

SUBLEASE AGREEMENT

THIS SUBLEASE ("Sublease") is made and entered into effective February 1, 2016 by and between the Alliance for Workforce Development, Inc., ("Sublessee") and the County of Nevada, a political subdivision of the State of California, ("Sublessor") as a sublease under that certain Commercial Lease Agreement dated December 2, 2014, therewith (collectively the "Original Lease") and all Amendments by and between M.K. Blake Estate Co., a California Corporation, as Landlord ("Lessor") and Sublessor as "Tenant."

RECITALS

WHEREAS Sublessor is leasing office space comprising 100% of the total square footage of rentable space in an office building ("Building") and the adjacent parking lot located at 988 McCourtney Road, Grass Valley, California, 95945 (collectively "Premises"), under the Original Lease which allows it to sublease all or any part thereof, with the prior written consent of Landlord; and

WHEREAS Sublessor is willing to sublet to Sublessee a portion of the Premises for its exclusive use, together with non-exclusive use of common areas and the parking lot, and Sublessee desires to sublet that portion of the premises on the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES HEREIN CONTAINED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO MUTUALLY AGREE:

1. **PREMISES:**

Sublessor hereby subleases and Sublessee hereby rents that certain space located at 988 McCourtney Road, Grass Valley, California, consisting of approximately 8% of the approximately 20,000 square feet of rentable office floor space or approximately 1,673 sq ft, including 245 sq ft of shared common area, additional land with parking lot, driveways and footways, all as shown in Exhibit A attached hereto ("Premises").

2. **USE:**

Sublessee shall use the Premises for workforce development programs and related purposes as reasonably deriving therefrom.

3. **TERM:**

The term of this Sublease shall commence on February 1, 2016 or when finished space is occupied by Alliance and end on June 30, 2021. Despite the foregoing, should Sublessor exercise its rights to terminate the Original Lease or on such earlier date if the Original Lease should terminate, then this Sublease shall terminate on the effective date of such termination. Upon any such termination under this Section, Sublessee shall be released from all obligations under this Sublease.

4. RENT:

The Rent for the Sublease of the 1,673 sq ft portion of the Premises described herein shall be \$1.15 per sq ft or \$1,924.00 per month. Payment commencing on February 1, 2016, shall be paid to County of Nevada, 950 Maidu Ave, Nevada City, CA 95959, or at any other location specified by Sublessor in writing to Sublessee. Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment paid to Sublessor. Rent shall increase as Sublessor rent and costs increase, in a prorated share, as spelled out in the Lease between the Sublessor and the Lessor.

5. ADDITIONAL EXPENSES:

Additional expenses include 8% of operational costs associated with the building and will include but not limited to tenant improvement cost reimbursed to landlord, common area charge, electricity, water, trash, janitorial, maintenance, taxes and insurance.

6. LATE CHARGE; INTEREST; NSF CHECKS:

Sublessee acknowledges that either (1) late payment of the Rent, Additional Expenses or other amounts due under this Sublease or (2) issuance of an NSF check, may cause Sublessor to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Sublessor. If any installment of Rent due from Sublessee is not received by Sublessor within 5 calendar days after the date due, or if a check is returned NSF, Sublessee shall pay to Sublessor, respectively, \$100.00 as late charge, plus 10% interest per annum on the delinquent amount if over 15 days late and \$25.00 as an NSF fee, any of which shall be deemed additional Rent. Sublessor and Sublessee agree that these charges represent a fair and reasonable estimate of the costs Sublessor may incur by reason of Sublessee's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Sublessor's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Sublessee. Sublessor's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under Paragraph 4, above, nor shall it prevent Sublessor from exercising any other rights and remedies under this Sublease and as provided by law.

7. POSSESSION:

Sublessee shall take possession as of February 1 or when space is made available for occupancy. Sublessee's obligation for rental and other payments under this Sublease shall commence on that date.

Sublessor shall tender possession of the subleased portion of the Premises to Sublessee in the same condition that said portion of the Premises is delivered to Sublessor. Prior to the transfer of possession, Sublessor and Sublessee shall mutually inspect the Premises and prepare a written statement as to the current condition of said Premises. Upon the drafting of said statement, each party shall sign a copy which shall be delivered to the other party.

8. SUBLESSEE BOUND BY ORIGINAL LEASE:

Sublessee acknowledges that it has read and fully understands the terms and conditions of the Original Lease and that it expressly agrees that this Sublease is subject and subordinate to the Original Lease, the terms of which are incorporated herein by this reference. With respect to the subleased portion of the Premises and except as expressly provided in this Sublease, Sublessee agrees to honor and be bound by all terms and conditions of the Original Lease, to assume and perform all obligations required to be kept or performed by the Sublessor under the Original Lease to the extent that they apply to the subleased Premises (provided that the obligation to pay rent or pay for operating expenses shall be considered performed by Sublessee to the extent it pays the rent under Section 4 of this Sublease, and shall have all rights, obligations and responsibilities under the Original Lease to the same extent as Sublessor (but not greater); provided, however, that where the Original Lease allows for certain actions to be taken with the prior written consent of Lessor or subject to issuance of permits or other governmental approvals (e.g., additions and alterations, signs, etc.) Sublessee shall be allowed to exercise such rights and obligations with the prior written consent of both Lessor and Sublessor. Sublessee shall be solely responsible for obtaining and paying all costs associated with obtaining any permits and other approvals as required to exercise such rights or obligations. The terms of this Paragraph 8 shall supersede any and all terms and conditions of the Original Lease to the contrary. Nothing in this provision shall be construed to require Sublessee to assume obligations under the Original Lease should Sublessor elect to exercise its rights of the Original Lease to terminate. Nothing in this section is intended to create a right of a third party beneficiary to Lessor or to make Sublessee a party to the Original Lease.

Sublessee will not commit or suffer any act or omission that will violate any of the provisions of the Original Lease. Sublessor will exercise due diligence in attempting to cause Lessor to perform its obligations under the Original Lease for the benefit of Sublessee. Despite any provision in this Sublease to the contrary, if the Original Lease terminates, at the option of Lessor, this Sublease will terminate.

Sublessee further acknowledges that Sublessor may not provide any rights or benefits under this Sublease greater than Sublessor has available to it under the Original Lease. It is the intent of the parties that despite any provision under this Sublease to the contrary, that Sublessee assumes its obligations under the Original Lease as if it was a co-tenant with Sublessor and responsible for 8% of the obligations under the Original Lease. To the extent that the Original Lease imposes financial obligations upon Sublessor, Sublessee specifically agrees to assume 8% of those obligations, despite any provision in the Sublease to the contrary. Nothing in this provision is intended to reduce Sublessee's obligations to Sublessor under this Sublease, so in those instances such as duties of Sublessee to indemnify or other instances where Sublessee is solely liable for a particular obligation, Sublessee remains solely liable for such obligation solely imposed on Sublessee under this Sublease. In the event of a conflict between the terms of this Section and other provisions of this sublease, the terms of this Section shall prevail.

9. INSURANCE:

Sublessor and Sublessee shall be responsible, each at its own expense, for general liability and fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises, in accordance with Paragraph 29 of the Original Lease. Lessor and Sublessor shall be

listed as additional insured on Sublessee's policy of general liability insurance and Sublessee shall be named as additional insured on Lessor's and Sublessor's policies of general liability insurance. All policies shall require that the insurers notify Lessor, Sublessor and Sublessee that a policy is due to expire at least (30) days prior to such expiration. Lessor shall not be required to maintain insurance against thefts within the Premises or the Building. This Paragraph 9 shall survive termination or expiration of this Agreement.

10. INDEMNIFICATION:

Sublessee and Sublessor, and their respective officers, agents, brokers, subcontractors and employees shall indemnify, defend, and hold each other harmless from and against all claims, liabilities, losses, injuries or damages (including all attorneys' fees and costs) arising out of, or in any way connected with, performance of their respective obligations under this Sublease, excepting any loss, injury or damage caused solely by the gross negligence or willful misconduct of the other. This Paragraph 10 shall survive termination or expiration of this Agreement.

11. NOTICES:

All acceptances, approvals, consents, notices, demands, or other communications required or permitted to be given or sent by either party to the other, shall be effective and deemed to have been fully given when made in writing and either (a) delivered in person or (b) five (5) days after deposit in the United States mail, certified and postage prepaid, addressed to:

SUBLESSEE: Alliance for Workforce Development, Inc.
P.O. Box 3750
Quincy, California 95971

SUBLESSOR: County of Nevada
Health and Human Services Agency
P.O. Box 1210
Nevada City, California 95959

With a copy to:
County of Nevada
Facilities Management
10014 North Bloomfield
Nevada City, California 95959

LESSOR:
M.K. Blake Estate Company
Jeff Leiter
944 McCourtney Road, Suite F
Grass Valley, California 95949

The address to which any such written communication may be given or sent to any party may be changed by written notice given by such party as above provided.

12. ENTIRE AGREEMENT:

All preliminary and contemporaneous agreements and understandings are merged and incorporated into this Sublease, which contains the entire agreement between the parties. This Sublease may not be modified or amended in any manner except by an instrument in writing executed by the parties hereto.

13. QUIET POSSESSION:

Sublessee covenants and warrants that so long as Sublessor keeps and performs its covenants and obligations hereunder, Sublessor will keep and maintain Sublessee in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of Sublessee's portion of the Premises during the term of this Sublease.

14. WAIVER:

No waiver of any default of Sublessor or Sublessee hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Sublessor or Sublessee shall not be construed as a waiver of a subsequent breach of the same or other covenant, term or condition.

15. HEADINGS:

The headings used in this Sublease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Sublease.

16. SUCCESSORS:

The provisions of this Sublease shall extend to and be binding upon Sublessor, Sublessee and their respective legal representatives, successors and assigns.

17. CONSENT:

Neither Lessor nor Sublessor shall unreasonably withhold or delay their respective consents with respect to any matter for which Lessor's or Sublessor's consent is required or desirable under this Sublease.

18. GOVERNING LAW:

This Sublease shall be governed, construed and interpreted by, through and under the laws of the State of California.

19. WARRANTY OF AUTHORITY:

The person executing this Sublease on behalf of Sublessee hereby covenants and warrants that Sublessee is a duly authorized and existing corporation and that he/she is duly authorized to execute this Lease.

20. RIGHT TO TERMINATE ON LOSS OF FUNDING:

Irrespective of any provision in the Sublease to the contrary, Sublessee shall have the right to terminate this Lease with respect to all or part of the Premises upon one hundred and eighty (180) days prior written notice to Sublessor ("Termination Notice") if the funding, whether County, State or Federal, for the program or agency for which the Premises were leased is reduced or withdrawn, or if distribution of State or Federal funds to the County is suspended or delayed for any reason or the United States Department of Labor, the State of California, NoRTEC or the County of Nevada eliminates or reduces the level of financial support it provides to Sublessee; provided, however, that any such termination of this sublease shall only be effective to the extent that Sublessor may legally terminate the Original Lease with respect to that portion of the Premises which is being terminated under this Sublease.

21. OBLIGATIONS OF SUBLESSOR:

Sublessor agrees to use reasonable efforts to maintain and perform its obligations under the Original Lease in accordance with the terms of that Original Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as follows, effective the day and year first above written.

Dated: _____

SUBLESSOR:
Alliance for Workforce Development, Inc.

By: _____
Traci Holt
Executive Director

Dated: _____

SUBLESSEE:
County of Nevada

Attest:

By: _____
Dan Miller
Chair of the Board of Supervisors

By: _____
Julie Patterson-Hunter
Clerk of the Board

Approved as to form:

By: _____
County Counsel

CONSENT

Lessor hereby consents to the above Sublease under Commercial Lease Agreement between M. K. Blake Estate Company and the County of Nevada dated December 2, 2014, as amended by Amendment No. 1 dated July 21, 2015 (“Original Lease”), and Lessor agrees to be bound by all obligations of Lessor as set forth herein.

Dated: _____

LESSOR:
M.K. Blake Estate Company

By: _____
Jeffrey Leiter, President