SECOND AMENDMENT TO LEASE

This Second Amendment to Lease ("Second Amendment"), dated ("Effective Date") is by and between PENA CREEK LAND COMPANY, a California limited partnership ("Landlord"), and the NORTHERN SONOMA COUNTY AIR POLLUTION CONTROL DISTRICT ("Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "parties" and singularly as "party". All capitalized terms used herein shall, unless otherwise defined, have the meaning ascribed to those terms in the Lease (as defined below).

RECITALS

WHEREAS, Landlord and Tenant entered into that certain Lease dated July 25, 1996 ("Lease") for premises located at 150 Matheson Street, Healdsburg, California, said premises being more particularly described in the Original Lease ("Premises"); and

WHEREAS, on September 30, 2001, Tenant properly exercised its first option to extend the term of the Lease; and

WHEREAS, on December 2, 2004, Tenant properly exercised its second option to extend the term of the Lease; and

WHEREAS, on November 28, 2007, Tenant properly exercised its third option to extend the term of the Lease, and

WHEREAS, on August 9, 2011, Landlord and Tenant entered into the First Amendment to Lease, and

WHEREAS, Landlord and Tenant desire to amend the Lease a second time in order to: (i) extend the Lease term; (ii) specify rental payments; and (iii) provide for certain other terms and conditions as hereafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that as of the Effective Date of this Second Amendment to Lease, the Lease is modified as follows:

AGREEMENT

1. The foregoing Recitals are true and correct.

2. Section 2.1 of the Lease, along with the First Amendment To Lease, are hereby superseded in their entirety by the following section:
"2.1 Term. The term of this Lease shall commence on the Commencement Date provided for in Section 2.2 below and shall expire on August 31, 2019.

3. Subsection 4.2.1 is added to the Lease as follows:

   "4.2.1 Rental Amount for Years 21 - 23. Tenant shall pay to Landlord in lawful money of the United States, the following sums as rent ("Minimum Monthly Rent") for said Premises during the years 21 – 23 of this Lease:

   Year 21: September 1, 2016 – August 31, 2017 $5,182 per month

   The Minimum Monthly Rent provided for in this Subsection 4.2.1 shall be subject to adjustment upon commencement of the 22nd year of the Lease and each year thereafter (the "Adjustment Date"), as follows:

   The base for computing the adjustment is the Consumer Price Index All Urban Consumers (base year 1982-1984=100) for San Francisco-Oakland-San Jose published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is in effect on the Commencement Date ("Beginning Index"). The Index published most immediately preceding the Adjustment Date in Question ("Extension Index") is to be used in determining the amount of the adjustment. If the Extension Index has increased over the Beginning Index, the Minimum Monthly Rent for the following year (until the next rent adjustment) shall be set by multiplying the rent most recently in effect pursuant to Subsection 4.2 above by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. If the Index is discontinued or revised during the term, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In no event shall the Minimum Monthly Rent be adjusted by less than two percent (2%), or by more than four percent (4%).

5. Section 8 of the Lease is deleted in its entirety.

6. Except to the extent the Lease is specifically amended or supplemented hereby, the Lease, together with exhibits is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be constructed to modify, invalidate or otherwise affect any provision of the Lease or any right of Tenant or Landlord arising thereunder.

7. This Second Amendment shall be governed by and construed under the internal laws of the State of California, and any action to enforce the terms of this Second Amendment or for the breach thereof shall be brought and tried in the County of Sonoma.
LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS SECOND AMENDMENT AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS SECOND AMENDMENT, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO
IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the Effective Date.

"LANDLORD": PENA CREEK LAND COMPANY, a California limited partnership

By: ____________________________
    Thomas Passalacqua
    Partner

"TENANT": NORTHERN SONOMA COUNTY AIR POLLUTION CONTROL DISTRICT

By: ____________________________
    Robert Bamford
    Air Pollution Control Officer

APPROVED AS TO FORM FOR TENANT:

______________________________
David McFadden
Deputy County Counsel