lessor for any unearned rents paid in advance by Lessee. The Premises shall be deemed "destroyed" if repairs or reconstruction will cost seventy-five percent (75%) or more of the value of the Premises at the time of the damage. If the parties continue the Lease, then Lessor shall promptly repair and rebuild the Premises if allowed under State and local laws and regulations.

6.3 Payment of Rent and Other Charges

If Lessee is temporarily unable to occupy any portion of the Premises for a period of time, then Lessee shall continue to pay rent, utilities, janitorial services and all other periodic payments required by this Lease, reduced by the proportionate reduction of useable interior space of the Premises.

7. INSURANCE AND INDEMNITY

7.1 Lessee's Obligations

Lessee hereby agrees to indemnify Lessor and to save it harmless from any liability, claim for damages, or attorney's fees incurred by reason of any personal injury or death to any person, including any of Lessee's employees, agents, licensees or invitees, or any injury to property of any kind whatsoever, and to whomever belonging, including Lessee, from any cause or causes whatsoever, in any way connected with Lessee's use of the Premises, during the term of this Agreement or any extension thereof or any occupancy by Lessee hereunder. This indemnity shall include the obligation to defend Lessor from any such lawsuits or claims filed. Lessee's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates to the negligent or intentional act of Lessor, or its employees, agents, contractors, or prior tenants of the Premises, or to a breach by the Lessor of any of the Lease's terms, conditions or obligations of Lessor, or to any structural or latent defect in the Premises not caused by Lessee or its contractors, agents or employees.

7.2 Lessor's Obligations

Lessor shall indemnify, defend, and hold Lessee harmless from any liability, claim or damages, or attorney's fees incurred because of any personal injury or death to any person(s) or injury to property arising out of Lessor's operations obligations, acts or omissions in any way connected with the Premises. This indemnity shall include the obligation to defend Lessee from any such lawsuits or claims filed. Lessor's obligations under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates to the negligent or intentional act of Lessee, or its employees, agents, contractors, or prior tenants of the Premises, or to a breach by the Lessee of any of the Lease's terms, conditions or obligations of Lessee, or to any structural or latent defect in the Premises not caused by Lessor or its contractors, agents or employees.

7.3 Mutual Obligations Limited

A party's obligation under this paragraph to indemnify, defend, and hold another harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any received by the party being indemnified.

7.4 Lessee Liability Insurance

Lessee has purchased and maintains a liability policy with a self-insured retention deductible of one million dollars (\$1,000,000.00) with upper limits of twenty-five million dollars (\$25,000,000.00). Lessor shall be named as additional insured, and a certificate or other evidence of such coverage shall be provided to Lessor to demonstrate compliance with this material requirement.

7.5 Lessee Property Insurance

During the entire lease term, Lessee shall obtain and maintain a property insurance policy for fire and extended coverage for fixtures and contents in the Premises in the minimum amount of the replacement value of said fixtures and contents Lessor shall be the named beneficiary of said insurance as to the Premises' building.

7.6 Limited Mutual Release

The parties hereby release each other and their respective authorized representatives, from any claims for damage to any person or to the Premises, or other improvements in which the Premises are located, and to the fixtures, personal property, and improvements or alterations in or on the Premises and other improvements in which the Premises are located, that are caused by or result from risks insured against under any insurance policies carried by any party hereto and in force or effect at the time of any such damage. Each party shall cause any insurance policy or self-insurance program obtained by it to provide that all right of recovery by way of subrogation against any party to this Agreement in connection with any damage covered by any such policy or program is waived. No party shall be liable to another for any damage caused by fire, earthquake or any of the risks insured against under any insurance policy or program required by this Lease, except to the extent of the applicable deductible or self-insured retention deductible

8. LESSOR ENTRY AND SIGNAGE

8.1 Lessor's Right to Enter

Lessor or its duly authorized representatives or agents may enter upon said Premises at reasonable times during the term of this Lease for determining whether Lessee complies with the terms and conditions of the Lease or for any other purpose incidental to the rights of Lessor. Such rights include the right to show the Premises to prospective purchasers, lenders, appraisers, inspectors, engineers, etc. at reasonable times after prior notice to Lessee.

8.2 Lessor's Right To Place Signs

At any time within six (6) months of the termination of the Lease, Lessor may place any usual or ordinary "To Let" or "To Lease", or "For Sale" signs on the Premises. Lessor agrees not to place or allow to be placed any political signs on or about the Premises.

9. SURRENDER OF PREMISES

9.1 Lessee Obligation

At the expiration or termination of this Lease, Lessee will surrender the Premises to Lessor in good condition except for reasonable wear and tear and damage by the elements or acts of God. Lessee further agrees to remove all signs that have been

placed on said Premises by Lessee, and to repair and restore the Premises to same condition prior to the placement of the signs except for reasonable wear and tear and damage by the elements or acts of God.

10. DEFAULT AND RE-ENTRY

10.1 Lessor's Option

If Lessee is in default of any of the terms or conditions under this Lease, Lessor may demand performance in writing. If thirty (30) days elapse after such notice and no performance has occurred, then Lessor shall have the right to declare the Lease forfeited, and to re-let the Premises. It is understood and agreed that each and all of the remedies given Lessor under this Lease are cumulative and that the exercise of one right or remedy by Lessor shall not impair its right to any other remedy.

11. Estoppel Certificates.

11.1. **Lessee's obligation to provide Estoppel Certificates.** Within ten (10) days after a written request by Lessor, Lessee shall execute and deliver to Lessor an estoppel certificate indicating to a prospective lender, mortgagee or purchaser any exceptions to the reasonably requested statements provided therein.

12. Subordination, Nondisturbance and Attornment.

12.1. **Automatic Subordination.** This Lease is subject and subordinate to:

- a) The lien of any mortgage, deeds of trust, or other encumbrances ("Encumbrances") of the building and real property;
- b) All present and future Encumbrances of the building and real property;
- c) All renewals, extensions, modifications, consolidations and replacements of the items described in (a)-(b) herein;
- d) All advances made or hereafter to be made on the security of the Encumbrances.

Despite any other provisions of this Paragraph, any Encumbrance holder may elect that this Lease shall be senior to and have priority over that Encumbrance whether this Lease is dated before or after the date of the Encumbrance. No such subordination shall be effective unless and until Lessee has received a nondisturbance agreement from the holder of the Encumbrance or Lessor in a recordable, commercially reasonable form.

13. MISCELLANEOUS:

13.1 Construction:

This Lease shall be construed under California Code of Civil Procedure § 17. The captions of this Lease shall have no effect on its interpretation. The unenforceability, invalidity, or illegality of any provision of this Lease shall not render any other provision unenforceable, invalid, or illegal.

13.2 Successors Bound:

This Lease shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

13.3 Time is of Essence:

Time is of the essence with regard to this Lease and as to all covenants, conditions, agreements and obligations herein contained.

13.4 Duly Authorized Representative:

Each individual executing this Lease on behalf of such party represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said party.

13.5 Reasonable Consent:

Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except that the use of the Premises must continue to be for a public library and any refusal to consent by Lessor to any change of use is agreed in advance to be reasonable.

12.6 Subordination

This Lease is and shall be subordinate to any mortgage now of record or recorded after the date of the Lease affecting the Premises and Lessee agrees that it will execute, acknowledge, and deliver upon request all documentation reasonably necessary to subordinate this Lease to such mortgage. Each holder of any such mortgage shall agree in writing that, so long as Lessee performs its obligations under this Lease, that (i) Lessee shall enjoy peaceful possession of the Premises, (ii) the holder of any such mortgage shall not disturb or interfere with Lessee's rights hereunder, and (iii) any purchaser at a foreclosure sale shall accept and acquire the premises subject to this Lease.

13.6 Lease Subject to Approval

This Lease is subject to the approval of the Santa Cruz County Board of Supervisors, and does not bind Lessee until the Board approves it.

13.8 Notices

Any communications under this Lease by either party to the other shall be in writing and shall be delivered personally or sent by prepaid registered mail addressed as below; a party may change its notification address by giving notice to the other party. A facsimile may be transmitted so long as a hard copy is delivered or mailed within 24 hours. The Parties addresses are as follows:

Lessor:

La Selva Beach Recreation District
314 Estrella Avenue
La Selva Beach, CA 95076
831-461-5165
Email: lsbrd@cruzio.com
Fax: 831-xxx
With a copy to then-existing Chair of the Board

Lessee:

County of Santa Cruz
DPW Real Property Section
701 Ocean Street, Room 410
Santa Cruz, CA 95060
Tel: 831-454-2160
Fax: 831-454-2385

13.9 Joint and Several Liability

If there is more than one Lessor, the obligations imposed under this Lease shall be joint and several.

13.10 Amendment

This Lease may only be amended in writing and signed by both Lessor and Lessee.

13.11 Integrated Agreement

Every agreement, representation, warranty or understanding regarding the Premises and the terms of this Lease have been merged into this Lease document, which shall be conclusively accepted as the full agreement between the parties.

13.12 Governing Law and Venue

This Lease shall be construed under the law of the State of California, and the venue for any legal action shall only be in the County of Santa Cruz, State of California.

13.13 No Future Breach

Waiver by either party of a breach of any obligation under this Lease shall not be consent to any future breach.

14. EXECUTION AND SIGNATURES:

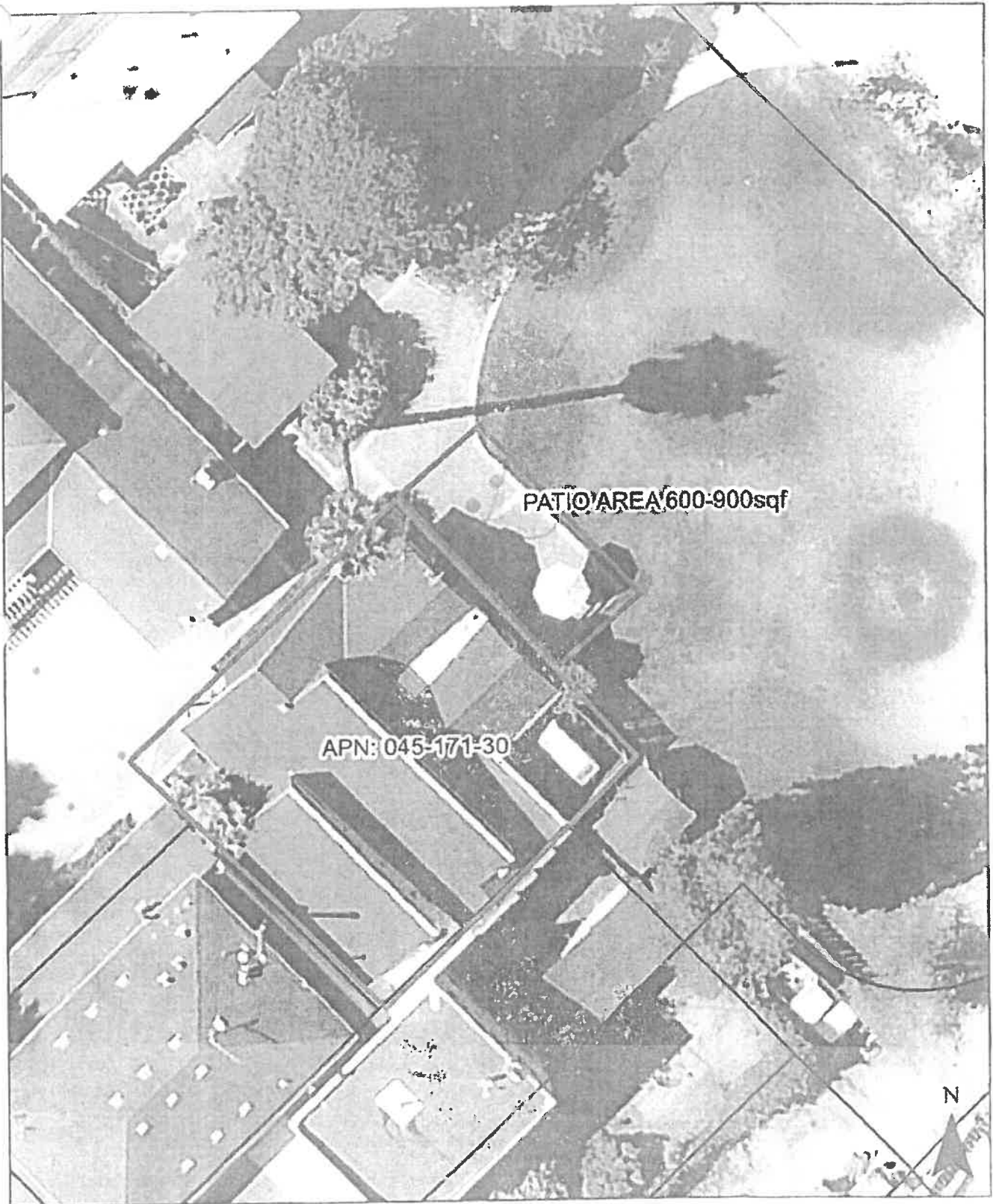
In WITNESS WHEREOF,

Lessor has executed this Agreement as of the _____ day of _____, 20____.

Lessee has executed this Agreement as of the _____ day of _____, 20____.

LA SELVA BEACH RECREATION DISTRICT	COUNTY OF SANTA CRUZ
Ashley Winn Chair of the La Selva Beach Recreation District <i>Ashley Winn</i> <u>5/8/19</u> Date	Matt Machado, Director Department of Public Works Date
James Rhodes Secretary of the La Selva Beach Recreation District <i>James Rhodes</i> <u>5/8/19</u> Date	APPROVED AS TO FORM: <i>[Signature]</i> <u>5/16/19</u> Date Office of County Counsel
	APPROVED AS TO INSURANCE: <i>[Signature]</i> <u>5/16/19</u> Date Risk Management
	RECOMMENDED FOR APPROVAL: <i>Travis Cary</i> <u>5-16-19</u> Date Real Property
	RECOMMENDED FOR APPROVAL: Date

EXHIBIT A



PATIO AREA 600-900sqf

APN: 045-171-30

N

Library Lease: Exhibit B

PROJECTED LIBRARY EXPENSES BASED ON 2018-19 BUDGET

CATEGORY	TOTAL EXPENSE	ONE THIRD OF EXPENSE	PER MONTH
IRG&E	\$4,500	\$1,500	\$125
LANDSCAPING	\$16,800	\$5,599	\$467
WATER	\$5,070	\$1,690	\$141
TRASH & RECYCLING	\$10,500	\$3,500	\$292
INSURANCE*	\$8,500	\$2,833	\$236
PEST CONTROL	\$1,000	\$333	\$28
SECURITY	\$8,400	\$2,800	\$233
SUBTOTAL	\$54,866	\$18,287	\$1,524
PAVING MAINTENANCE STRIP			\$190
SEPTIC MAINTENANCE STRIP			\$150
TOTAL			\$1,774

* COMPREHENSIVE PACKAGE FOR LIABILITY, PROPERTY & EXCESS COVERAGE

EXHIBIT B
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

Without limiting Sub-Lessee's indemnification obligations to County under this Sub-Lease, Sub-Lessee shall provide and maintain for the duration of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Sub-Lessee's operation and use of the leased Premises. The cost of such insurance shall be borne by the Sub-Lessee.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.
- B. Automobile Liability covering all owned, non-owned and hired auto, Insurance Services Office form CA0001.
- C. Workers Compensation, as required by State of California and Employer's Liability Insurance.
- D. Property Insurance against all risk or special form perils, including Replacement Cost coverage, without deduction for depreciation, for Sub-Lessee's merchandise, fixtures owned by Sub-Lessee, any items identified in this Sub-Lease as improvements to the Premises constructed and owned by Sub-Lessee, and the personal property of Sub-Lessee, its agents and employees, including coverage for earthquake and flood.

2. Minimum Limits of Insurance

Lessee shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: \$1,000,000 per occurrence for bodily injury, personal injury and property damage: The General Aggregate limit shall be \$2,000,000 and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) \$300,000 and Medical Expense Limit (Any One Person) \$5,000.
- B. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage. Coverage will include contractual liability.
- C. Employers Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of County of Santa Cruz.

D. Property: Full replacement cost with no coinsurance penalty provision.

3. Deductibles and Self-Insured Retentions

Any liability deductible or self-insured retention must be declared to and approved by the County's Risk Manager. The property insurance deductible shall not exceed \$5,000 per occurrence and shall be borne by Sub-Lessee.

4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement

Any general liability policy provided by Sub-Lessee shall contain an additional insured endorsement applying coverage to the County of Santa Cruz, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

B. Primary Insurance Endorsement

For any claims related to this Sub-Lease, the Sub-Lessee's insurance coverage shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Sub-Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation

Each required insurance policy shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the County at the address shown in section of Lease entitled "Notices".

GENERAL PROVISIONS

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County's Risk Manager.

6. Proof of Insurance

Sub-Lessee shall, as soon as practicable following the placement of insurance required hereunder, but in no event later than the effective date of the Contract, deliver to County certified copies of the actual insurance policies specified herein, together with appropriate separate endorsements thereto, evidencing that Sub-Lessee has obtained such coverage for the period of the Contract. Thereafter, copies of renewal policies, and appropriate separate endorsements thereof, shall be delivered to County within thirty (30) days prior to the expiration of the term of any policy required herein.

7. Failure to Obtain or Maintain Insurance; County's Remedies

Sub-Lessee's failure to provide insurance specified or failure to furnish certificates of insurance, amendatory endorsements and certified copies of policies, or failure to make premium payments required by such insurance, shall constitute a material breach of the Sub-Lease, and County may, at its option, terminate the Sub-Lease for any such default by Sub-Lessee.

8. No Limitations of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Sub-Lessee, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Sub-Lessee pursuant to the Sub-Lease, including, but not limited to, the provisions concerning indemnification.

9. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required herein and may require Sub-Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

10. Self-Insurance

Sub-Lessee may, with the prior written consent of County's Risk Manager, fulfill some or all of the insurance requirements contained in this Sub-Lease under a plan of self-insurance. Sub-Lessee shall only be permitted to utilize such self-insurance if in the opinion of County's Risk Manager, Sub-Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Sub-Lease. Sub-Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Sub-Lessee under this Sub-Lease.

11. Sub-Sublessees' Insurance

Sub-Lessee shall require any sub-sublessee, of all or any portion of the Premises to provide the insurance coverage described herein prior to occupancy of the Premises.

12. Waiver of Subrogation

Sub-Lessee and County waive all rights to recover against each other or against any other

tenant or occupant of the building, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the building, from any Claims (as defined in the Article entitled "Indemnity") against either of them and from any damages to the fixtures, personal property, Sub-Lessee's improvements, and alterations of either County or Sub-Lessee in or on the Premises and the Property, to the extent that the proceeds received from any insurance carried by either County or Sub-Lessee, other than proceeds from any program of self-insurance, covers any such Claim or damage. Included in any policy or policies of insurance provided by Sub-Lessee shall be a standard waiver of rights of subrogation against County by the insurance company issuing said policy or policies.

EXHIBIT C

LA SELVA BEACH LIBRARY

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Near Term Milestones and Tasks:

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Budget:

Project Funding Total: \$ 1,661,934

Current Construction Contract Amount: TBD

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Current Construction Contract Amount: TBD

LEASE AGREEMENT

THIS LEASE IS MADE THIS 18 DAY OF JUNE, 2019, between LA SELVA BEACH RECREATION DISTRICT as "Lessor" and the COUNTY OF SANTA CRUZ as "Lessee". This Lease includes the attached and incorporated Exhibits "A" thru "B". This Lease is intended to replace the existing Agreement between Lessor and Lessee, as well as the Santa Cruz City and County Library System. The parties all agree that the purpose of this Lease Agreement is to assure the maintenance of the branch library in La Selva Beach. Wherefore, the parties hereby agree as follows:

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1. PREMISES

1.1 Location

Lessor leases to Lessee that certain space, where the La Selva Beach library branch is currently located, consisting of approximately 2,206 square feet of office space commonly known as 316 Estrella Ave, La Selva beach, CA, being a portion of Lessor's building located on County of Santa Cruz APN 045-171-30, in the State of California, and further described in the attached Exhibit A, together with appurtenances, all hereinafter referred to as "**Premises**". To the extent that the Lessee has funds to also improve and enlarge a patio area adjacent to the existing Library branch, an approximate 900 square foot patio area ("patio area") will be included as part of the Premises for Lessee's non-exclusive use. Lessor and Lessee acknowledge that the patio area is part of the public park areas of the Lessor and is also used extensively by community members as part of the existing park area. Lessor and Lessee acknowledge that during library hours of operation, the Lessee has the right to use the patio for public library program uses. The parties further agree that to the extent formal library or community events are held in part on the Florido lawn and the adjacent patio area, the parties will cooperate in terms of the use of the space to further the best use of the patio area for community purposes. It is also understood that the Lessee will be able to utilize from time to time the adjoining club house conference room for library special events assuming it is not otherwise being used for a scheduled event.

1.2 Tenant Improvements

Lessee intends to improve the Premises by installing/erecting all those improvements as listed in Exhibit "**B**" attached.

2. TERM

2.1 Term

This Lease shall have a term of Fifteen (15) years.

2.2 Possession Dates

Lessee is currently in possession of the Premises pursuant to the above-referenced Agreement, but this new Lease will be effective on July 1, 2019, superseding the old Agreement. Lessee shall surrender possession of the Premises back to Lessor on the 30th day of June, 2034, unless Lessee exercises the option(s) set forth in Par 2.4 below, in which case Lessee shall surrender possession at the end of said option(s).

2.3 Holding Over

"C"
DKD

Should Lessee hold over said Premises after this Lease has expired, such holding over shall be deemed a tenancy from month to month at the last applicable rental rate plus 10 percent (including Additional Rents) payable under this Agreement, on the same terms and conditions as in this Agreement, absent a new agreement at that time.

2.4 Option(s)

Lessee shall have two fifteen (15) year option periods. In order to exercise said option(s), Lessee shall provide Lessor written notice of its exercise of the option no later than one (1) year before the existing Lease term expires.

3. RENT

3.1 Amount

Base Rent for the Premises shall be one dollar per year.

Additional Rent: In addition to the Base Rent specified in this Paragraph 3.1, Lessee shall also pay as "Additional Rent" 33.3% of the actual annual Operating Expenses of Lessor, plus \$100/ month for maintenance of septic (septic maintenance stipend) and \$150/ month for maintenance of the Florido parking area used by the Lessee and others (parking area stipend). Lessor shall maintain a fund into which it shall deposit each septic maintenance stipend and parking maintenance stipend for the purpose of maintaining septic and the Florido parking area. The Operating Expenses of Lessor include all expenses of Lessor to maintain the Premises, including by way of example, Lessor's total annual expenses for insurance, gas, electricity, heating, water*, landscaping, pest control and trash/ recycling or other expenses reasonably related to the Library-Clubhouse complex. . At the outset of this Lease, the Additional Rent shall be \$1,774 per month, as shown in the attached Exhibit B. Within three months of each anniversary of the effective date of this Agreement during the term, Lessor shall provide Lessee with a written reconciliation of actual Operating Expenses for the preceding year. Starting on July 1, 2021 and thereafter on July 1 of each year during the term of this Agreement, the Additional Rent will be recalculated based on the 33.3% of the prior calendar year's actual Operating Expenses of Lessor, plus the parking maintenance stipend and septic maintenance stipend, which will be adjusted annually to the same percentage (up or down) as the Operating Expenses adjust. *The water expense will not include the Lessor's water expenses for parts of the Lessor's property not adjacent to Library.

3.2 Late Payments

Lessee hereby acknowledges that late payments by Lessee to Lessor of rent will cause Lessor to incur costs not contemplated by this Lease, 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, on Lessee by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any

installment of rent shall not be received by Lessor within ten (10) calendar days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur because of late payment by Lessee. Acceptance of such late charge by Lessor shall in not constitute a waiver of Lessee's default regarding such overdue amount, nor prevent Lessor from exercising any of its other rights and remedies. This Paragraph 3.2 becomes effective the fourth month following the Commencement Date and any Amendments to this Lease.

3.3 Quiet Enjoyment

Lessor warrants to Lessee that this Agreement constitutes a binding obligation of Lessor, does not conflict with any existing agreement binding on Lessor, and that no consent is required for the execution and delivery of this instrument by Lessor or for its performance. Lessor further warrants that if Lessee shall pay all rental and other sums as provided herein to be paid by Lessee and perform all the covenants of this Lease to be performed by Lessee, then Lessee shall, during the term hereof, freely, peaceable and quietly occupy and enjoy the full possession of the Premises. Lessee knows Lessor rents out the Clubhouse and courtyard for private party events and such use of the Clubhouse and courtyard will not constitute a violation of Lessor's covenant hereunder. During any construction phase of Lessee's improvements, alterations, or additions to the building on the subject premises, Lessee and its contractor shall not interfere with Lessor's clubhouse operations and rentals, or with the Lessor's parkland on Florida. Further, Lessee shall indemnify and hold Lessor, its employees and directors, harmless from any injuries or property damage caused by Lessee's contractors or subcontractors. Lessee shall require its contractors and subcontractors to name Lessor, including its employees and directors, as Additional Insureds on its contractor liability insurance and worker's compensation insurance policies. Lessee shall also protect Lessor from any and all Mechanics liens recorded or filed related to Lessor's property.

3.4 Tax Allocation

Lessee shall be liable for all taxes levied against personal property, trade fixtures and other property placed on the Premises by Lessee, and if any such taxes are levied against Lessor or Lessor's property and Lessor pays the taxes or if the assessed value of Lessor's property is increased by the placement of such property or trade fixtures of Lessee, and Lessor pays the taxes based on the increased assessment, Lessee shall pay upon demand to Lessor the taxes so levied or that proportion of taxes resulting from the increased assessment. Lessee shall pay all increases in taxes levied or assessed against the land on which the building and parking lot are located and said tax shall be prorated on the basis of the number of square feet occupied by Lessee in the building in relation to the total square footage of the entire building up to a 2% increase per year in accordance with Proposition 13. Lessee shall not be liable for any perorations resulting from sale of the property, which result in a higher tax base.

3.5 Utilities

Lessor shall be responsible to provide gas, heat, electricity, trash and recycling, septic, landscaping, shared parking on Florida expenses and water, which may be furnished to or used, in or about the Premises during the term of this Lease and pass those costs along to the Lessee as Additional Rent as described in Section 3.1.
Lessee shall provide its own janitorial service for the Premises.

4. USE

4.1 County Use

Lessee shall use said Premises as a Public Library, and related purposes and for no other purpose. In the event of financial problems of the County or the Library system, Lessee will permit Lessor to continue to maintain the public library branch open in the discretion of Lessor, including allowing the Lessor to use volunteer members of the community to keep the library open.

4.2 Compliance with Laws

Lessee shall not permit anything to be done in or about the Premises that will conflict with any law, statute, ordinance or governmental rule or regulation now in force or that may hereafter be enacted or promulgated. Lessee shall comply, at its sole cost and expense, promptly with all current and future laws, statutes, ordinances and governmental rules, regulations or requirements that relate to or affect the condition, use, occupancy, repair, change or alteration of the Premises, including any structural changes required by law. For the purposes of this Paragraph, "structural changes" is defined as any change, alteration, addition, repair or improvement involving the removal or alteration of any part of the roof, a floor, a load bearing wall, column or girder, or other support of the Premises.

4.3 Assignment & Sublease

Except pursuant to a contemplated agreement for the operation of a public library on the Premises, Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises without the written consent of Lessor. To the extent any assignment or sublease would change the use of the Premises from being a public library or otherwise cause financial insecurity for Lessor's purposes herein, Lessor shall not be required to consent to such changes or any such assignment or sublease. Except as otherwise provided in this Agreement, Lessee shall not make or permit any alterations, additions to, or repairs in or upon the Premises without first obtaining Lessor's prior written consent. Neither this Lease nor any interest therein shall be assignable or transferable in any proceedings in execution against Lessee, or in any voluntary or involuntary proceedings in bankruptcy, or insolvency taken by or against Lessee, or by process of any law applying to such proceeding without the written consent of Lessor.

5. REPAIRS AND MAINTENANCE

5.1 Lessee Obligations:

Lessee acknowledges that it already is in possession of the Premises and acknowledges that the Premises are in good and tenable condition. During the term of this Lease, Lessee will, at its own cost and expense, maintain and keep in good order the Premises, including all Lessee improvements, alterations, and furnishings, exposed interior plumbing, and make all repairs and replacements of whatsoever kind or nature, either to the exterior or interior of said Premises. To the extent any water pipes or other utilities require maintenance or repair beyond the Premises' exterior, Lessor shall be responsible for such expenses. r

5.2 Fixtures

After (i) submitting to Lessor plans and specifications showing the proposed action, and (ii) obtaining Lessor's written consent, and (iii) obtaining all applicable governmental permits, Lessee may install in the Premises such fixtures, equipment, and partitions as Lessee may see fit; and if not in default hereunder may remove the same from the Premises at any time during the term of this Lease; provided however, that any installation and removal of such fixtures, equipment, and partitions shall be done in a careful, workmanlike manner and will not interfere with the use of the Premises as a library.

5.3 Other Alterations

After (i) submitting to Lessor plans and specifications showing the proposed action, and (ii) obtaining all applicable governmental permits, and (iii) obtaining Lessor's consent, Lessee shall have the right at any time, at Lessee's sole cost, to install carpet, paint, or wallpaper to the interior of the Premises, install security and restricted access systems, and make other modifications to the Premises to suit Lessee's needs.

5.4 Lessor Obligations

Lessor, at Lessor's sole expense, shall keep in good order, condition, and repair any portions of the building unrelated to the Lessee improvements, alterations, and fixtures, set forth in Exhibit B or any other Lessee improvements, alterations and fixtures. Lessor's responsibility includes the Florida parking area, any systems lying outside the Premises, which are unrelated to the Lessee improvements set forth in Exhibit B or any other Lessee alterations, improvements or fixtures. The obligations of the preceding sentence shall extend to the portions of any such system or structures lying outside the Premises. Lessor shall not be obligated to repair any improvements or fixtures made by the Lessee. Lessee will be obligated to maintain such improvements or fixtures in good condition, reasonable wear and tear excepted. To the extent Lessor makes repairs to portions of the Premises as required hereunder, those expenses will be applied to the formula for the Additional Rent set forth in Paragraph 3.1 and apportioned pursuant to that formula as a shared expense in the same proportion as set forth therein and applied to future Additional Rent costs. To the extent that Lessor is required to make repairs under this section that solely benefit the Library (as opposed to the Clubhouse-Library complex), the parties agree to meet to discuss how those repairs costs should be allocated between the Lessor and Lessee given that no rent is being paid other than the shared expenses set forth in Exhibit B.

Except as to the improvements made by Lessee, Lessor shall also be responsible for repairs, which relate to or arise out of:

- A. Structural or other latent defects in or of the Premises or the building;
- B. Violations of ordinances, laws, regulations and orders of governmental authorities applicable to the construction or structure of the Premises, or Lessor's building, except to the extent solely caused by Lessee's use or occupancy of the Premises;
- C. The negligence or intentional act of the Lessor, its employees, agents, other tenants, invitees, or contractors;
- D. Any breach by Lessor of any of the conditions, terms, or obligations of Lessor under this Lease, or
- E. Causes outside the Premises over which the Lessee has no control.

F. Except as to improvements, alterations or fixtures made by Lessee, Lessee shall notify Lessor (as specified in section 12.9 of this Lease) of any repairs required of Lessor under this paragraph. Lessor shall have sixty (60) days after written notice from Lessee to commence to perform its obligations to make repairs under this section, except that Lessor shall commence performance of such obligations immediately after such notice if the nature of the problem presents a hazard, emergency, or substantial interference with Lessee's conduct of its service to the public. Lessor shall diligently pursue such repairs to completion. If Lessor fails to perform its obligations to immediately repair or cure a problem which presents a hazard, emergency, or substantial interference with Lessee's conduct of its services to the public after sixty (60) days written notice of such defect, Lessee may terminate the Lease and be thereby released from all obligations thereunder. If Lessor does not perform its obligations under this paragraph, or does not show reasonable due diligence, Lessee may, in its discretion perform such obligations (subject to all necessary building codes and permits) and shall then have the right to be reimbursed for its actual expenditures in performing Lessor's obligations. However, in doing so Lessee shall not be entitled to reimbursement for repairs that will take longer than three months to reasonably complete or exceed the cost of two years' rent, based on the rent (including Additional Rent) then in effect at the time notice is provided to Lessor. If Lessor does not reimburse Lessee within sixty (60) days after Lessee's written demand accompanied by documentation of charges, Lessee may withhold from future rent the sum the Lessee has expended, until the Lessee is reimbursed in full. However, Lessee will not withhold rent if Lessor disputes that Lessor is obligated under this Lease to perform such repairs.

If Lessor does not believe that repairs are required, Lessor must provide, within 30 days of receipt of initial notice by Lessee, a written response in good faith, which demonstrates reasonable grounds for non-repair. If Lessee disagrees, the parties will endeavor in good faith to resolve the dispute amicably. In the event they are unable to resolve the dispute, they agree to hire a mutually agreed upon mediator to hold a

mediation to resolve the dispute. The expenses of the mediation will be shared equally among the parties. In no circumstances is the Lessor obligated to make repairs or reimburse Lessee for repairs that will take longer than three months to reasonably complete or exceed the cost of two years rent, based on the rent (including Additional Rent) then in effect at the time notice is provided to Lessor; provided, however that in the event Lessor does not make such repairs, Lessee is entitled to terminate this Agreement.

6. DAMAGE AND DESTRUCTION

6.1 Damage

If the Premises are damaged by Lessor or its employees or agents, Lessor shall, within thirty days, repair and rebuild the Premises if the damage prevents Lessee's use and occupancy of all or a part of the Premises. If the Premises cannot be completely restored within this period, Lessor shall commence work and pursue it diligently to completion.

If the Premises are damaged by Lessee or its employees or agents, Lessee shall, within thirty days, repair and rebuild the Premises. If the Premises cannot be completely restored within this period, Lessee shall commence work and pursue it diligently to completion.

If the Premises are damaged other than by Lessor or Lessee or their respective employees or agents, and the damage prevents Lessee's use and occupancy of all or a part of the Premises, and the Lessor does not repair and rebuild the Premises within thirty days (or such longer period as reasonably necessary to repair and rebuild the Premises), Lessee may at its discretion repair the damage or terminate this Agreement.

6.2 Destruction

If the Premises are destroyed before or during the term of this Lease, then Lessor or Lessee may terminate this Lease and neither party shall have any further rights or obligations under this Lease, except Lessee for any previously due and unpaid rent, and Lessor for any unearned rents paid in advance by Lessee. The Premises shall be deemed "destroyed" if repairs or reconstruction will cost seventy-five percent (75%) or more of the value of the Premises at the time of the damage. If the parties continue the Lease, then Lessor shall promptly repair and rebuild the Premises if allowed under State and local laws and regulations.

6.3 Payment of Rent and Other Charges

If Lessee is temporarily unable to occupy any portion of the Premises for a period of time, then Lessee shall continue to pay rent, utilities, janitorial services and all other periodic payments required by this Lease, reduced by the proportionate reduction of useable interior space of the Premises.

7. INSURANCE AND INDEMNITY

7.1 Lessee's Obligations

Lessee hereby agrees to indemnify Lessor and to save it harmless from any liability, claim for damages, or attorney's fees incurred by reason of any personal injury or death to any person, including any of Lessee's employees, agents, licensees or invitees, or any injury to property of any kind whatsoever, and to whomever belonging, including Lessee, from any cause or causes whatsoever, in any way connected with Lessee's use of the Premises, during the term of this Agreement or any extension thereof or any occupancy by Lessee hereunder. This indemnity shall include the obligation to defend Lessor from any such lawsuits or claims filed. Lessee's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates: to the negligent or intentional act of Lessor, or its employees, agents, contractors, or prior tenants of the Premises, or to a breach by the Lessor of any of the Lease's terms, conditions or obligations of Lessor, or to any structural or latent defect in the Premises not caused by Lessee or its contractors, agents or employees.

7.2 Lessor's Obligations

Lessor shall indemnify, defend, and hold Lessee harmless from any liability, claim or damages, or attorney's fees incurred because of any personal injury or death to any person(s) or injury to property arising out of Lessor's operations obligations, acts or omissions in any way connected with the Premises. This indemnity shall include the obligation to defend Lessee from any such lawsuits or claims filed. Lessor's obligations under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates: to the negligent or intentional act of Lessee, or its employees, agents, contractors, or prior tenants of the Premises, or to a breach by the Lessee of any of the Lease's terms, conditions or obligations of Lessee, or to any structural or latent defect in the Premises not caused by Lessor or its contractors, agents or employees.

7.3 Mutual Obligations Limited

A party's obligation under this paragraph to indemnify, defend, and hold another harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any received by the party being indemnified.

7.4 Lessee Liability Insurance

Lessee has purchased and maintains a liability policy with a self-insured retention deductible of one million dollars (\$1,000,000.00) with upper limits of twenty-five million dollars (\$25,000,000.00). Lessor shall be named as additional insured, and a certificate or other evidence of such coverage shall be provided to Lessor to demonstrate compliance with this material requirement.

7.5 Lessee Property Insurance

During the entire lease term, Lessee shall obtain and maintain a property insurance policy for fire and extended coverage for fixtures and contents in the Premises in the minimum amount of the replacement value of said fixtures and contents Lessor shall be the named beneficiary of said insurance as to the Premises' building.

7.6 Limited Mutual Release

The parties hereby release each other and their respective authorized representatives, from any claims for damage to any person or to the Premises, or other improvements in which the Premises are located, and to the fixtures, personal property, and improvements or alterations in or on the Premises and other improvements in which the Premises are located, that are caused by or result from risks insured against under any insurance policies carried by any party hereto and in force or effect at the time of any such damage. Each party shall cause any insurance policy or self-insurance program obtained by it to provide that all right of recovery by way of subrogation against any party to this Agreement in connection with any damage covered by any such policy or program is waived. No party shall be liable to another for any damage caused by fire, earthquake or any of the risks insured against under any insurance policy or program required by this Lease, except to the extent of the applicable deductible or self-insured retention deductible

8. LESSOR ENTRY AND SIGNAGE

8.1 Lessor's Right to Enter

Lessor or its duly authorized representatives or agents may enter upon said Premises at reasonable times during the term of this Lease for determining whether Lessee complies with the terms and conditions of the Lease or for any other purpose incidental to the rights of Lessor. Such rights include the right to show the Premises to prospective purchasers, lenders, appraisers, inspectors, engineers, etc. at reasonable times after prior notice to Lessee.

8.2 Lessor's Right To Place Signs

At any time within six (6) months of the termination of the Lease, Lessor may place any usual or ordinary "To Let" or "To Lease", or "For Sale" signs on the Premises. Lessor agrees not to place or allow to be placed any political signs on or about the Premises.

9. SURRENDER OF PREMISES

9.1 Lessee Obligation

At the expiration or termination of this Lease, Lessee will surrender the Premises to Lessor in good condition except for reasonable wear and tear and damage by the elements or acts of God. Lessee further agrees to remove all signs that have been

placed on said Premises by Lessee, and to repair and restore the Premises to same condition prior to the placement of the signs except for reasonable wear and tear and damage by the elements or acts of God.

10. DEFAULT AND RE-ENTRY

10.1 Lessor's Option

If Lessee is in default of any of the terms or conditions under this Lease, Lessor may demand performance in writing. If thirty (30) days elapse after such notice and no performance has occurred, then Lessor shall have the right to declare the Lease forfeited, and to re-let the Premises. It is understood and agreed that each and all of the remedies given Lessor under this Lease are cumulative and that the exercise of one right or remedy by Lessor shall not impair its right to any other remedy.

11. **Estoppel Certificates.**

11.1. **Lessee's obligation to provide Estoppel Certificates.** Within ten (10) days after a written request by Lessor, Lessee shall execute and deliver to Lessor an estoppel certificate indicating to a prospective lender, mortgagee or purchaser any exceptions to the reasonably requested statements provided therein.

12. **Subordination, Nondisturbance and Attornment.**

12.1. **Automatic Subordination.** This Lease is subject and subordinate to:

- a) **The lien of any mortgage, deeds of trust, or other encumbrances ("Encumbrances") of the building and real property;**
- b) **All present and future Encumbrances of the building and real property;**
- c) **All renewals, extensions, modifications, consolidations and replacements of the items described in (a)-(b) herein;**
- d) **All advances made or hereafter to be made on the security of the Encumbrances.**

Despite any other provisions of this Paragraph, any Encumbrance holder may elect that this Lease shall be senior to and have priority over that Encumbrance whether this Lease is dated before or after the date of the Encumbrance. No such subordination shall be effective unless and until Lessee has received a nondisturbance agreement from the holder of the Encumbrance or Lessor in a recordable, commercially reasonable form.

13. MISCELLANEOUS:

13.1 Construction:

This Lease shall be construed under California Code of Civil Procedure § 17. The captions of this Lease shall have no effect on its interpretation. The unenforceability, invalidity, or illegality of any provision of this Lease shall not render any other provision unenforceable, invalid, or illegal.

13.2 Successors Bound:

This Lease shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

13.3 Time is of Essence:

Time is of the essence with regard to this Lease and as to all covenants, conditions, agreements and obligations herein contained.

13.4 Duly Authorized Representative:

Each individual executing this Lease on behalf of such party represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said party.

13.5 Reasonable Consent:

Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except that the use of the Premises must continue to be for a public library and any refusal to consent by Lessor to any change of use is agreed in advance to be reasonable.

12.6 Subordination

This Lease is and shall be subordinate to any mortgage now of record or recorded after the date of the Lease affecting the Premises and Lessee agrees that it will execute, acknowledge, and deliver upon request all documentation reasonably necessary to subordinate this Lease to such mortgage. Each holder of any such mortgage shall agree in writing that, so long as Lessee performs its obligations under this Lease, that (i) Lessee shall enjoy peaceful possession of the Premises, (ii) the holder of any such mortgage shall not disturb or interfere with Lessee's rights hereunder, and (iii) any purchaser at a foreclosure sale shall accept and acquire the premises subject to this Lease.

13.6 Lease Subject to Approval

This Lease is subject to the approval of the Santa Cruz County Board of Supervisors, and does not bind Lessee until the Board approves it.

13.8 Notices

Any communications under this Lease by either party to the other shall be in writing and shall be delivered personally or sent by prepaid registered mail addressed as below; a party may change its notification address by giving notice to the other party. A facsimile may be transmitted so long as a hard copy is delivered or mailed within 24 hours. The Parties addresses are as follows:

Lessor:

La Selva Beach Recreation District
314 Estrella Avenue
La Selva Beach, CA 95076
831-461-5165
Email: lsbrd@cruzio.com
Fax: 831-xxx
With a copy to then-existing Chair of the Board

Lessee:

County of Santa Cruz
DPW Real Property Section
701 Ocean Street, Room 410
Santa Cruz, CA 95060
Tel: 831-454-2160
Fax: 831-454-2385

13.9 Joint and Several Liability

If there is more than one Lessor, the obligations imposed under this Lease shall be joint and several.

13.10 Amendment

This Lease may only be amended in writing and signed by both Lessor and Lessee.

13.11 Integrated Agreement

Every agreement, representation, warranty or understanding regarding the Premises and the terms of this Lease have been merged into this Lease document, which shall be conclusively accepted as the full agreement between the parties.

13.12 Governing Law and Venue

This Lease shall be construed under the law of the State of California, and the venue for any legal action shall only be in the County of Santa Cruz, State of California.

13.13 No Future Breach

Waiver by either party of a breach of any obligation under this Lease shall not be consent to any future breach.

14. EXECUTION AND SIGNATURES:

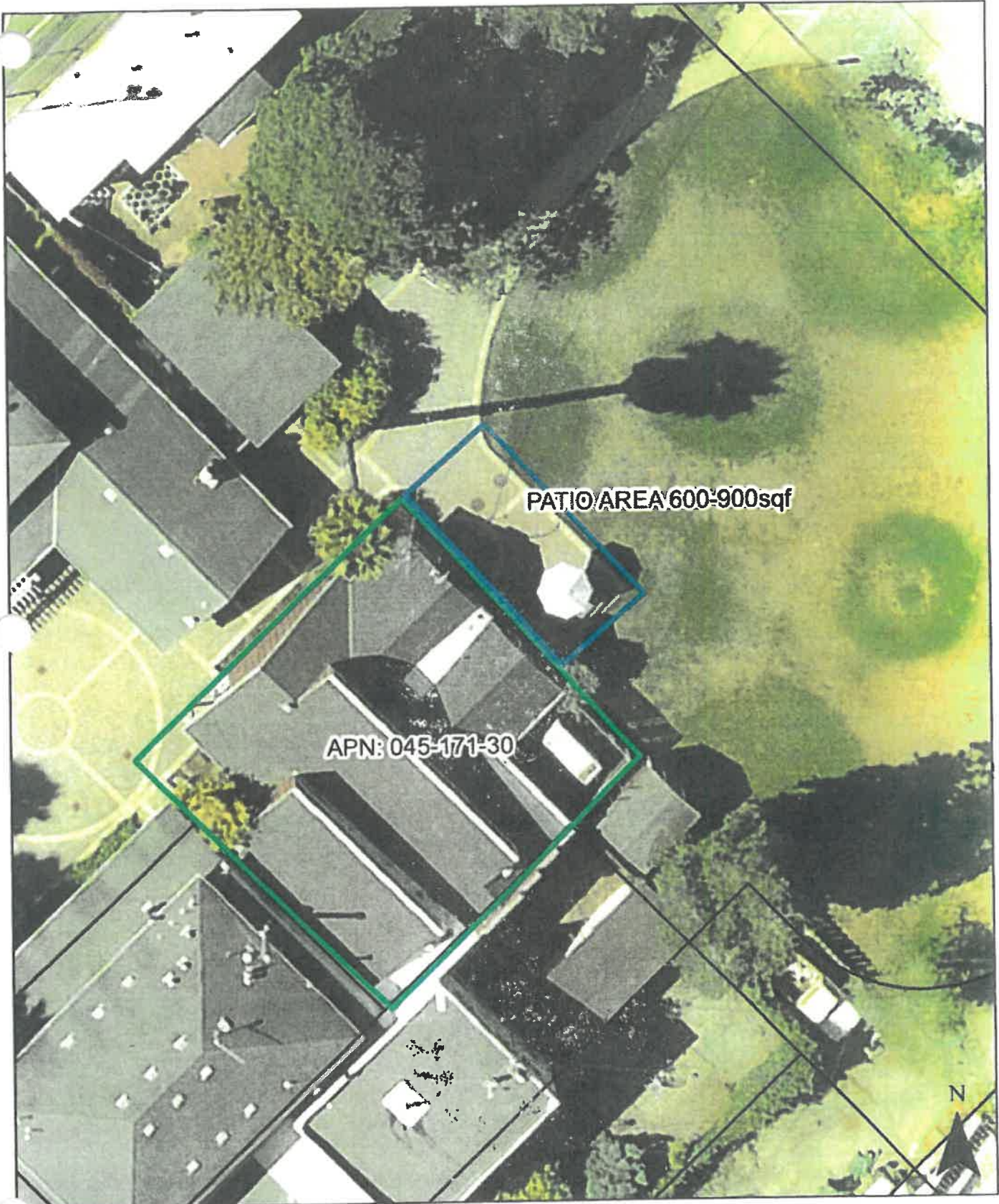
In WITNESS WHEREOF,

Lessor has executed this Agreement as of the 8 day of MAY, 2019.

Lessee has executed this Agreement as of the 18 day of JUNE, 2019.

LA SELVA BEACH RECREATION DISTRICT	COUNTY OF SANTA CRUZ
Ashley Winn Chair of the La Selva Beach Recreation District	Matt Machado, Director Department of Public Works
<u>Ashley Winn</u> <u>5/8/19</u> Date	<u>Matt Machado</u> <u>6/18/19</u> Date
James Rhodes Secretary of the La Selva Beach Recreation District	APPROVED AS TO FORM:
<u>James Rhodes</u> <u>5/8/19</u> Date	<u>[Signature]</u> <u>5/16/19</u> Date
	Office of County Counsel
	APPROVED AS TO INSURANCE:
	<u>[Signature]</u> <u>5/16/19</u> Date
	Risk Management
	RECOMMENDED FOR APPROVAL:
	<u>Travis Cary</u> <u>5-16-19</u> Date
	Real Property
	RECOMMENDED FOR APPROVAL:
	 Date

EXHIBIT A



PROJECTED LIBRARY EXPENSES BASED ON 2018-19 BUDGET

CATEGORY	TOTAL EXPENSE	ONE THIRD OF EXPENSE	PER MONTH
PG&E	\$4,500	\$1,500	\$125
LANDSCAPING	\$10,800	\$3,600	\$307
WATER	\$5,070	\$1,690	\$141
TRASH & RECYCLING	\$10,506	\$3,502	\$294
INSURANCE*	\$8,500	\$2,833	\$236
PEST CONTROL	\$1,000	\$333	\$28
SECURITY	\$8,400	\$2,800	\$233

SUBTOTAL **\$54,866**
 PARKING MAINTENANCE (STIPEND) **\$18,287**
 SEPTIC MAINTENANCE (STIPEND) **\$1,524**
TOTAL **\$1,774**

* COMPREHENSIVE PACKAGE FOR LIABILITY, PROPERTY & EXCESS COVERAGE