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LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter "LEASE"), made and entered into this 3rd day of Sept August, 1996, by and between SEELEY COUNTY WATER DISTRICT, a political subdivision of the State of California, hereinafter "LESSOR", and the County of Imperial, a political subdivision of the State of California, hereinafter "LESSEE", shall be as follows:

RECITALS

WHEREAS, LESSOR is the record owner of certain real property identified in Paragraph number 1 herein with improvements thereon which it desires to lease to LESSEE; and

WHEREAS, LESSEE seeks to lease the subject property from LESSOR; and

WHEREAS, LESSOR and LESSEE are desirous of entering into an agreement to lease the subject property; and

WHEREAS, LESSOR and LESSEE are desirous of establishing a staffed fire fighting facility in the township of Seeley, California; and

WHEREAS, LESSOR seeks to have LESSEE operate and maintain the park currently located on the subject property; and

WHEREAS, this LEASE is entered into with the understanding that LESSEE shall during its term provide fire service to the township of Seeley and operate and maintain the park currently located on the property to be leased; and

WHEREAS, the subject property shall be used exclusively by LESSEE for fire protection services and a park; and



1 2.2. It is not the intent of the PARTIES to this LEASE to  
2 create, and nothing in this LEASE shall be construed as  
3 creating, a joint venture or partnership or any other  
4 relationship between the PARTIES other than that of  
5 lessor and lessee. Neither LESSOR nor LESSEE authorizes  
6 the other to act as its agent or representative.

7 3. LEASE OF THE PREMISES.

8 LESSOR leases to LESSEE, and LESSEE leases from LESSOR the  
9 PREMISES for the term, at the rental, and upon all of the  
10 terms and conditions set forth herein.

11 4. TERM.

12 4.1. The term of this LEASE shall be for five (5) years,  
13 commencing August 1, 1996, and ending July 31, 2001.

14 4.2. Provided LESSEE is not in default of the terms of this  
15 LEASE, it shall have the option to extend the term of  
16 this LEASE for three (3) additional consecutive periods  
17 of five (5) years each upon the same terms and  
18 conditions.

19 4.3. Written notice to extend the term of this LEASE must be  
20 mailed to LESSOR at least thirty (30) days prior to the  
21 expiration date of the original LEASE term or option  
22 term(s), whichever the case may be.

23 5. RENT.

24 During the term of this LEASE, LESSEE shall pay rent to LESSOR  
25 in the amount of One Dollar (\$1.00) per year as consideration  
26 for LESSEE's provision of fire protection services and park  
27 operation and maintenance.

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1     6.    USE OF PREMISES.

2           LESSEE shall use the PREMISES only for the operation of a park  
3           and fire fighting and rescue services in the Townsite of  
4           Seeley and other unincorporated areas nearby.

5     7.    UTILITIES.

6           7.1. LESSOR shall pay all charges for electricity, water, and  
7           sewer services furnished to that portion of the PREMISES  
8           used for the park during the term of this LEASE and shall  
9           agree to hold LESSEE harmless for any costs related  
10          thereto.

11          7.2. LESSEE shall pay all charges for gas, electricity, water,  
12          sewer, telephone and trash removal services furnished to  
13          that portion of the PREMISES used to operate and maintain  
14          the fire station during the term of this LEASE and shall  
15          agree to hold LESSOR harmless for any costs related  
16          thereto.

17    8.    MAINTENANCE AND REPAIR.

18           LESSEE shall be responsible to perform all maintenance  
19           necessary to operate the PREMISES in compliance with all rules  
20           and regulations as enforced by the appropriate building  
21           inspection authority. However, LESSOR shall be responsible  
22           for any and all costs related to structural repairs of the  
23           existing improvements located thereon and/or constructed by  
24           LESSOR or its employees, agents contractors or subcontractors.

1        9.    ALTERATIONS AND IMPROVEMENTS.

2            9.1. Title to improvements. All right, title and interest to  
3            improvements or facilities which are permanently affixed  
4            to the PREMISES shall vest in LESSOR upon the termination  
5            or expiration of this LEASE. However, LESSEE shall have  
6            the right to remove any equipment or facilities not  
7            permanently affixed to the PREMISES where such removal  
8            can be done without damaging the PREMISES, upon the  
9            termination or expiration of this LEASE. LESSEE may  
10           install in the PREMISES, furniture, equipment and  
11           machinery necessary to meet the uses intended by this  
12           LEASE. LESSEE's trade fixtures shall be and remain the  
13           personal property of LESSEE, which LESSEE may replace and  
14           remove during the term of this LEASE, and which LESSEE  
15           shall remove at the termination of this LEASE. LESSEE,  
16           at its sole cost and expense, shall repair all damage to  
17           the PREMISES which installation, replacement or removal  
18           of the trade fixtures may cause.

19           9.2. LESSEE shall not make any major alterations or  
20           improvements to the PREMISES without obtaining LESSOR's  
21           written consent of the plans and specifications. A major  
22           alteration or improvement is one which costs more than  
23           \$10,000.00. LESSOR shall not unreasonably withhold its  
24           consent.

1 9.3. LESSOR shall have 30 working days from receipt of the  
2 plans and specifications to approve or reject, in whole  
3 or in part, such plans and specifications. The failure  
4 of the LESSOR to reject the plans and specifications  
5 within 30 working days from their receipt shall  
6 constitute acceptance of the submitted plans and  
7 specifications.

8 9.4. If the LESSOR rejects such plans and specifications, in  
9 whole or in part, the LESSOR shall notify LESSEE in  
10 writing of such rejection, and the reasons therefor.

11 9.5. LESSEE shall not be required to purchase or replace any  
12 playground equipment for the park.

13 9.6. LESSOR shall at its sole cost and expense purchase a  
14 sprinkler system to serve the entire park. The type of  
15 sprinkler system to be purchased must meet with the  
16 written consent of LESSEE who shall at its sole cost and  
17 expense install the same.

18 10. ENTRY AND INSPECTION BY LESSOR.

19 LESSOR reserves the right to inspect the PROPERTY to determine  
20 if the covenants of this LEASE are being properly performed.  
21 However, prior to inspecting any structures or improvements  
22 located thereon, LESSOR must provide LESSEE with reasonable  
23 notice of the same and be given LESSEE'S written consent to  
24 perform the inspection. Said written consent shall not be  
25 unreasonably withheld by LESSEE.  
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1 11. HOLD HARMLESS.

2 During the term of this LEASE, LESSEE agrees to hold LESSOR,  
3 its Board of Directors, and each member thereof, and its  
4 agents, servants and employees, harmless from and against any  
5 and all claims arising from LESSEE's use of the PREMISES, or  
6 from the conduct of LESSEE's business on the PREMISES, except  
7 to the extent that such claim is the result of LESSOR, its  
8 Board of Directors, agents, servants or employees willful or  
9 negligent conduct. By entering into this LEASE, LESSEE in no  
10 way whatsoever waives any defenses that it might have,  
11 including sovereign immunity, and all other defenses that it  
12 has concerning fire fighting services or operating and  
13 maintaining a park.

14 12. ENVIRONMENTAL COMPLIANCE.

15 12.1 LESSOR shall be liable for and indemnify LESSEE from  
16 environmental cleanup costs or other similar expenses,  
17 imposed upon LESSEE arising from environmental  
18 contamination of the PREMISES caused by LESSOR.

19 12.2 LESSEE shall be liable for and indemnify LESSOR from  
20 environmental cleanup costs or other similar expenses,  
21 imposed upon LESSEE arising from environmental  
22 contamination of the PREMISES caused by LESSEE.

1     **13.    INSURANCE.**

2           13.1 LESSEE hereby agrees that during the term of this LEASE  
3           or extended term thereof, that it shall be self-insured  
4           to the extent of \$200,000.00 per claim, per the self-  
5           insured retention concept, after which LESSEE's excess  
6           insurance coverage policy takes effect to a limit of \$10  
7           million.    LESSEE shall name LESSOR as an additional  
8           insured on its excess insurance policy so that coverage  
9           is provided LESSOR.

10          13.2 LESSEE, hereby agrees at its sole cost and expense, to  
11          also obtain and maintain in full force during the entire  
12          term of this LEASE and any extended term thereof Fire  
13          insurance in an amount not less than the certified cost  
14          of the fire station structure.    Said coverage shall  
15          include the full replacement for the fire station  
16          structure in the event of loss, damage or destruction by  
17          fire.

18          13.3 Additional Insurance.    Nothing in this, or any other  
19          provision of this LEASE, shall be construed to preclude  
20          LESSOR or LESSEE from obtaining and maintaining any  
21          additional insurance policies in addition to those  
22          required pursuant to this LEASE.

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1       **14.    DAMAGE OR DESTRUCTION**

2           **14.1.   LESSEE's Obligation to Restore.**    If there is damage to  
3           the fire station structure located on the subject  
4           PREMISES from any cause, the cost of repairing which is  
5           fully covered by insurance, LESSEE shall promptly restore  
6           the fire station structure, to approximately the pre-  
7           damaged condition; provided that such restoration can be  
8           completed within sixty (60) days after that date of  
9           casualty.

10          **14.2.   LESSEE's Option to Restore.**    If there is damage to the  
11          fire station structure which is uninsured, or not fully  
12          insured, or if restoration of any fully insured damage to  
13          the fire station structure cannot be completed within the  
14          sixty (60) day period set forth above, or if the fire  
15          station structure is totally destroyed, then, in any such  
16          case, LESSEE may elect to terminate this LEASE or elect  
17          to restore the same to its prior condition.   LESSEE shall  
18          notify LESSOR of its election in writing within seven (7)  
19          days after the date of casualty.   If LESSEE elects to  
20          restore, LESSEE shall promptly restore the fire station  
21          structure.   If LESSEE elects to terminate this LEASE it  
22          shall terminate as of the date of casualty, and the  
23          PARTIES shall have no further obligations under the LEASE  
24          except for obligations which arose prior to or at the  
25          time of the casualty unless LESSOR elects to restore the  
26          fire station structure pursuant to Paragraph 14.4.

1           **14.3. Restoration.** If LESSEE undertakes to restore the fire  
2           station structure pursuant to Paragraphs 14.1 and/or  
3           14.2, or if LESSOR undertakes to restore the fire station  
4           structure pursuant to Paragraph 14.4, this LEASE shall  
5           remain in full force and effect. Rent shall abate from  
6           the date of casualty in the proportion that LESSEE is  
7           actually deprived of use of the fire station structure,  
8           unless the damage is the result of the negligence or  
9           willful misconduct of LESSEE.

10           **14.4. LESSOR's Right to Restore.** LESSOR may prevent LESSEE's  
11           election to terminate pursuant to Paragraph 14.2 and  
12           elect to restore the fire station structure, provided  
13           such restoration can be completed within sixty (60) days  
14           of receipt of the LESSEE's notice of termination and  
15           LESSOR provides LESSEE written notice of its election to  
16           restore within seven (7) days after receipt of LESSEE's  
17           notice of termination. If LESSOR elects to restore the  
18           fire station structure, LESSOR shall be solely  
19           responsible for full restoration of the same to its  
20           condition prior to the damage or destruction, including  
21           the cost thereof. If LESSOR elects to restore the fire  
22           station structure, it shall, first obtain LESSEE's  
23           written approval of the plans and specifications, which  
24           approval shall not be unreasonably withheld.

25           **14.5** Paragraph 14 shall not apply to any other existing  
26           structures located on the subject PREMISES.

1     **15.   ASSIGNMENT.**

2           15.1 Neither this LEASE nor any rights, duties or obligations  
3           hereunder shall be assignable by either Party without the  
4           prior written consent of the other Party.

5           15.2 A Party may demand such assurances, including financial  
6           assurances, modification of this LEASE, or such other  
7           requirements as Party in its sole discretion deems  
8           advisable, as a condition to granting its consent to any  
9           assignee hereunder. Nothing herein shall be construed as  
10          requiring a Party to grant such approval if that Party,  
11          in its sole opinion, deems such grant of consent to be  
12          not in the best interests of the Party.

13          15.3 Consent by a Party to an assignment shall not release the  
14          assigning Party from its primary liability under this  
15          AGREEMENT, and a Party's consent to one assignment, shall  
16          not be deemed a consent to other assignments.

17     **16.   BINDING.**

18           This LEASE shall be binding upon and shall inure to the  
19           benefit of the heirs, successors and assigns of the Parties  
20           hereto.

21     **17.   DEFAULT**

22          17.1.     LESSOR's Default.   If LESSOR fails or refuses to  
23           perform any provision, covenant or condition to be  
24           kept or performed by LESSOR under this LEASE,  
25           LESSEE, prior to exercising any of its rights or  
26           remedies, shall give written notice to LESSOR of  
27           such default, specifying in said notice the nature  
28           of such default and LESSOR shall have thirty (30)

1 days from receipt of such notice to cure said  
2 default. If such default is not cured within said  
3 thirty (30) day period, then LESSEE may in its sole  
4 discretion terminate this LEASE and/or pursue those  
5 remedies available under the law at the time this  
6 LEASE is executed as well as any future remedies  
7 that are created.

8 **17.2. LESSEE'S Default.** If LESSEE fails or refuses to  
9 perform any provision, covenant or condition to be  
10 kept or performed by LESSEE under this LEASE,  
11 LESSOR, prior to exercising any of its rights or  
12 remedies, shall give written notice to LESSEE of  
13 such default, specifying in said notice the nature  
14 of such default and LESSEE shall have thirty (30)  
15 days from receipt of such notice to cure said  
16 default. If such default is not cured within said  
17 thirty (30) day period, then LESSOR may in its sole  
18 discretion terminate this LEASE and/or pursue those  
19 remedies available under the law at the time this  
20 LEASE is executed as well as any future remedies  
21 that are created.

22 **18. SURRENDER OF PREMISES**

23 LESSEE agrees to and shall, on expiration or sooner  
24 termination of the term thereof promptly surrender and deliver  
25 the PREMISES to LESSOR in good condition, ordinary wear and  
26 tear excepted.

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19. AMENDMENTS

No modification, waiver, amendment, discharge, or change of this LEASE shall be valid unless the same is in writing and signed by the party against whom the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

20. GOVERNING LAW

This LEASE shall be governed by the laws of the State of California. This LEASE is made and entered into in Imperial County, California. Any action brought by either party with respect to this LEASE shall be brought in a court of competent jurisdiction within said County.

21. NOTICES.

Any notice by either party to the other shall be personally delivered to the party or sent by certified mail, return receipt requested, to the addresses set forth below, or to such other addresses as either party may from time to time notify the other in writing.

LESSOR:

LESSEE:

Seeley County Water District  
c/o Board of Directors  
P.O. Box 161  
Seeley, CA 92273

County of Imperial  
c/o Director Property Services  
1002 State Street  
El Centro, CA 92243;

1     **22.   ENTIRE LEASE.**

2           This LEASE contains the entire contract between LESSOR and  
3           LESSEE relating to the transactions contemplated hereby and  
4           supersedes all prior or contemporaneous agreements,  
5           understandings, provisions, negotiations, representations, or  
6           statements, either written or oral, including, but not limited  
7           to that certain lease dated January 7, 1992, by and between  
8           the Seeley County Water District and County of Imperial.

9     **23.   MODIFICATION.**

10          No modification, waiver, amendment, discharge, or change of  
11          this LEASE shall be valid unless the same is in writing and  
12          signed by the Party against who the enforcement of such  
13          modification, waiver, amendment, discharge, or change is or  
14          may be sought.

15    **24.   CAPTIONS.**

16          Captions in this LEASE are inserted for convenience of  
17          reference only and do not define, describe or limit the scope  
18          or the intent of this LEASE or any of the terms thereof.

19    **25.   PARTIAL INVALIDITY.**

20          If any provision in this LEASE is held by a court of competent  
21          jurisdiction to be invalid, void, or unenforceable, the  
22          remaining provisions will nevertheless continue in full force  
23          without being impaired or invalidated in any way.

1 26. WAIVER.

2 No waiver of any breach or of any of the covenants or  
3 conditions of this LEASE shall be construed to be a waiver of  
4 any other breach or to be a consent to any further or  
5 succeeding breach of the same or any other covenant or  
6 condition.

7 27. ATTORNEY'S FEES.

8 If either party herein brings an action to enforce the terms  
9 thereof or declare rights hereunder, the prevailing party in  
10 any such action, on trial or appeal, shall be entitled to its  
11 reasonable attorney's fees to be paid by the losing party as  
12 fixed by the court.

13 28. GENDER AND INTERPRETATION OF TERMS AND PROVISIONS.

14 As used in this LEASE and whenever required by the context  
15 thereof, each number, both singular or plural, shall include  
16 all numbers, and each gender shall include both genders.  
17 LESSOR as used in this LEASE or in any other document referred  
18 to in or made a part of this LEASE shall likewise include both  
19 singular and the plural, a corporation, a partnership,  
20 individual, firm or person acting in any fiduciary capacity as  
21 executor, administrator, trustee or in any other  
22 representative capacity or any other entity. All covenants  
23 herein contained on the part of the LESSOR shall be joint and  
24 several if more than one person, firm or entity executes the  
25 LEASE.

1     **29.    AUTHORITY.**

2           Each of the individual's executing this AGREEMENT on behalf of  
3     LESSOR and LESSEE represent and warrant that:

4     **29.1** He/She is duly authorized to execute and deliver this  
5           AGREEMENT on behalf of LESSOR or LESSEE as applicable;  
6           and

7     **29.2** Such execution and delivery on behalf of the Parties is  
8           duly authorized by the legislature and executive of each  
9           party and is within the power and authority of the  
10          signatory as granted by such body or executive of the  
11          same.

12    **29.3** This LEASE is binding upon the respective Parties in  
13          accordance with its terms.

14    **30.    COUNTERPARTS.**

15          This LEASE may be executed in counterparts.

16    **31.    REVIEW OF LEASE TERMS.**

17          This LEASE has been reviewed and revised by legal counsel for  
18          both LESSOR and LESSEE, and no presumption or rule that  
19          ambiguities shall be construed against the drafting party  
20          shall apply to the interpretation or enforcement of the same  
21          or any subsequent amendments thereto.



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IN WITNESS WHEREOF, the Parties hereto have caused this LEASE to be executed the day and year first above written.

LESSEE  
COUNTY OF IMPERIAL

LESSOR  
SEELEY COUNTY WATER DISTRICT

By: [Signature]  
Dean Shores, Chairman  
Board of Supervisors

By: [Signature]  
Rocky Vandergriff, President  
Board of Directors

ATTEST:

ATTEST:

By: [Signature]  
Linda K. Weaver, Clerk  
Board of Supervisors

By: [Signature]  
Ruth Laye, Clerk  
Board of Directors

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: [Signature]  
Jeffrey E. Cox  
Deputy County Counsel

By: [Signature]  
Dennis Morita, Counsel  
for LESSOR



This foregoing instrument is a true and correct copy of the Original on File in this office  
ATTEST: 10-7-96  
[Signature]  
Clerk of the Board of Supervisors  
County of Imperial, State of California