

LEASE AGREEMENT

This Lease Agreement is made and entered into, effective the 1st day of July, 2023, by and between

Jean L. Johns
1824 Greenville Wolf Creek Road
Greenville, California, 95947

(hereafter referred to as "Lessor")

AND

Indian Valley Community Services District
Adam Cox/General Manager

(hereafter referred to as "Lessee").

In consideration of the covenants and agreements of the parties hereinafter set forth, the parties agree as follows:

1. LEASE OF PREMISES.

In consideration of the mutual covenants and considerations herein set forth, Lessor leases to Lessee and Lessee leases from Lessor the Real Property and improvements ("the Property") located at **127 Crescent Street, Unit 5**, Greenville, CA 95947, excluding any part of the external walls, subject to any restrictions, easements, and encroachments and to any zoning and governmental regulations now or hereafter in effect, which relate to or affect the leased premises.

A map of the Property is attached as **Exhibit A**. The Property consists of one (1) unit in the building located at 127 Crescent Street ("the Building") as indicated on Exhibit A. Lessee understands that this lease does not extend to any other portion of the Building without a separate written lease agreement.

2. TERM.

The term of this lease shall be two years, commencing on July 1st, 2023, and ending at midnight, on June 30th, 2025.

3. RENT.

3.1 Base rent. Lessee hereby agrees to pay as base rent the sum of NINE HUNDRED DOLLARS (\$900) per month per Unit totaling NINE HUNDRED DOLLARS per month.

Rent is due and payable, on the first day of July, 2023, and on the first day of each calendar month thereafter, during the term of this lease. Base rent shall be paid to the order of Lessor at the address first stated herein, or such address as it may from time to time designate. At the completion of this lease, Lessor agrees to negotiate with Lessee in regards to extending the lease for a period of time to be determined. It is also agreed that if it is decided that this lease should continue, the base rent will not increase more than 3% to 5% per year (equal to cost of living) for the following year or determined amount of time.

3.3 Interest. If Lessee fails to pay the rent, when the same is due and payable, such unpaid amounts shall bear interest five (5) days after the due date thereof until paid, at the rate of ten and one-half percent (10.5%) per annum, but in no event greater than the maximum rate then permitted by law.

3.4 Deposit. Lessee shall also pay Lessor One and a half (1 ½) month's rent as a security deposit, which shall not bear interest, and shall be returned upon Lessee's faithful performance of this lease. This Deposit shall be paid in one installment of \$1400.00 no later than July 1st, 2023.

4. CONDUCT OF BUSINESS.

4.1 Use of Property. Lessee shall maintain and conduct on the Property continuously during the lease term, a community services district main office. Operations related to such use are allowed. Lessee shall not use or permit the use of the leased premises for any other purpose without the prior written consent of Lessor.

4.2 No Increase of Insurance Risk: Lessee shall not use the Property in any manner that will increase the insurance risk on the Property, cause the Lessor to pay an increased rate of insurance premiums on the Property, or make void or voidable any insurance held by Lessor or other occupants of the building.

4.3 Use Consistent With Multiple Tenants: Lessee shall not use the Property in any manner that would be annoying to Lessor or the other tenants of the Building. No machinery shall be used that would cause undue vibration or noise in or to the Property or Building.

4.4 Unlawful Use. Lessee shall not use or permit the Property or any part thereof to be used for any purpose in violation of any County, State of California or federal law, ordinance or regulation.

4.5 Liens and Encumbrances. Lessee shall keep the Property free and clear of all liens and encumbrances arising or growing out of its use and occupancy of the leased premises.

5. UTILITIES AND OTHER CHARGES.

5.1 Utility Charges. Lessee shall be solely responsible for and shall promptly pay all utility charges, including but not limited to those for heat, heating fuel, light, gas, electricity, telephone, and any other utility used or consumed on the Property. Lessee agrees to keep the temperature of the leased improvements to protect them from freezing. Lessor shall pay normal garbage, sewer and water consumption. For purposes of this lease, "normal water consumption" means a total cost of water and sewer for the Building not exceeding \$100 per tenant of the Building. If the water and sewer bill for the Building exceeds \$100 per month per tenant of the Building (whether due to water usage or an increase of rates), Lessee agrees to pay Lessee's pro rata cost of water and sewer above the amount of normal water consumption.

5.2 Licenses and Taxes. Lessee shall be liable for, and shall pay throughout the term of this lease, all license and excise fees and occupation and personal property taxes covering the business conducted on the Property.

5.3 Real Property Taxes and Assessments. Lessor shall be responsible for and pay all real property taxes and assessments upon the Property.

5.4. Additional Rent. If Lessor receives any billing for utilities or other charges, it will forward such billing to Lessee which shall pay the same on a timely basis. Lessor may, but is not required to, pay the same. Lessee shall pay Lessor, as additional rent, all amounts paid by Lessor for utilities, operating expenses and tax expenses.

6. ALTERATIONS.

6.1 Alterations by Lessee During Term. Lessee shall not make any alterations, additions, or improvements in or to the Property during the term of this lease, without the prior written consent of Lessor. No alterations shall be made that weaken the structure of the Property or reduce the value of the Property. Any such alterations, additions or improvements consented to by Lessor shall be made at Lessee's sole expense. Lessee shall secure any and all governmental permits required in connection with any such work and perform such work in accordance with all applicable governmental requirements and restrictions. Lessee shall keep the Property free and clear of all liens resulting from any such construction.

6.2 Fixtures, Machinery and Equipment. All fixtures, machinery and equipment which are necessary to the general operation and maintenance of the

Property, shall be the property of Lessor whether owned by Lessor at the commencement of the lease, subsequently purchased by Lessor, or purchased by Lessee in accordance with the provisions of this lease.

7. MAINTENANCE AND SURRENDER OF PROPERTY.

7.1 Maintenance and Repair. At its sole expense, Lessee shall keep the Property in good order and repair throughout the term of the lease, including the proper removal and disposal of its hazardous and non-hazardous waste, and all material generated in Lessee's operation and use of the Property. Lessor shall repair or replace all major operating systems and elements of the Property as needed. Lessee shall make all minor repairs.

7.2 Rights of Entry. Lessor shall have the right to enter the Property for the purpose of making any inspection or repairs, upon the failure of Lessee to do so. Lessor may enter and inspect the Property, upon reasonable notice (24 hour minimum unless exigent circumstances prevent such notice) to Lessee, including the taking of soil, groundwater or material samples. Lessor also may enter the property to show it to prospective tenants, and may enter without prior notice in case of emergency. Right of entry shall be conducted during non-business hours unless exigent circumstances exist.

7.3 Surrender of Property. At the expiration or sooner termination of this lease, Lessee shall return the Property to Lessor in the same condition in which received (or, if altered by Lessor or by Lessee with Lessor's consent, then the Property shall be returned in such altered condition), reasonable wear and tear excepted. Lessee shall remove all trade fixtures and equipment which are not part of the Property, and shall restore the Property to the condition they were in prior to the installation of said items. Lessee's obligation to perform this covenant shall survive the expiration or termination of this lease, unless the parties otherwise agree in writing.

8. INSURANCE AND INDEMNITY.

8.1 Indemnification and Hold Harmless. Except as further provided herein in Paragraphs 12, Lessor shall not be liable for any injury to any person, or for any loss of or damage to any property (including property of Lessee) occurring in or about the leased premises from any cause whatsoever. Lessee shall defend, indemnify, and hold Lessor harmless from all loss, damage, liability or expense (including actual reasonable attorney's fees and other costs incurred in connection with litigation or the defense of claims whether or not such claims involve litigation) arising from any actual or alleged injury to any person or property on or near the Property or which arise from Lessee's operations or occupation of the Property or which are caused by or resulting from any act or omission of Lessee, its agents or invitees, or by third parties, on or about the Property.

8.2 Insurance.

8.2.1. Liability Insurance. Lessee shall, at its own expense, maintain adequate liability insurance with a reputable insurance company, in an amount not less than \$100,000 per person/\$1,000,000 per occurrence, to indemnify both Lessor and Lessee against any such claims, demands, losses, damages, liabilities and expense.

8.2.2. N/A.

8.3.3. Personal Property Insurance. Lessee shall also maintain at its own expense during the lease term, insurance covering its furniture, fixtures, equipment, Lessee improvements and inventory in an amount it chooses, at its sole expense.

If Lessee fails to maintain any of the insurance referenced above, Lessor may, but is not required to, do so, and Lessee shall reimburse Lessor for the full premium expense incurred upon demand, as additional rent.

9. ENVIRONMENTAL PROVISIONS.

9.1 The parties understand and agree that there are no indications of any environmental contamination at the Property at the time of execution of this lease.

The obligations of Lessee in this paragraph shall survive: the expiration or termination of this Lease and the discharge of all other obligations owed by the parties to each other hereunder; any transfer of title to the Property, (whether by sale, foreclosure, deed in lieu of foreclosure or otherwise); or the closing of a sale to Lessee.

9.2 Lessor may, at its sole option and expense, conduct any environmental testing, sampling, or remediation efforts, if any, at the Property. In doing so, Lessor may, but shall not be obliged to, enter upon the Property and take such actions, samples and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Owner.

9.3 Lessee Obligation to Comply With Environmental Requirements. At its expense, lessee shall comply with all Environmental Requirements relating to the property and to its operations and business.

9.4 Notice and Reporting. Lessee shall notify Lessor immediately of: a) any releases or discovery of the existence or release of hazardous substances or wastes on or at the Property; b) any notice of any governmental filings or notices given to the Lessee by any regulatory authority or any third party.

9.5 Definitions.

9.5.1. "Environmental Damages". As used in this section, "Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation, payment, and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of the same, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time as a result of the existence of hazardous material upon, about, beneath the Property or migrating or threatening to migrate to or from the Property, or the existence of a violation of any environmental requirements pertaining to the Property.

9.5.2 "Hazardous substance" or "hazardous material". As used in this section "hazardous substance" or "hazardous material" means any hazardous or toxic substance, material, or waste that is or becomes defined as such or regulated by the United States, the State of California, or any local government authority having jurisdiction over the Property, or the presence of which either requires investigation, registration, reporting, remediation or monitoring under any federal, state or local statute, regulation, ordinance, order, action, policy, consent decree, or common law or causes or threatens to cause a nuisance or a hazard to the health or safety of persons on, about or adjacent to the Property; or which is toxic, explosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous; or which contains petroleum hydrocarbon products, radioactive material; asbestos in any form or condition; or polychlorinated biphenyls (PCBs).

9.5.3. "Environmental Requirements" means all applicable present and future statutes, regulations, rules, ordinance, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, the State of California and political subdivisions thereof, and all applicable judicial, administrative, and regulatory decrees, judgments and orders relating to the protection of human health or the environment.

9.5.4. "Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation, mediation, monitoring and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of the same, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation, actual reasonable attorney's fees, consultant's fees and disbursements, any of which are incurred at any time as a result of the existence (after Landlord's signing of this Lease) of Hazardous Material in, on or under the property or building, or migrating or threatening to migrate to or from the property or building, or the existence of a violation of Environmental Requirements pertaining to the property, regardless of whether the existence of such Hazardous

Material or the violation of Environmental Requirements arose prior to the Landlord's execution of this Lease. Environmental Damages includes, without limitation:

(1) Damages for personal injury, injury to property or natural resources occurring upon or off of the Property, including without limitation lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

(2) Fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation, remediation or monitoring of such Hazardous Materials or violation of Environmental Requirements;

(3) Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced herein;

(4) Diminution in the value of the Property or any part thereof, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or useable space or of any amenity of the Property.

9.6 *Use of Hazardous Material.* Lessee shall not cause or permit any Hazardous Material to be generated, brought onto, used, stored, or disposed of in or about the Property by Lessee or its agents, employees, contractors, subtenants, or invitees, except for limited quantities of standard office and janitorial supplies containing chemicals categorized as Hazardous material and petroleum hydrocarbons used in the operation of the Property or Lessee's business. Lessee shall:

(a) Use, store, and dispose of all such Hazardous Material in strict compliance with all applicable statutes, ordinances, and regulations in effect during the Lease Term that relate to public health and safety and protection of the environment; and;

(b) Comply at all times during the Lease Term with all Environmental Requirements concerning its operations at and use of the Property.

9.7 *Indemnification.* Lessee shall, at Lessee's sole expense and with counsel reasonably acceptable to Lessor, indemnify, defend, and hold harmless Lessor and Lessor's shareholders, directors, officers, employees, affiliates, agents, insurers, successors and assigns with respect to all claims, losses, judgments, damages, penalties, fines, expenses, liabilities or losses arising out of or resulting from: the presence of, the release or disposal of any Hazardous Material in or about the Property or the improvements thereon, or the violation of any Environmental Requirements. This indemnification shall include, without limitation, costs incurred in connection with:

(a) Hazardous substances present or suspected to be present in the soil, groundwater or soil vapor on or under the Property; or

(b) Hazardous substances that migrate, flow, percolate, or in any way move onto or under the Property; or

(c) Hazardous substances present in, on or under the Property as a result of any discharge, release, dumping, or spilling (accidental or otherwise) in, on or under the Property on or after the Lease Commencement Date, by any person or entity.

The indemnification provided by this section shall also cover, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, restoration, or monitoring work required by any federal, state or local governmental agency or political subdivision, court or third party, because of the presence or suspected presence of hazardous substances in the soil, groundwater or soil vapor on or under the Property. Those costs may include, but are not limited to, diminution in the value of the Property, damages for the loss or restriction on use of Rentable or Usable space or of any amenity of the Property, sums paid in settlements of claims, attorney's fees, consultant's fees, and expert's fees. The foregoing environmental indemnity shall survive the expiration or termination of this Lease, and/or any transfer of all or any portion of the Property or of any interest in this Lease. It shall be governed by the laws of the State of California.

9.8 *Remediation Obligations.* If the presence of any Hazardous Material on the Property is caused either during the lease period by any party other than Lessor, or is caused by Lessee or Lessee's employees, agents, contractors, or invitees, and results in contamination of the Property or improvements thereon, Lessee shall promptly take all necessary actions, at Lessee's sole expense, to return the Property to the condition that existed before the introduction of such Hazardous Material. Lessee shall first obtain Lessor's approval of the proposed remedial action. This provision does not limit the indemnification obligation set forth herein.

10. DAMAGE OR DESTRUCTION OF PREMISES.

10.1 In case any occurrence caused by an act or omission of Lessee results in damage or destruction to the Property or improvements thereon, Lessee shall at its sole cost and expense, whether or not such casualty loss is covered by insurance and whether or not the insurance proceeds, if any, shall be sufficient for the purpose, restore, repair, replace or rebuild the same as nearly as possible to its value, condition and character immediately prior to such damage or destruction, including temporary repairs and work necessary to protect the Property from further injury and with such changes or alterations as may be made at Lessor's election. The restoration shall be commenced promptly and prosecuted with reasonable diligence, unavoidable delays excepted.

10.2 If, during the term, the improvements are totally or partially destroyed or damaged by a cause not occasioned by the act or default of Lessee, rendering the premises totally or partially unusable, Lessee shall have the option to terminate this lease, or to continue the lease with rentals to be fairly apportioned in accordance with the amount of the partial destruction, and/or to restore the Property to substantially the same condition as it was in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. If then existing laws do not permit the restoration, either party can terminate this lease immediately by giving notice to the other party.

10.3 The notice under this section shall be at least Ten (10) days' notice given not less than Thirty (30) nor more than Sixty (60) days after such destruction or damage; provided, however, that simultaneously with the giving of such notice of Lessee, or within Ten (10) days after Lessor shall have exercised its right to terminate this Lease, Lessee shall:

- (i) Pay or assign to Lessor such sums recoverable and due Lessor under the terms of the policies of insurance naming Lessor a loss payee as its interest may appear and covering the premises;
- (ii) Pay to Lessor the base and additional rent for the period up to and including the termination date; and
- (iii) Restore the surface of the land as nearly as possible to the same condition it was in at the inception of the Lease.

10.4 Lessee will, during the term of this lease agreement, pay to Lessor the rent reserved in this Lease in the manner specified above, except in the event that all or any part of the Property shall be destroyed or damaged by fire or other cause not occasioned solely by the act or default of Lessee, and until the Property is repaired as stated above, the reserved rental is: (a) to cease if destruction is entire, or (b) to be fairly apportioned if destruction is partial.

11. CONDEMNATION.

11.1 Definitions:

- (i) "Condemnation" or "Taking" means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (ii) a voluntary sale or transfer by Lessor to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.
- (ii) "Date of taking" means the date the condemnor has the right to possession of the property being condemned.
- (iii) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

(iv) "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

If, during the term of this Lease, there is any taking of all or any part of the Property, by condemnation, the rights and obligations of the parties shall be determined pursuant to this paragraph 11.

11.2 This Lease shall terminate on the date of any taking if the Property is totally taken.

11.3 If any portion of the Property is taken by condemnation, this Lease shall remain in effect as to the remainder, with the same terms and conditions, except that the rent reserved in the Lease shall be reduced, from the date the Lessee is required to vacate such portion, in the same proportion that the area taken bears to the total area of the Property prior to such taking.

11.4 Lessor may, but is not required to, at its own cost and expense, restore the remainder of the Property, to the extent it is reasonably prudent to do so.

12. AWARD - DISTRIBUTION.

All awards and proceeds from any condemnation shall remain the property of Lessor, except those awarded for Lessee's loss of business, or need to relocate. Lessee waives all claims against Lessor for damages for termination of this Lease, or for interference with its business arising out of any taking.

13. ASSIGNMENT, SUBLETTING AND ENCUMBERING.

13.1 Lessee shall not voluntarily assign or encumber its interest in this Lease or in the premises, or sublease all or any part of the Property, or allow any other person or entity (except Lessee's authorized representatives) to occupy or use all or any part of the premises, without first obtaining Lessor's written consent. Any assignment, encumbrance, or sublease without Lessor's written consent shall be void and, at Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph.

13.2 Involuntary Assignment. No interest of Lessee in this Lease shall be assignable by operation of law (including, without limitation, the transfer of this Lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

(i) If Lessee is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Lessee is the bankrupt;

- (ii) If a writ of attachment or execution is levied on this lease;
- (iii) If, in any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the premises.
- (iv) An involuntary assignment shall constitute a default by Lessee and Lessor shall have the right to elect to terminate this Lease, in which case this Lease shall not be treated as an asset of Lessee.

14. LESSEE'S DEFAULT.

14.1 Time is of the essence hereof. The occurrence of any of the following shall constitute a default by Lessee:

- (i) Failure to pay base or additional rent within ten (10) days of when due.
- (ii) Abandonment or vacation of the Property (failure, without excuse, to occupy and operate the Property for ten consecutive days shall be deemed an abandonment or vacation).
- (iii) Failure to perform any of the provisions of this Lease if the failure to perform is not cured within thirty (30) days after notice has been given to Lessee. If the default cannot reasonably be cured within thirty (30) days, Lessee shall not be in default of this Lease if Lessee commences to cure the default within the thirty (30) day period, diligently and in good faith continues to cure the default.
- (iv) Lessee's violation of any law, ordinance, permit, or regulation affecting the Property;
- (v) Lessee's breach of any representation, warranty, covenant or agreement with Lessor.

14.2 Notices given under this paragraph shall specify the alleged default and the applicable Lease provisions; and shall demand that Lessee perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Property. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

15. LESSOR'S REMEDIES.

15.1 If Lessee causes a default, the Lessor shall have all remedies permitted by law including those listed herein. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law, or in equity.

15.2 Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor at any time, by reason of Lessee's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Lessor shall be due immediately from Lessee to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the rate of ten and one-half percent (10.5%) per annum from

the date the sum is paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with interest on it, shall be additional rent.

15.3 Lessor can continue this Lease in full force and effect, and the Lease will continue in effect as long as Lessor shall have the right to collect rent when due. During the period Lessee is in default, Lessor can enter the premises and re-let them together with all equipment, or any part of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in re-letting the premises for the remaining term hereof, including, without limitation, broker's commissions, expenses of remodeling the Property required by the re-letting, and like costs. Re-letting can be for a period shorter or longer than the remaining term of this Lease. Lessee shall pay to Lessor the rent due under this Lease on the dates the rent is due, less the rent Lessor receives from any re-letting. No act by Lessor allowed by this paragraph shall terminate this Lease unless Lessor notifies Lessee that Lessor elects to terminate this Lease.

15.4 Lessor can terminate Lessee's right to possession of the Property and all equipment located thereon, any time after reasonable notice of default and Lessor's election to terminate. No act by Lessor other than giving notice to Lessee shall terminate this Lease. Acts of maintenance, efforts to re-let the premises, or the appointment of a receiver on the Lessor's initiative to protect Lessor's interest under its Lease shall not constitute a termination of Lessee's right to possession.

15.5 Upon Lessee's default, Lessor has the right to recover from Lessee:

(i) The worth, at the time of the award of the unpaid rent that had been earned at the time of Lessee's default;

(ii) The worth, at the time of the award of the amount of unpaid rent that would have been earned after the Lessee's default until the time of award, less the amount of such rental that Lessee proves could have been reasonably avoided;

(iii) The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and

(iv) Legal Expenses. If Lessor is required to bring or maintain any action, and prevails therein (including assertion of any counterclaim or cross-claim, or claim in a proceeding in bankruptcy, receivership or any other proceeding instituted by a party thereto or by others), or otherwise refers this Lease to an attorney for the enforcement of any of its covenants, terms or conditions, the Lessee shall, in addition to all payment required herein, pay all reasonable costs incurred by the Lessor including all reasonable attorney's fees and all reasonable costs, including expert consultant fees, incurred before or in litigation, including any appeal.

(v) Remedies Cumulative. Waiver. It is understood and agreed that the Lessor's remedies hereunder are cumulative and that the Lessor's exercise of any right or remedy due to a default or breach by Lessee shall not be deemed a waiver of, or alter, affect or prejudice any other right or remedy which Lessor may have under this

Lease or by law. Neither the acceptance of rent nor any other act or omission of Lessor at any time or times after the happening of any event authorizing the termination of the lease term, shall operate as a waiver of any past or future violation, breach or failure by Lessee to keep or perform any covenant, agreement, term or condition hereof, or to deprive Lessor of its right to enforce or terminate this Lease at any time that cause for enforcement or termination may exist, or be construed so as at any future time to stop Lessor from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease, or under law or in equity.

(vi) Any other amount, together with court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

(vii) "The worth, at the time of the award," as used in (ii) and (iii) of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

16. INTEREST ON UNPAID SUMS DUE.

Sums due Lessor, not paid when due, shall bear interest at Ten and one-half percent (10.5%) per annum.

17. SIGNS, ADVERTISING.

No sign, advertisement or notice shall be inscribed, painted or affixed by Lessee on any part of the outside or inside of the Property unless previously approved by Lessor. Any sign that Lessee has the right to place, construct, and maintain shall comply with all laws and regulations, and Lessee shall obtain any permit or approval required by such laws. Lessor makes no representation with respect to Lessee's ability to obtain such approval.

18. LESSOR'S ENTRY ON PREMISES.

Lessor and its authorized representative shall have the right to enter the Property at all reasonable times (preferably non-business hours) and after reasonable notice (24 hours unless exigent circumstances exist) for any of the following purposes:

(i) To determine whether the Property is in good condition and whether Lessee is complying with its obligations under this Lease;

(ii) To serve, post, or keep posted any notices required or allowed under the provisions of this Lease.

(iii) To inspect, measure, take photographs, samples and to begin, complete or continue any repairs, alterations, or remediation of the Property; and

(iv) To repair, restore or maintain the Property if Lessee fails to do so.

19. SUBORDINATION; ESTOPPEL.

This Lease shall be subject to any encumbrance now of record and any encumbrance recorded after the date of this Lease affecting the Property. If, however, a lender requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance, if Lessor first obtains from the lender a written agreement that provides substantially the following:

“As long as Lessee performs its obligations under this lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Lessee’s rights under this lease.”

“Lessee shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure.”

“Lessee shall execute the written agreement and any other documents required by the lender to accomplish the purposes of this paragraph.”

20. NOTICE.

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed received within five (5) days from the time of mailing if mailed as provided in this paragraph.

21. WAIVER.

21.1 No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair such a right or remedy or be construed as a waiver.

21.2 The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.

21.3 No act or conduct of Lessor, including without limitation, the acceptance of the key to the Property, shall constitute an acceptance of the surrender of the Property by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall

constitute acceptance of the surrender of the Property and accomplish a termination of the Lease.

21.4 Lessor's consent to or approval of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent act by Lessee.

21.5 Any waiver by Lessor of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the Lease.

22. SURRENDER OF PREMISES; HOLDING OVER.

On expiration or ten (10) days after termination of the term, Lessee shall surrender to Lessor the Property excepting all Lessee's improvements and alterations, in good condition (except for ordinary wear and tear).

Lessor can elect to retain or dispose of, in any manner, any alterations or Lessee's personal property that Lessee does not remove from the Property on expiration or termination of the ten day period. The alterations or Lessee's personal property that Lessor elects to retain or dispose of, on expiration of the ten (10) day period, shall vest in Lessor. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's costs for storing, removing, and disposing of any alterations or Lessee's personal property.

If Lessee fails to surrender the Property to Lessor on expiration or ten (10) days after termination of the term as required by this paragraph, Lessee shall hold Lessor harmless from all damages resulting from Lessee's failure to surrender the Property, including, without limitation, claims made by a succeeding Lessee resulting from Lessee's failure to surrender the Property.

23. SURRENDER OF PROPERTY.

Lessee shall promptly yield and deliver to Lessor's possession of the Property upon the expiration or earlier termination of its rights of possession under this Lease.

24. QUIET ENJOYMENT.

Except for the right of entry and license provided herein, Lessee, upon fully complying with and promptly performing all of the terms, covenants and conditions of this Lease on its part to be performed, shall have and quietly enjoy the Property for the term set forth herein.

25. OPTION TO EXTEND

Lessee acknowledges that there is no option to extend under this lease. Any extension of the lease term must be accomplished by a separate written agreement.

26. MISCELLANEOUS.

(i) This Lease contains the entire understanding of the parties hereto and cancels and supersedes all prior leases, understandings, agreements or undertakings of the parties with respect to the subject matter herein, and may be amended or added to only by a written instrument executed by Lessor and Lessee.

(ii) Wherever possible, each provision of this Lease shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such provisions of the remaining provisions of this Lease.

(iii) This Lease shall be a contract made under, and shall be governed by and construed under, the laws of the State of California. In case of any disagreement or action arising hereunder, the parties agree that jurisdiction shall be in the courts of the State of California and agree venue shall be in Pumas County.

(iv) This Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

(v) Time is of the essence in this Lease.

(vi) The individuals signing this Lease represent that they have full authority to enter into this Lease on behalf of the respective parties, and to bind the entities which are parties hereto. No other or further authorizations are needed to make this agreement fully binding upon the parties hereto.

(vii) Both Lessor and Lessee have had the benefit of the advice of counsel as to the terms and conditions contained herein. In case of any ambiguity, this Lease shall not be construed as against either party.

26.1 Notices. Any notices required in accordance with any of the provisions herein shall be delivered or mailed by first class mail, postage prepaid, to Lessor at:

1724 Greenville Wolf Creek Road,
Greenville, CA 95947
(530)284-7155

or to such other place as Lessor may from time to time direct in writing, and to Lessee at:

Indian Valley Community Services District
P.O. Box 899
Greenville Ca. 95947
(530)284-7224

A notice shall be deemed received three (3) days after the postmark affixed on the envelope by the United States Post Office.

26.2 Partial Invalidity. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

26.3 Recording. Lessee shall not record this Lease without the prior written consent of Lessor. However, upon the request of either party hereto, both parties shall execute a memorandum of this Lease, in a form customarily used for such purposes, for the purpose of recordation. Said memorandum shall describe the parties, the Property and the term of this Lease.

26.4 Effect of Waiver. No waiver by Lessor of any breach by Lessee of any of its obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above set forth.

LESSOR:

Jean L. Johns

LESSEE:

Adam Cox, General Manager, Indian Valley Community Services District.