

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Chief Executive Office

BOARD AGENDA: 6.B.8
AGENDA DATE: September 17, 2019

SUBJECT:

Approval of a Five-Year Lease of a Property Located at 1128 9th Street, Modesto, California in the Unincorporated Area of Stanislaus County for Use as Emergency Family Housing

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2019-0568

On motion of Supervisor Chiesa , Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Berryhill, DeMartini, and Chairman Withrow

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION: This Item was removed from the consent calendar for discussion and consideration.

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:6.B.8
AGENDA DATE: September 17, 2019

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval of a Five-Year Lease of a Property Located at 1128 9th Street, Modesto, California in the Unincorporated Area of Stanislaus County for Use as Emergency Family Housing

STAFF RECOMMENDATION:

1. Approve entering into a five-year Lease for a motel property to be used as an emergency family shelter located in the unincorporated area of the County at 1128 South 9th Street, Modesto, California 95350.
2. Authorize the Chief Operations Office to execute the Lease and carry out such other tasks as may be necessary to implement the Lease and utilized the leased property as an emergency family shelter.
3. Authorize the Director of the Community Services Agency or her designee to negotiate and execute an operator agreement for this project.

DISCUSSION:

Homelessness has emerged as a key priority in Stanislaus County as a result of the steady growing population of individuals experiencing homelessness. The 2019 Stanislaus County Homeless Point-In-Time Count found 1,923 individuals experiencing homelessness some of whom were unsheltered and others who were housed in emergency/transitional shelters. Of the individuals counted 250 were youth under the age of 18. The Modesto Outdoor Emergency Shelter (MOES) opened in Spring 2018 and will remain open until late Fall 2019. There are an estimated 450 individuals living at MOES, which includes numerous families.

Since February 27, 2018, when the Board of Supervisors adopted the vision of a Permanent Access Center (PAC) Strategy to serve those at risk for experiencing homelessness, many significant efforts have been undertaken to identify options and plans for a Permanent Access Center and Satellite Emergency Homeless Shelters. These efforts have included:

- A significant County wide search for available private sector facilities for shelters;
- A request to each City in the County to propose shelter options;

- A professional real estate search seeking motel properties to purchase or lease for shelters and efforts with existing local shelters for expansion at those locations.

The vision of the Permanent Access Center is a “one-stop” shop where coordinated services can be provided along with critical housing. Also, a community wide increase in transitional and affordable housing will be a key factor to reducing homelessness. The vision for the Permanent Access Center focuses on four broad community-based engagement strategies to build relationships and assist people who are homeless or at risk of homelessness. These strategies include:

1. Engagement: Improving community-based engagement strategies to build relationships with people who are homeless or at risk of homelessness;
2. Coordinated Access: Developing a county-wide coordinated access system integrating public and community-based supports;
3. Housing: Improving both the quantity and quality of temporary, transitional, and permanent supportive housing in the county; and
4. Supportive Services: Increasing the availability and effectiveness of supportive services that help people transition out of and stay out of homelessness.

Several projects are currently underway throughout the County to address the increasing housing crisis and to ensure individuals have options for immediate shelter needs and a plan is in place to assist individuals on a path towards permanent housing. The County’s new Access Center and emergency shelter will open on or before November 15, 2019. This effort is a result of the partnership between the City of Modesto, Stanislaus County and the Salvation Army, and it will provide 182 shelter beds.

There is an immediate need to find shelter for families experiencing homelessness, particularly for families with school age children. To address this need, staff is recommending the lease of a property, currently used as a motel, located at 1128 South 9th Street in Modesto. The proposed property is in the unincorporated area of the County and has 21 units and a three-bedroom manager apartment/office. The term of the Lease is five years, with an additional five-year option and a first right of refusal to purchase the property. Funds for this Lease and the associated services to be provided at the site are available through the Community Services Agency allocation from the State of California’s Homeless Support Program.

If approved, the Community Services Agency will oversee the operations of the year-round shelter for families. This program will be operated based on the successful 2018-2019 Empire Migrant Center Cold Weather Family Shelter model. The facility will operate 24 hours a day and it is envisioned that families located at the property will have access to needed supportive services and life skills training.

The Empire Migrant Center Cold Weather Family Shelter model was successful in placing 20 of the 22 families in permanent housing. Additionally, 61% of the families who participated in the program were connected to behavioral health services and 52% increased their household income by finding employment through the Welfare to Work Program. If approved, the proposed plan for the leased property envisions housing families and accommodating between 40 and 50 individuals. Having multiple families at once location at 9th Street property will help build on this successful model.

POLICY ISSUE:

The Board of Supervisors approval is required for this long-term lease.

FISCAL IMPACT:

If approved, the lease of this property and the program will use approved appropriations received from the State's Housing Support Program (HSP) or other budgeted CSA program funds. The annual cost of the program is estimated to be \$873,600. Of this amount, the annual lease cost is \$348,000. The remaining \$525,600 will be used for family supportive services, and to pay for other property costs including utilities, maintenance, security and other facility costs.

BOARD OF SUPERVISORS' PRIORITY:

Approval of these recommended actions is consistent with the Board of Supervisor's Priority of *Supporting Strong and Safe Neighborhoods, Supporting Community Health and Delivering Efficient Public Services and Community Infrastructure* by ensuring that families experiencing homelessness have a safe place to stay while engaging in needed services.

STAFFING IMPACT:

This program and the lease of this property will be successfully completed by existing Community Services Agency and Chief Executive Office staff.

CONTACT PERSON:

Patricia Hill Thomas, Chief Operations Officer

Telephone: (209) 525-6333

ATTACHMENT(S):

1. Lease

FACILITY LEASE

1128 South 9th Street, Modesto, California 95351

Landlord

ANAND AND PINKI PATEL, HUSBAND AND WIFE

Tenant

COUNTY OF STANISLAUS

Date for Reference Purposes Only

9 / 10 /2019

TABLE OF CONTENTS

[to be updated]

Page

| | | |
|------------|--|-----------|
| 1. | Basic Lease Provisions..... | 1 |
| 1.1 | Parties..... | 1 |
| 1.2 | Premises..... | 1 |
| 1.3 | Building..... | 1 |
| 1.4 | Term..... | 1 |
| 1.5 | Base Rent..... | 3 |
| 1.6 | Rent Paid Upon Execution..... | 4 |
| 1.7 | Security Deposit..... | 4 |
| 2. | Lease of the Premises..... | 4 |
| 2.1 | Lease..... | 4 |
| 2.2 | Vehicle Parking..... | 4 |
| 3. | Term/Improvements..... | 4 |
| 3.1 | Term..... | 4 |
| 3.2 | Initial Improvements..... | 4 |
| 3.3 | Early Possession..... | 5 |
| 4. | Rent..... | 5 |
| 4.1 | Base Rent..... | 5 |
| 5. | Use..... | 5 |
| 5.1 | Use..... | 5 |
| 5.2 | Compliance with Law..... | 5 |
| 5.3 | Condition of Premises..... | 5 |
| 6. | Maintenance, Repairs and Alterations..... | 7 |
| 6.1 | Tenant's Obligations..... | 7 |
| 6.2 | Landlord's Obligations..... | 7 |
| 6.3 | Alterations and Additions..... | 8 |
| 7. | Security and Utilities..... | 9 |
| 7.1 | Services Provided by Landlord:..... | 9 |
| 8. | Insurance; Indemnity..... | 9 |
| 8.1 | Liability Insurance - Tenant..... | 9 |
| 8.2 | Liability Insurance - Landlord..... | 9 |
| 8.3 | Property Insurance - Tenant..... | 9 |
| 8.4 | Property Insurance - Landlord..... | 10 |
| 8.5 | Insurance Policies..... | 10 |

TABLE OF CONTENTS
(continued)

| | Page |
|------|--|
| 8.6 | Waiver of Subrogation..... 11 |
| 8.7 | Indemnities..... 11 |
| 9. | Damage or Destruction..... 12 |
| 9.1 | Definitions..... 12 |
| 9.2 | General..... 12 |
| 9.3 | Additional Obligations for Material Casualty Damage..... 13 |
| 9.4 | Termination - Advance Payments..... 13 |
| 9.5 | Waiver..... 13 |
| 10. | Tenant's Personal Property Taxes..... 13 |
| 11. | Assignment and Subletting..... 13 |
| 11.1 | General..... 13 |
| 11.2 | Terms and Conditions Applicable to Assignment and Subletting: 14 |
| 12. | Default; Remedies..... 14 |
| 12.1 | Default: 14 |
| 12.2 | Remedies: 14 |
| 12.3 | Default by Landlord..... 15 |
| 12.4 | Tenant's Remedies..... 15 |
| 13. | Condemnation..... 15 |
| 14. | Broker's Fee..... Error! Bookmark not defined. |
| 15. | Severability..... 16 |
| 16. | Time of Essence..... 16 |
| 17. | Incorporation of Prior Agreements; Amendments..... 16 |
| 18. | Notices..... 16 |
| 19. | Waivers..... 16 |
| 20. | No Recording..... 16 |
| 21. | Holding Over..... 16 |
| 22. | Cumulative Remedies..... 17 |
| 23. | Binding Effect; Choice of Law..... 17 |
| 24. | Subordination..... 17 |
| 24.1 | Subordination or Priority of Lease..... 17 |
| 24.2 | Execution of Documents..... 17 |
| 24.3 | Nondisturbance..... 17 |
| 25. | Landlord's Access..... 17 |
| 25.1 | Rights of Landlord..... 18 |

TABLE OF CONTENTS
(continued)

| | Page |
|---|-------------|
| 25.2 No Abatement of Rent..... | 18 |
| 25.3 Means of Entry..... | 18 |
| 26. Signs and Directories..... | 18 |
| 27. Quiet Possession..... | 18 |
| 28. Restrictions on Signs/Access..... | 18 |
| 29. Authority..... | 18 |
| 30. Conflict..... | 18 |
| 31. No Offer..... | 18 |
| 32. Multiple Parties..... | 18 |
| 33. Hazardous Materials..... | 18 |
| 33.1 Definition of Hazardous Materials..... | 19 |
| 33.2 Hazardous Materials Use..... | 19 |
| 34. Mortgagee Protection Clause..... | 19 |
| 35. Early Termination..... | 19 |
| 35.1 Termination due to Funding Issues..... | 19 |
| 35.2 Termination for Any Reason..... | 20 |
| 36. Attachments..... | 20 |
| 37. Nondiscrimination..... | 20 |
| 38. Force Majeure..... | 20 |
| 39. Counterparts..... | 20 |
| 40. No Partnership..... | 20 |
| 41. Contract Interpretation..... | 20 |
| 42. Captions..... | 20 |
| 43. Transfer of Landlord's Interest..... | 20 |
| 44. Limitation on Landlord's Liability..... | 22 |
| 45. Independent Legal Representation..... | 20 |

FACILITY LEASE

1128 South 9th Street, Modesto, California 95351

1. **Basic Lease Provisions ("Basic Lease Provisions").** The parties agree to the following basic provisions of this facility lease ("**Lease**"), including the exhibits attached to and incorporated herein:

1.1 **Parties.** This Lease dated, for reference purposes only, September 10, 2019, is made by and between ANAND AND PINKI PATEL, HUSBAND AND WIFE ("**Landlord**") and COUNTY OF STANISLAUS, a political subdivision of the State of California ("**Tenant**"). In this Lease, Landlord and Tenant are sometimes referred to collectively as the "**Parties**" or individually as "**Party**."

1.2 **Premises.** The "**Premises**" shall be defined as the motel property located at 1128 South 9th Street, Modesto, California 95354 (APN 039-10-0002), a legal description of which is attached hereto as **Exhibit A** (hereinafter the "**Building**"), consisting of 21 single-bedroom units and a three-bedroom "Manager Suite" apartment unit ("**Rentable Area**"), and all associated restrooms, stairways, lobbies, corridors, walkways, parking lot areas, common laundry rooms, furnishings, equipment and Building entrances that are within or adjacent to the Building (collectively "**Common Areas**").

1.3 **Building.** A single-story inn located at 1128 South 9th Street, Modesto, County of Stanislaus, State of California (the "**Building**") which will provide for 21 single-bedroom units and a three-bedroom "Manager Suite/ Apartment" unit of Rentable Area for Tenant's use.

1.4 **Term and Right of First Offer/Refusal.**

(a) **Initial Term.** The initial term of this Lease ("**Initial Term**") shall be a period commencing on November 15, 2019 (or other date mutually approved by the Parties), after the Premises are certified for occupancy as demonstrated by the signed off construction permit issued by the County ("Construction Permit") (the "**Commencement Date**") and continuing for a period of 60 months or 5 full calendar years, plus, if the Commencement Date is other than the first day of a calendar month, the period from the Commencement Date until the last day of the month in which the Commencement Date occurs (the "**Initial Term Expiration Date**"). Within 15 days following the Commencement Date, the parties shall execute a Confirmation of Lease Terms Memorandum (the "**Confirmation**") in the form of **Exhibit D** attached hereto, which sets forth the Commencement Date, Base Rent (as hereafter defined), and expiration of the Initial Term. The parties agree that time is of the essence and Landlord and Tenant acknowledge and agree that the Commencement Date cannot be later than November 15, 2019 ("**Anticipated Commencement Date**"). If, because of Tenant Delay (as defined below), Tenant delays the Commencement Date to a date which is after the Anticipated Commencement Date, (a) the Commencement Date shall be the date the Commencement Date would have occurred had Tenant not caused such delays and (b) the Anticipated Commencement Date and any other time period in which Landlord is obligated to perform various actions hereunder shall be extended by the number of days as such performance or other day is delayed due to any Tenant Delay. "**Tenant Delay**" means any delay in the performance of Landlord's obligations hereunder that occurs as the result of (i) any request by Tenant either that Landlord perform any work in addition to Landlord's Work, or that Landlord delay commencing or completing Landlord's Work to be performed prior to the Commencement Date for any reason; (ii) any failure of Tenant to respond to any request for approval required hereunder within the period specified herein for such response or, where no response time is specified, within a reasonable period after receipt of request therefor; or (iii) Tenant's failure to cause to be delivered to Landlord, by the date on which Landlord requires such materials or other specifications, any materials or other specifications required to be provided by Tenant, provided Landlord has given Tenant reasonably sufficient advance notice of the date on which Landlord will require such materials or other specifications.

(b) **Extended Term.** Unless Tenant's funding for its Lease of the Premises ceases or the Parties otherwise terminate this Lease, as provided herein, the Term of this Lease shall be extended

for an additional period of five years (“**Extended Period**”) with the Extended Period commencing on the day after the Initial Term Expiration Date, on the same terms, covenants and conditions contained in this Lease. For purposes of this Lease, the word “**Term**” shall refer collectively to the Initial Lease Term and any Extended Term.

(i) Parties will agree to further meet and confer if either party seeks consideration of an additional Lease extension period.

(c) **Right of First Offer.** In the event Landlord decides to sell the Property during the Term of this Lease, Landlord agrees to follow the following procedure:

(i) Landlord shall deliver a notice (Offer Notice) to Tenant stating (i) its good faith intention to sell the Property, and (ii) the price, terms, and conditions on which it proposes to sell the Property.

(ii) By written notification given by Tenant (Acceptance Notice), within 30 calendar days after the giving of the Offer Notice, Tenant may elect to purchase the Property on the terms and conditions specified in the Offer Notice.

(iii) If the Acceptance Notice is not given, or not given in a timely manner, then Landlord may, during the immediately following 90-day period (Permitted Sale Period), enter into a contract to sell the Property (with closing no more than 90 days after the full execution date of the contract) to any person or persons at a price not less than the price stated in the Offer Notice, and on terms and conditions not materially more favorable to another party (buyer) than those specified in the Offer Notice. If Landlord does not complete the sale of the Property before the end of the Permitted Sale Period, the right of first offer provided hereunder shall be deemed to be revived, and the Property shall not be offered for sale or sold unless first reoffered to Tenant in accordance with this section.

(iv) The right of first offer in this section shall not be applicable to sales or transfers of the Property on account of: intrafamily transfers, reorganization, sale, or transfer to an affiliated entity.

(v) The right of first offer set forth in this section may not be assigned or transferred by Tenant.

(d) **Right of First Refusal.** In the event Landlord decides to sell the Property during the Term of this Lease and does not enter into a contract to sell the Property during the Permitted Sale Period as set forth in Section 1.4(c) above, Landlord agrees to follow the following procedure:

(i) If Landlord receives an Offer from a Qualified Purchaser that Landlord is willing to accept, Landlord shall give Tenant a copy of the Offer and certify to Tenant that the proposed purchaser is a Qualified Purchaser (Offer Notice). Any such sale shall be pursuant to a written offer (Offer) from Qualified Purchaser, who shall be an independent third party that is not directly or indirectly owned, or controlled by, or under common control with Tenant and that intends to purchase the Property for its own account.

(ii) Tenant shall have thirty (30) days from the delivery of the Offer Notice (Acceptance Period) within which to notify Landlord of its election to purchase the Property under the terms and conditions specified in the Offer, by giving written notice to Landlord (Acceptance Notice) of such election.

(iii) On delivery of the Acceptance Notice, Landlord and Tenant shall forthwith proceed to consummate the sale and purchase of the Property on the terms and conditions set forth in the Offer.

(iv) If the Acceptance Notice is not transmitted by the Tenant in a timely manner, then Landlord may thereafter enter into a contract to sell the Property any time within 90 days after the expiration of the Acceptance Period, on the terms and conditions set forth in the Offer, free and clear of any rights of Tenant under this Right of First Refusal with respect to that sale only. Landlord may make changes in the terms and conditions of the Offer as long as such changes are not materially more favorable to another party (buyer) and are agreed to by Tenant after the Offer has been submitted to Tenant.

(v) Any sale or proposed sale on any other terms and conditions or after expiration of said 90 days shall be a new sale subject to all of the terms of this Right of First Refusal.

(vi) The right of first refusal set forth in this section shall not be applicable to sales or transfers of the Property on account of: intrafamily transfers, reorganization, sale, or transfer to an affiliated entity.

(vii) The right of first refusal set forth in this section may not be assigned or transferred by Tenant.

1.5 Rent.

(a) Starting on the Commencement Date and continuing on the first day of each month during the Term, Tenant shall pay the following base rent per month (“**Total Rent**”) without notice, demand, deduction or offset (except as may otherwise be expressly provided in this Lease):

| Year | Premises Rentable Area Square Footage | Monthly Rent/RSF | Annual Rent Increase | Monthly Total Rent |
|------|---------------------------------------|------------------|----------------------|--------------------|
| 1 | 8057 | \$3.59* | N/A | \$29,000.00 |
| 2 | 8057 | \$3.59* | N/A | \$29,000.00 |
| 3 | 8057 | \$3.66 | 2.0% | \$29,488.62 |
| 4 | 8057 | \$3.73 | 2.0% | \$30,052.61 |
| 5 | 8057 | \$3.80 | 2.0% | \$30,616.60 |
| 6 | 8057 | \$3.90 | 2.5% | \$31,422.30 |
| 7 | 8057 | \$4.00 | 2.5% | \$32,228.00 |
| 8 | 8057 | \$4.10 | 2.5% | \$33,033.70 |
| 9 | 8057 | \$4.20 | 2.5% | \$33,839.40 |
| 10 | 8057 | \$4.31 | 2.5% | \$34,725.67 |

* Rounded-Monthly Rent in Year 1 and 2 is \$29,000

(b) If the Commencement Date falls on other than the first day of a calendar month, then the first full month of the Lease Term shall be Month 1 under the above schedule, and (pro-rated) Total Base Rent for the remainder of the month in which the Commencement Date occurs shall be paid no later than the date on which the second full month’s Total Base Rent is due.

1.6 Rent Paid Upon Execution. Following approval of this Lease by Tenant's Board of Supervisors and on execution of this Lease, Tenant will pay Landlord the amount of Total Base Rent for the first full month of the Initial Term, and such payment shall be applied to such month as and when it becomes due.

1.7 Security Deposit. None.

2. Lease of the Premises.

2.1 Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises for the Term and in accordance with all of the covenants and obligations set forth in this Lease.

2.2 Vehicle Parking.

(a) Landlord shall provide Tenant with surface parking lot adjacent to the Building, on property owned by Landlord. Tenant shall have sole discretion in how the parking lot is used and how parking is designated, regulated and managed for its employees and all guests and visitors.

(b) Landlord specifically warrants that Tenant's parking rights under Section 2.2(a) above do not conflict with any terms, conditions, or covenants between Landlord and any other party with regards to the surface parking lot, for the shared use of the parking lot, and Landlord has the right to provide Tenant with those parking rights under any such terms, conditions, and covenants.

2.3 Garden Area. The Parties agree that Landlord shall maintain exclusive use and rights to Landlord's garden area as identified in the site plan attached hereto as Exhibit C, to include the freestanding locked storage container. Landlord shall use this garden area for their exclusive use and Tenant shall have no access to this area and shall not interfere with its continued use by Landlord. Landlord agrees and hereby consents to Tenant's inspection and acceptance of the above referenced storage container prior to Lease execution and upon reasonable notice throughout the term of this Lease to certify that no hazardous materials are stored therein.

3. Term/Improvements.

3.1 Term. The Term of this Lease shall be as set forth in Section 1.4 above.

3.2 Initial Improvements. The Parties agree to conduct a full property inspection prior to the execution of this Facility Lease. Landlord shall perform those repairs identified by the inspection consultant and the County's inspector as being necessary to the County's occupancy, a list of which are attached hereto as Exhibit D, on or before October 15, 2019 including a final walkthrough by the inspector. In addition, prior to commencement of occupancy under this Facility Lease, Landlord will replace the full roof system on the Premises, including removal of any dry rot or other unsuitable conditions. Prior to commencement of occupancy under this Facility Lease, Landlord will also ensure the main electrical system, the freestanding storage container in the garden area (see Section 2.3 above), the septic system(s), and the central HVAC system in the apartment are all certified operational.

3.3 Further Improvements. In the event that Landlord and Tenant subsequently agree to perform any further improvements to the Premises prior to Tenant's occupancy, any such Initial Improvement Work shall be designed, constructed and installed in full compliance with all covenants and restrictions of record, and all applicable building codes, regulations, ordinances, the Americans with Disabilities Act of 1990 (the "ADA"), all labor, minimum wage and prevailing wage laws (including without limitation Labor Code Section 1720.2 if applicable), and all other applicable laws and regulations (collectively, "Laws"). If the parties agree to perform such Initial Improvements prior to Tenant's occupancy, Tenant shall be permitted access to the Premises to install Tenant's Work, provided that Tenant provides evidence of insurance required under this Lease to Landlord prior to entry onto the Premises and Tenant

does not unreasonably interfere with Landlord's use and enjoyment of the remaining areas of the Building, not leased to Tenant under this Lease Agreement.

3.4 Early Possession. If Tenant occupies the Premises prior to the Commencement Date, it shall be with Landlord's prior written consent and all the other terms and provisions of this Lease shall remain in effect as if the Commencement Date had occurred but Tenant shall not be required to pay Base Rent for such occupancy until the Commencement Date has occurred.

4. Rent.

4.1 Base Rent. From and after the Commencement Date, Tenant shall pay the Total Base Rent as specified in Section 1.5 above, as the same is adjusted from time to time pursuant to this Lease.

5. Use.

5.1 Use. The Premises shall be used and occupied for the purpose of housing and the administration of programs in support of families or persons housed at the Premises and for no other purpose.

5.2 Compliance with Law.

(a) Landlord, to its actual knowledge and without further inquiry, warrants to Tenant that the Building and Premises, in the state existing on the Commencement Date, do not violate applicable Laws in effect on the Commencement Date, except for certain regulations under the current Americans With Disabilities law ("ADA") that involve modifications to certain improvements to the Premises which Landlord has not been required to complete by the governmental agencies with jurisdiction over such matters. In the event it is determined that the Building or Premises, in the state existing on the Commencement Date, do violate any applicable Laws in effect on the Commencement Date, then it shall be the obligation of the Landlord, after written notice from Tenant, to promptly, at Landlord's sole cost and expense, rectify any such violation, unless such violation results from Tenant's design and/or construction of the Initial Improvements, if any, or other related Tenant Work, in which case Tenant shall be solely responsible for the cost and expense of correcting such violation. Except to the extent involving access to the Premises, utilities serving the Premises, and life-safety systems serving the Premises, compliance with such Laws under this Section 5.2(a) shall not be required where (i) the use or condition is a legal nonconforming use or (ii) such Laws are not enforced or enforceable due to a preexisting use or condition.

(b) Tenant shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or Building in any manner that will tend to create waste or a nuisance, or unreasonably disturb other occupants therein.

(c) Landlord has investigated Tenant's proposed occupation and use of the Premises, and has satisfied itself that such occupation and use satisfies all applicable fire insurance underwriter requirements and rating bureaus to maintain Landlord's current fire insurance. If Tenant changes its manner of occupying and using the Premises in a manner which conflicts with the requirements of any fire insurance underwriters or rating bureaus, and such change results in an increase in Landlord's fire insurance premiums, Tenant shall be responsible for the increase.

5.3 Condition of Premises. Except as otherwise provided in this Lease, including without limitation Landlord's obligations under Section 5.2, and subject to the Stanislaus County Board of Supervisors approval of the Lease Premises and Building following a comprehensive property inspection, including photographic documentation, to establish and document the condition of the Premises and Building as of the Commencement Date, and subject to confirmation of Landlord's ownership of and title to the Premises, and verification that Rents paid by Tenant will not be subject to any Transient Occupancy Taxes ("T.O.T."), Tenant hereby accepts the Premises and Building in their condition existing as of the Commencement Date subject to all applicable zoning, municipal, county and state laws, ordinances and

regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Subject to the conditions noted above in this Section 5.3, Tenant acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that except as expressly provided in this Lease neither Landlord nor Landlord's agents or representatives have made any representation or warranty as to the present or future suitability of the Premises or Building for the conduct of Tenant's business.

6. Maintenance, Repairs and Alterations.

6.1 Tenant's Obligations.

(a) Tenant shall pay for and be solely responsible for janitorial service to the Premises.

(b) Tenant shall pay for and be solely responsible for all water, gas, heat, air conditioning, light, power, premises telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Tenant, together with any taxes thereon.

(c) Except for Landlord's obligations herein and subject to Sections 9 and 13, Tenant shall at all times and at Tenant's sole cost and expense, keep, maintain, clean, repair, preserve and replace, as necessary, the Premises and all parts thereof including, without limitation, the Initial Improvements (if any), Alterations (as defined below), all special or supplemental HVAC systems, air conditioning units for each of the 21 rooms, electrical systems, pipes and conduits located within the Premises, all fixtures, furniture and equipment, Tenant's signs, locks, closing devices, security devices, interior windows, window sashes, casements and frames, floors and floor coverings, shelving, kitchen and/or restroom facilities and appliances located within the Premises, custom lighting installed by or on behalf of Tenant, and any Alterations or other property located within the Premises in first class condition and repair, reasonable wear and tear excepted. Tenant's maintenance and repair obligations shall (a) be limited to (i) the interior ceilings, walls (excluding framing) and floor coverings of the Premises; (ii) interior and exterior doors and glass; (iii) plumbing pipes, electrical wiring, light switches, and electrical fixtures in the Premises, and (iv) equipment installed by or at the expense of Tenant and (b) exclude any repairs which are needed as a result of the act or omission of Landlord or Landlord's employees, clients, partners, contractors or agents. In addition, Tenant shall be responsible for all repairs and Alterations in and to the Premises and Building and the facilities and systems thereof to the satisfaction of Landlord, the need for which arises out of (a) Tenant's use or occupancy of the Premises, (b) the installation, removal, use or operation of Tenant's property in the Premises, (c) the moving of Tenant's property into or out of the Building, or (d) the act, omission, misuse or negligence of Tenant or Tenant Parties (as defined in Section 8.1). Such maintenance and repairs shall be performed with due diligence, lien free and in a good and workmanlike manner, by licensed contractor(s) which are selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay.

6.2 Landlord's Obligations.

(a) Subject to Sections 9 and 13, Landlord shall have sole responsibility to keep the Building exterior, including without limitation exterior walls and roof, common areas of the Premises the main electrical equipment and distribution panel that serves the Premises, the mechanical system that serves Landlord's former residence in the Premises and the septic system serving the Premises and Building, in good condition and repair.

(b) Subject to Sections 9 and 13, and except as provided in Section 6.1, Landlord shall have sole responsibility to perform all major repairs, replacements and upgrades, if required by applicable laws, codes, ordinances, or regulations, and to keep in good condition and repair: (i) the Building shell and other structural portions of the Building (including the roof and foundations), (ii) the heating, ventilating, air conditioning ("**HVAC**") for that portion of the Premises that was previously Landlord's residence, sprinkler and electrical systems within the Building core and standard conduits, connections and distribution systems thereof within the Premises (but not any above standard improvements installed in the Premises such as, for example, but by way of limitation, custom lighting, special or supplementary HVAC or plumbing systems or distribution extensions, special or supplemental electrical panels or distribution systems, or kitchen or restroom facilities and appliances to the extent such facilities and appliances are intended for the exclusive use of Tenant), and (iii) all septic systems and/or underground sewer lines servicing the Premises and Building; provided, however, to the extent such maintenance, repairs or replacements are required as a result of any negligent act or omission of Tenant or Tenant Parties, Tenant shall pay to Landlord, as additional rent, the costs of such maintenance, repairs and replacements. Landlord shall not be liable to Tenant for failure to perform any such maintenance, repairs or replacements, except to the extent caused

by Landlord's gross negligence or willful misconduct. Except as otherwise provided herein (including without limitation Section 27.1), there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Without limiting the foregoing, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Section 1942 and any successive sections or statutes of a similar nature).

(c) Landlord shall have the sole responsibility to pay, at Landlord's sole cost and expense, all Property Taxes for the Premises and Building, provided, however, that Landlord may satisfy its obligations under this Section 6.2(c) by applying for and obtaining a waiver of all such Property Taxes during the Lease Term.

6.3 Alterations and Additions.

(a) Tenant shall not, without Landlord's prior written consent, make any alterations, improvements, additions, Utility Installations or repair in, on or about the Premises, or the Building ("**Alterations**"). As used in this Section 6.3, the term "**Utility Installations**" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. Landlord agrees to allow Tenant to install such fixtures and appliances as may be necessary for the proper conduct of its business; provided that no such installation or removal thereof shall affect any structural portion of the Building nor any utility lines, communications lines, equipment or facilities in the Building serving any tenant other than Tenant.

(b) Tenant shall give Landlord not less than ten days' notice prior to the commencement of any work in the Premises by Tenant, and Landlord shall have the right to record and post notices of non-responsibility in or on the Premises or the Building as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises or the Building, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises and the Building free from the effect of such lien or claim. In addition, unless Tenant has obtained a bond legally releasing the Premises and Building from the lien, claim or demand, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in participating in such action if Landlord shall decide it is to Landlord's best interest so to do.

(c) All Alterations and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Tenant), which may be made to the Premises by Tenant, including but not limited to, floor coverings, paneling, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials. Unless otherwise agreed to by the Parties, any Alterations or Utility Installations made to the Premises or Building by Tenant shall become permanent fixtures of the Premises, and Landlord shall acquire ownership of, and title to, any such Alterations or Utility Installations upon the expiration or termination of this Lease.

(d) Tenant shall provide Landlord with as-built plans and specifications for any Alterations.

7. Security and Utilities.

7.1 Services Provided by Landlord. Tenant shall contract directly, and pay, for all utilities and security services to the Premises and Building.

8. Insurance; Indemnity. The Parties understand that subject to the following insurance and indemnification provisions, each is responsible to undertake reasonable measures for the safety and well being of their respective clients.

8.1 Liability Insurance - Tenant. Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term of this Lease, a policy of Comprehensive General Liability insurance in form reasonably approved by Landlord, in an amount of not less than \$3,000,000.00 per occurrence of bodily injury and property damage combined and shall show Landlord, Landlord's property manager and Landlord's lender as an additional insureds, under a separate endorsement, against liability arising out of the use, occupancy or maintenance of the Premises and Building by Tenant and its governing bodies, officers, directors, departments, employees, agents, inspectors, contractors, consultants, representatives, members, owners, trustees, vendors, patrons and invitees ("**Tenant Parties**"). In addition, Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term of this Lease (a) Tenant worker's compensation and employer's liability insurance, in statutory amounts and limits, covering all persons employed in connection with any work done in, on or about the Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or the Premises, (b) loss of income, extra expense and business interruption insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or to the Building as a result of such perils, and (c) any other form or forms of insurance as Tenant or Landlord or the mortgagees of Landlord may reasonably require from time to time, in form, amounts and for insurance risks against which a prudent tenant would protect itself.

8.2 Liability Insurance - Landlord. Landlord shall obtain and keep in force, during the Term of this Lease, a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant, against liability arising out of the ownership, use, occupancy or maintenance of the Premises and Building in an amount not less than \$3,000,000.00 per occurrence. Landlord shall have the right to maintain all or any portion of such insurance under a blanket, excess or umbrella policy, as long as such policy is dedicated entirely to the Premises and Building, and Landlord may elect to self-insure all or any part of the required coverage.

8.3 Property Insurance - Tenant. Tenant shall, at Tenant's expense, obtain and keep in force during the Term of this Lease, for the benefit of Tenant, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Tenant's personal property, fixtures, equipment and Initial Improvements and Alterations. In the event of any damage or destruction of all or any part of the Premises, Tenant shall immediately: (a) notify Landlord thereof; and (b) deliver to Landlord all insurance proceeds received by Tenant with respect to the Initial Improvements and Alterations, whether or not this Lease is terminated as permitted in Section 9, and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds. If, for any reason (including Tenant's failure to obtain insurance for the full replacement cost of the Initial Improvements and Alterations which Tenant is required to insure), Tenant fails to receive insurance proceeds covering the full replacement cost of such Initial Improvements and Alterations which are damaged, Tenant shall be deemed to have self-insured the replacement cost of such Initial Improvements and Alterations, and upon any damage or destruction thereto, Tenant shall immediately pay to Landlord the full replacement cost of such items, less any insurance proceeds actually received by Landlord from Landlord's or Tenant's insurance with respect to such items.

8.4 Property Insurance - Landlord. Landlord shall obtain and keep in force, during the Term of this Lease, a policy or policies of insurance covering loss or damage to the Premises, Building, and Common Area improvements, but not Tenant's personal property, fixtures, equipment or Initial Improvements or Alterations, in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Landlord deems advisable or may be required by a lender having a lien on the Premises and Building. In addition, Landlord shall obtain and keep in force, during the Term of this Lease, a policy of rental value insurance covering a period of at least one year, with loss payable to Landlord, which insurance shall also cover all Operating Expenses, Property Taxes and Insurance Expenses for that period. Tenant will not be named in any such policies carried by Landlord and shall have no right to any proceeds therefrom. The policies required by these Sections 8.2 and 8.4 shall contain such deductibles as Landlord or its lender may determine, consistent with customary commercial standards for comparable properties in Modesto, California, and Landlord may elect to self-insure all or any part of the required coverages described therein. Landlord shall be responsible for all deductibles thereunder. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies carried by Landlord. Tenant shall pay the portion of any increase in the property insurance premium for the Premises and Building over what it was immediately prior to the Commencement Date of this Lease to the extent the increase is specified by Landlord's insurance carrier as being caused by a change in Tenant's operations at the Premises. Landlord represents that it has received assurances from its insurance carrier that, based on the carrier's policies in effect as of the Commencement Date, the nature of Tenant's occupancy will not result in any increase in the property insurance premium for the Premises and Building.

8.5 Insurance Policies. Each party shall deliver to the other copies of all insurance policies required under Sections 8.1 through 8.4 or evidencing the existence and amounts of such insurance by no later than the Commencement Date of this Lease. No such policy shall be cancelable or subject to reduction of coverage or other modification except after 30 days prior written notice to the other. Each party shall, at least 30 days prior to the expiration of such policies, furnish the other with renewals thereof.

(a) Each policy required to be obtained by either party hereunder shall: (a) be issued by insurers which are approved by the other party and/or its mortgagees and are authorized to do business in the state in which the Building is located and (other than worker's compensation and employer's liability) are rated not less than financial class V, and not less than policyholder rating A in the most recent version of Best's Key Rating Guide; (b) be in form reasonably satisfactory from time to time to the other party; (c) contain an endorsement that the insurer waives its right to subrogation as described in Section 8.6 below; and (d) contain an undertaking by the insurer to notify the other party (and any mortgagees and ground lessors of the other party who are named as additional insureds) in writing not less than thirty (30) days prior to any material change, reduction in coverage, cancellation or other termination thereof; (e) contain a cross liability or severability of interest endorsement; and (f) be in amounts sufficient at all times to satisfy any coinsurance requirements thereof. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding (i) any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, (ii) the occupation or use of the Premises for purposes more hazardous than permitted by the provisions of such policy, (iii) any foreclosure or other action or proceeding taken by any mortgagee pursuant to any provision of the mortgage upon the happening of a default thereunder, or (iv) any change in title or ownership of the Premises.

(b) Each policy required to be obtained by Tenant shall also (i) name Landlord and, at Landlord's request, Landlord's mortgagees, ground lessors (if any) and managers of which Tenant has been informed in writing, as additional insureds thereunder, all as their respective interests may appear;; and (ii) specifically provide that the insurance afforded by such policy for the benefit of Landlord and Landlord's mortgagees and ground lessors shall be primary, and any insurance carried by Landlord or Landlord's mortgagees and ground lessors shall be excess and non-contributing;

(c) Notwithstanding any other provision of this Section 8, for so long as Tenant is the County of Stanislaus, insurance obtained through the CSAC Excess Insurance Authority, a joint powers

authority established pursuant to Article 1, Chapter 5, Division 7, Title 1, of the California Government Code (Section 6500 et seq.) will satisfy the requirements of this Lease.

8.6 Waiver of Subrogation. Tenant and Landlord each hereby release and relieve the other, and waive such party's entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils (whether due to the negligence of Landlord or Tenant or their agents, employees, contractors and/or invitees) covered by (a) insurance carried by the other party or (b) occurrences which would have been covered under any insurance required to be obtained and maintained by Landlord or Tenant (as the case may be) under Section 8 had such insurance been obtained and maintained as required therein. Each party shall cause each property and loss of income insurance policy required to be obtained by it pursuant to Section 8 to provide that the insurer waives all rights of recovery by way of subrogation against either Landlord or Tenant, as the case may be, in connection with any claims, losses and damages covered by such policy. If either party fails to maintain property or loss of income insurance required hereunder, such insurance shall be deemed to be self-insured with a deemed full waiver of subrogation as set forth in the immediately preceding sentence.

8.7 Indemnities.

(a) **Tenant Indemnities.** Tenant shall indemnify, defend, protect and hold Landlord and its officers, directors, governing bodies, employees, agents, inspectors, contractors, consultants, representatives, members, owners, trustees, invitees, property manager and lenders ("**Landlord Parties**"), harmless from and against any and all claims for damage to the person or property of any person or any entity arising from Tenant's use of the Premises or Building, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or Building and shall further indemnify, defend and hold harmless Landlord and Landlord Parties from and against any and all claims, costs and expenses arising out of, resulting from, or in connection with any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or any actively negligent or intentionally wrongful act or omission of Tenant or any of Tenant Parties under this Lease and from and against all costs, attorney's fees, expenses and liabilities, including but not limited to claims and fines of regulatory agencies, incurred by Landlord or Landlord Parties as the result of any such breach, default, negligence or intentional misconduct, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein; and in case any action or proceeding be brought against Landlord by reason of any such matter, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord, and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified. As between Tenant (and the Tenant Parties) and Landlord (and Landlord Parties) only, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property of Tenant or injury to persons (including Tenant Parties), in, upon or about the Premises, or any property of Tenant or injury to Tenant Parties in, upon or about the Premises or Building arising from any cause and Tenant hereby waives all claims in respect thereof against Landlord, except for claims arising from, or based upon, damage to property or injury to persons that is caused by the negligence or intentionally wrongful acts of Landlord or Landlord Parties. Additionally, nothing, shall limit any rights of Tenant and Tenant Parties against third parties other than Landlord and Landlord Parties. The terms of this section shall survive the expiration or earlier termination of this Lease.

(b) **Tenant's Indemnity.** Tenant shall indemnify, protect, defend and hold the Landlord and Landlord Parties, harmless of and from any and all "**Claims**" (defined as claims, liability, costs, penalties, fines, damages, injury, judgments, forfeiture, losses and expenses) to the extent arising out of, resulting from, or in connection with (i) the active negligence or willful misconduct of Tenant or Tenant Parties or employees, agents, contractors, employees, representatives, successors or assigns; (ii) any failure on the part of Tenant or Tenant's agents, as applicable, to perform or comply with applicable laws; and (iii) any default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease.

(c) **Landlord's Indemnity.** Landlord shall indemnify, protect, defend and hold the Tenant and Tenant Parties, harmless of and from any and all Claims for damage to the person or property

of any person to the extent arising out of, resulting from, or in connection with (i) the active negligence or willful misconduct of Landlord or Landlord Parties or employees, agents, contractors, employees, representatives, successors or assigns; (ii) any failure on the part of Landlord or Landlord's agents, as applicable, to perform or comply with applicable Laws; (iii) any latent, design, construction or structural defect arising as a result of the Initial Improvements; and (iv) any default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease.

(d) **Survival.** The provisions of this Section 8.7 shall survive the expiration or earlier termination of the Term.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Casualty Damage"** means any fire or other casualty damage to the Premises or Building.

(b) **"Material Casualty Damage"** means any Casualty Damage to the Premises which makes any of the Premises untenable, or any Casualty Damage to the Premises, Building or Common Areas thereto, which materially interferes with Tenant's activities at the Premises, including without limitation including loss of use due to loss of access, parking or essential services.

9.2 General. Landlord shall promptly repair or restore any Casualty Damage, at Landlord's sole cost and expense, if Landlord receives insurance proceeds sufficient to cover the costs of such repairs, reconstruction and restoration (including proceeds from Tenant and/or Tenant's insurance which Tenant is required to deliver to Landlord). Except as otherwise provided in this Lease, the Lease shall remain in full force and effect. If the Casualty Damage entitles Tenant to receive proceeds of any insurance maintained by Tenant under this Lease, Tenant will use diligent efforts to obtain such proceeds as soon as reasonably possible and make such proceeds available to Landlord for such repair or restoration. If, however, the Premises or any other part of the Building is damaged to an extent exceeding twenty-five percent (25%) of the full replacement cost thereof, or Landlord's contractor estimates that such work of repair, reconstruction and restoration will require longer than 180 days to complete, or Landlord will not receive insurance proceeds (and/or proceeds from Tenant, as applicable) sufficient to cover the costs of such repairs, reconstruction and restoration, then Landlord may elect to either:

(a) repair, reconstruct and restore the portion of the Building and Premises damaged by such casualty (including, to the extent of insurance proceeds received from Tenant, the Tenant Improvements and Tenant Changes), in which case this Lease shall continue in full force and effect; or

(b) terminate this Lease effective as of the date which is thirty (30) days after Tenant's receipt of Landlord's election to so terminate.

Notwithstanding the foregoing, Landlord's right to terminate this Lease because of a fire or other casualty to other parts of the Building which do not adversely affect Tenant's use or enjoyment of the Premises and the Common Area shall be conditioned on Landlord simultaneously terminating the leases of all other similarly situated tenants in the Building.

9.3 Additional Obligations for Material Casualty Damage.

(a) Following any Material Casualty Damage, the Rent payable hereunder (including Tenant's Share of Operating Expenses and Insurance Expenses) shall be abated to the extent any of the Premises are untenantable or the operation of Tenant's activities at the Premises are adversely affected.

(b) Within 30 days after the date of Material Casualty Damage, Landlord shall provide Tenant with a written estimate, confirming the amount of time Landlord reasonably expects to complete the necessary repairs or restorations to eliminate the Material Casualty Damage ("**Completion Estimate**"). Unless the Completion Estimate is (i) from a reputable California-licensed general contractor selected by Landlord and reasonably acceptable to Tenant, and (ii) indicates that the necessary repairs or restorations can be completed within 135 days after the date of the Material Casualty Damage (or such longer period approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord within 30 days after the date Tenant receives the Completion Estimate.

(c) In the event Landlord is unable to or otherwise fails to deliver a Completion Estimate to Tenant within the time period set forth above (or such longer periods approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord within 30 days after the date the Completion Estimate was due.

(d) In the event Landlord is unable to or otherwise fails to complete the necessary repairs or restorations to eliminate the Material Casualty Damage within 135 days after the date of the Material Casualty Damage (or such longer period approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord at any time prior to the completion of the repairs or restorations.

9.4 Termination - Advance Payments. Upon termination of this Lease pursuant to this Section 9, an equitable adjustment shall be made concerning advance Rent and any advance payments made by Tenant to Landlord, based on the actual termination date.

9.5 Waiver. Landlord and Tenant each hereby waive the provisions of California Civil Code Sections 1932(2), 1933(4) and any other applicable existing or future law permitting the termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in this Section 9.

10. Tenant's Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. If any of Tenant's personal property is assessed with Landlord's real property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

11. Assignment and Subletting.

11.1 General. Tenant shall not assign, sublet, mortgage or otherwise transfer (together, "**Transfer**") any part of Tenant's interest in the Lease or in the Premises without Landlord's prior written consent, which Landlord shall not unreasonably withhold. Landlord shall respond to Tenant's request for consent hereunder in a timely manner and any attempted assignment, subletting, mortgaging or transfer without such consent shall be void. Use or occupancy of the Premises by another agency, department or division of the County of Stanislaus ("**Other Occupant**") shall not be deemed a Transfer, except that if County intends to change its operator from that set forth in the MOU, or any change to operator thereafter, Tenant shall be required to obtain Landlord's prior written consent, which Landlord shall not unreasonably withhold for purposes of this Lease, Landlord shall be presumed to be acting unreasonably if it rejects a Transfer to a proposed transferee (i) whose intended use does not violate any other tenant's exclusive

rights and (ii) which satisfies Landlord's then applicable standards for tenants of comparable space within the Premises, if any.

11.2 Terms and Conditions Applicable to Assignment and Subletting:

(a) Landlord's consent to any Transfer shall not release Tenant of Tenant's obligations hereunder or alter the primary liability of Tenant to pay the Rent and other sums due Landlord hereunder, and to perform all other obligations to be performed by Tenant hereunder unless Landlord expressly releases Tenant in writing.

(b) Landlord's consent to any Transfer shall not constitute consent to any subsequent Transfer.

12. Default; Remedies.

12.1 Default by Tenant. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Tenant:

(a) The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due where such failure shall continue for a period of ten days after written notice thereof from Landlord to Tenant.

(b) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant other than those referenced in subsection (a) above, where such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's noncompliance is such that more than 30 days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said 30-day period and thereafter diligently pursues such cure to completion.

12.2 Landlord's Remedies. In the event of any material default of this Lease by Tenant as provided in Section 12.1, Landlord may at any time thereafter, with notice to Tenant:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the Term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord.

(b) Should Landlord at any time terminate this Lease for any breach in addition to any other remedies it may have it may recover from Tenant:

- (i) the worth at the time of any unpaid Rent which had been earned at the time of such termination: plus
- (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental cost Tenant proves could have been reasonably avoided; plus
- (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus
- (iv) any other amount necessary to compensate Landlord for all the detriment approximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result

therefrom, including the cost of recovering the Premises and attorney's fees incurred in connection with such termination.

(c) The term Rent or rentals as used herein shall be deemed to be and to mean the minimum annual rental and all other sums required to be paid by Tenant pursuant to the terms of this Lease.

(d) As used in subparagraph (i) and (ii) above the "worth at the time of award" is computed by allowing interest at the rate otherwise payable by Tenant for delinquencies under this Lease. As used in subparagraph (iii) above the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(e) Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement or offset of rent. If Tenant shall fail to pay any sum of money (other than monthly Base Rent) or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations, except in case of emergencies, in which such case, such shorter period of time as is reasonable under the circumstances) after Tenant's receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within thirty (30) days after written demand therefor as additional rent.

(f) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located, including all rights and remedies under California Civil Code Sections 1951.2 and 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Following any Landlord-declared event of default, unpaid installments of Rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the rate otherwise payable by Tenant for delinquencies under this Lease.

12.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than 30 days after written notice by Tenant to Landlord, specifying how Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently pursues the same to completion.

12.4 Tenant's Remedies. Tenant's sole remedy for Landlord's default shall be a suit for actual, direct, monetary damages incurred, or specific performance required, to remedy such default.

13. Condemnation. If the Premises or any portion thereof of the Building are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "**condemnation**"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises or Building are taken by such condemnation as would substantially affect the operation and use of Tenant's business conducted from the Premises, Tenant shall have the option, to be exercised only in writing within 30 days after Landlord shall have given Tenant written notice of such condemnation (or in the absence of such notice, within 30 days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate the entire Lease in accordance with the foregoing, the remaining portion of this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent and Tenant's Share of Operating Expenses, Insurance Expenses and other charges shall be reduced in the proportion that the Rentable Area of the Premises taken bears to the total Rentable Area of the Premises. Common Areas to the Premises and Building taken shall be excluded from the Common Areas usable by Tenant and no

reduction of Rent shall occur with respect thereto or by reason thereof provided commercially reasonable access to the Premises still remains. Landlord shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Tenant of such election within 30 days after receipt of notice of a taking by condemnation of any part of the Premises or the Building, but only if so much of the Premises or the Building are taken by such condemnation as would substantially impair Landlord's operation and maintenance of the Premises. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall, to the extent of severance damages received by Landlord in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Landlord and Tenant each hereby waives the provisions of California Code of Civil Procedure Section 1265.130 and any other applicable existing or future law allowing either party to petition for a termination of this Lease upon a partial taking of the Premises, except as provided in this Section 13.

14. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

15. Time of Essence. Time is of the essence with respect to this Lease and each of the obligations to be performed under this Lease.

16. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

17. Notices. Any notice, waiver or consent required or permitted to be given hereunder shall be in writing and may be given by personal delivery, certified or registered mail, electronic mail or facsimile, and shall be deemed sufficiently given if delivered or addressed to Tenant or to Landlord at the addresses noted below. Service of personally delivered notices, waivers or consents shall be deemed given upon personal delivery to the intended party. Mailed notices, waivers or consents shall be deemed given upon actual receipt at the address required or 48 hours following deposit in the mail (sent postage prepaid, certified or registered with signature requested), whichever first occurs. Notices, waivers or consents sent by electronic mail or facsimile shall be deemed given upon receipt, provided the notice, waiver or consent is also sent via regular mail within 24 hours. Either party may by notice to the other specify a different address for notice purposes. A copy of all notices, waivers or consents required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

Landlord: Anand and Pinki Patel, Husband and Wife
P. O. Box
Modesto, CA 95354

Tenant: Stanislaus County
c/o Chief Executive Office
1010 Tenth Street, Suite 6400
Modesto, CA 95354

18. Waivers. No waiver by a party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by such party of the same or any other provision. A party's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of such party's consent of or approval of any subsequent act.

19. No Recording. Neither party shall record this Lease nor any "short form" memorandum of this Lease.

20. Holding Over. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after expiration of the Term hereof, such occupancy shall be a tenancy from month to month

upon all provisions of this Lease pertaining to the obligations of Tenant, except that the Base Rent payable shall be one hundred twenty-five percent (125%) of the Base Rent payable immediately preceding the termination or expiration date of this Lease and all Options if any granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy. A month-to-month tenancy hereunder shall be terminable by either party on not less than 60 days' written notice.

21. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

22. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of Section 11, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California and any litigation concerning this Lease between the parties hereto shall be initiated in the County of Stanislaus.

23. Subordination.

23.1 Subordination or Priority of Lease. At Landlord's sole discretion, this Lease shall be subordinate to any mortgage, deed of trust, or any other pledge or security now or hereafter placed upon the Premises and Building. If any mortgagee or trustee shall elect to have this Lease hereby prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof. In the event that any ground or master lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, at the election of Landlord's successor in interest, Tenant shall attorn to and become the tenant of such successor. Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale.

23.2 Execution of Documents. Tenant agrees to execute any documents required to effectuate an attornment, a subordination, or to make this Lease granted herein prior to the lien of any mortgage or deed of trust, as the case may be. Tenant's failure to execute such documents within ten days after written demand shall constitute a material default by Tenant hereunder without further notice to Tenant and, at Landlord's discretion, Landlord shall execute such documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to execute such documents in accordance with this Section 23.2.

23.3 Nondisturbance. Notwithstanding Section 23.1, Landlord agrees that subordination of this Lease to any current or future mortgage or deed of trust is conditioned upon Tenant's receipt of a non-disturbance agreement from the party requiring such subordination (the "**Superior Lienor**"). Such non-disturbance agreement shall provide that Tenant's possession of the Premises shall not be interfered with following a foreclosure of the mortgage or deed of trust (or deed in lieu thereof) provided Tenant is not in default under this Lease beyond any applicable cure periods. Landlord shall use reasonable efforts to obtain from any current Superior Lienor a non-disturbance agreement for the benefit of Tenant, specifying that Tenant's rights to possession of the Premises shall not be disturbed so long as Tenant is not in default under this Lease beyond any applicable cure periods. Tenant covenants and agrees to execute and deliver to Landlord within fifteen (15) days after receipt of written demand by Landlord and in the form reasonably required by Superior Lienor, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground or master lease or the lien of any such mortgage or deed of trust or Tenant's agreement to attorn, provided such documents contain the non-disturbance provisions required by this Section 23.3). Should Tenant fail to sign and return any such documents within said fifteen (15) day period, Tenant shall be in default hereunder without the benefit of any additional notice or cure periods.

24. Landlord's Access.

24.1 Rights of Landlord. Landlord and Landlord's agents shall have the right to enter the Premises and Building at reasonable times and upon reasonable notice, for the purpose of inspecting the same, performing any services required of Landlord, showing the same to prospective purchasers, lenders or tenants, taking such safety measures, erecting such scaffolding or other necessary structures, and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises, as long Landlord uses commercially reasonable efforts (including without limitation coordinating potential interference periods with Tenant to the extent reasonably possible, performing work during non-operational hours, providing additional signage and ramps if necessary, etc.) to minimize any material adverse effect to or interference with Tenant's use of the Premises. Landlord may at any time place on or about the Premises or the Building any ordinary "For Sale" and "For Rent" signs.

24.2 No Abatement of Rent. All activities of Landlord pursuant to this Section 24 shall be without abatement of Rent, nor shall Landlord have any liability to Tenant for the same.

24.3 Means of Entry. Landlord shall have the right to retain keys to the Building and on 24 hours notice to Tenant, to unlock all doors in or upon the Premises other than to files, vaults and safes, and in the case of emergency to enter the Premises by any reasonable appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Tenant waives any charges for the damages or injuries or interference with Tenant's property or business therewith.

25. Signs and Directories. Tenant shall not place or permit to be placed any sign upon the Premises or Building exterior, or in the windows, or the Common Areas to the Premises and Building, without Landlord's prior written consent. All signage shall comply with local laws and ordinances.

26. Quiet Possession. Upon Tenant paying the Rent for the Premises and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof subject to all of the provisions of this Lease.

27. Restrictions on Signs/Access. Tenant shall not:

27.1 Use a representation (photographic or otherwise) of the Premises or Building or their name(s) in connection with Tenant's business; and/or

27.2 Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

28. Authority. Each of the individual(s) executing this lease on behalf of Tenant and Landlord represents and warrants that such individual is duly authorized to execute and deliver this Lease on behalf of the party.

29. Conflict. Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

30. No Offer. Preparation of this Lease by either party and submission of same to the other shall not be deemed an offer to lease. This Lease shall become binding upon Landlord and Tenant only when fully executed by both parties.

31. Multiple Parties. If more than one person or entities named as either Landlord or Tenant herein, except as otherwise expressly provided herein, the obligations of Landlord and Tenant herein shall be the joint and several responsibility of all persons or entities named herein as such Landlord or Tenant, respectively.

32. Hazardous Materials.

32.1 Definition of Hazardous Materials. "Hazardous Materials" shall mean any substance or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety or property, including all of those materials and substances designated as hazardous or toxic by any municipal, county, state or federal law, statute, ordinance, rule or regulation. Without limiting the generality of the foregoing the term "Hazardous Materials" shall include petroleum and petroleum products, asbestos or asbestos containing materials, polychlorinated biphenyls in concentrations greater than 50 parts per million, hazardous waste identified in accordance with Section 3001 of the Federal Resource Conservation and Recovery Act of 1976, as amended, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act Of 1980, as amended, 42 U.S.C. Sec. 9061 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5102; and Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq., and all of those materials and substances defined as "hazardous waste" in Section 66088 of Title 26 of the California Code of Regulations, Division 22, as the same shall be amended from time to time, or any other materials requiring remediation under federal, state or local laws, statutes, ordinances, rules or regulations.

32.2 Hazardous Materials Use. Tenant shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations relating to the storage, use, release, disposal, and clean-up of Hazardous Materials, including, but not limited to, the obtaining of proper permits. Tenant shall immediately notify Landlord of any inquiry, test, investigation, or enforcement proceeding by or against Tenant or the Premises concerning any Hazardous Materials. If Tenant's storage, use, release or disposal of any Hazardous Materials in, on or adjacent to the Premises or Building results in any contamination of the Premises or the Building, or the soil or surface or groundwater in or about the Premises or Building, Tenant shall remove the contamination at its expense. Tenant further agrees to indemnify, defend and hold Landlord and Landlord Parties harmless from and against any claims, suits, causes of action, costs, fees, judgments and liabilities, including attorneys' fees and costs arising out of or in connection with any Hazardous Materials used, stored, released or disposed of in, on or about the Premises or the Building by Tenant or Tenant Parties or any clean-up work, inquiry or enforcement proceeding in connection therewith. Tenant's obligations under this Section 32.2 shall survive termination or expiration of this Lease. Landlord hereby recognizes that Tenant shall not be in any way liable or be required to protect, indemnify, save and defend Landlord or Landlord Parties harmless from any and all liability, loss, damage or expense, including reasonable attorneys' fees, claims, suits and judgments that Landlord or Landlord Parties may suffer as a result of, or with respect to the presence of any Hazardous Materials existing on the Premises on the Commencement Date. The terms of this section shall survive the expiration or earlier termination of this Lease.

33. Mortgagee Protection Clause. Tenant agrees to give any mortgagees and/or trust deed holders ("Holders"), by certified mail or reputable overnight courier service (such as Fedex) a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified, in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such Holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Holders shall have an additional 30 days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary, if within such 30 days Holder has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceeding, if necessary to effect such cure) in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

34. Early Termination. Notwithstanding any other provisions for termination contained in this Lease:

34.1 Termination due to Funding Issues. Tenant may terminate this Lease at any time after the 36th complete month of the Initial Term if it determines, in its sole discretion, that (i) sufficient funds are not available to allow for continuation of this Lease, or (ii) current County owned space becomes available that will accommodate the Permitted Use. In such event, Tenant must provide Landlord a minimum of 180 days prior written notice, identifying the termination date. In addition, Tenant shall remain obligated to pay all remaining Base Rent amounts through the 60th complete month of the Initial Term. Such remaining Base Rent shall be due and payable upon the Lease termination date.

34.2 Termination for Any Reason. In addition to Tenant's other rights under this section, Tenant may terminate this Lease at any time before the completion of the Initial Term for any reason whatsoever. In such event, Tenant must provide Landlord a minimum of 180 days prior written notice, identifying the termination date. In addition, Tenant shall remain obligated to pay all remaining Base Rent amounts through the 60th complete month of the Initial Term. Such remaining Base Rent shall be due and payable upon the Lease termination date.

35. Attachments. Attached hereto are the following documents which constitute a part of this Lease.

| | |
|-----------|---|
| EXHIBIT A | Legal Description of Premises and Building |
| EXHIBIT B | Confirmation of Lease Terms Memorandum |
| EXHIBIT C | Map of Premises, Building, and Common Areas |
| EXHIBIT D | Inspection Items to be Performed Prior to Occupancy |

36. Nondiscrimination. Tenant herein covenants by and for itself, and all persons claiming under or through Tenant, that this Lease is made and accepted upon and subject to the conditions that there be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical handicap, sexual orientation, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased, nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the Premises herein leased.

37. Force Majeure. In the event that Landlord or Tenant shall be delayed or hindered in, or prevented from, the performance of any work, service or other act required under this Lease to be performed by either Landlord or Tenant, except for Tenant's payment of Rent and other charges, and such delay or hindrance is due to strikes, lockouts, acts of God, governmental restriction, enemy act, civil commotion, unavoidable fire or other casualty, or other cause of a like nature beyond the reasonable control of Landlord or Tenant, then performance of such work, service or other act shall be excused for the period of such delay, and the period for the performance of such work, service or other act shall be extended for a period equivalent to the period of such delay.

38. Counterparts. This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument, and it shall not be necessary that any single counterpart bear the signatures of all parties.

39. No Partnership. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, and no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

40. Contract Interpretation. The parties hereto acknowledge that each has thoroughly reviewed this Lease and bargained over its terms. Accordingly, neither party will be considered responsible for the preparation or drafting of this Lease, this Lease will be deemed to have been prepared jointly and it shall be interpreted fairly, reasonably and not more strongly against one party than the other. The provisions of this Lease allocate the risks between the parties. The terms and conditions contained in this Lease reflect this allocation of risk, and each provision is part of the bargained-for consideration of this Lease.

41. Captions. The captions in this Lease are for convenience only and are not a part of this Lease and shall not be deemed to explain, modify, amplify, expand, limit or define the terms and provisions of this Lease.

42. Transfer of Landlord's Interest. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the

Premises and the Building. In the event of any transfer or conveyance of any such title or interest (other than a transfer for security purposes only), the transferor shall be automatically relieved of all covenants and obligations on the part of Landlord contained in this Lease accruing after the date of such transfer or conveyance. Landlord and Landlord's transferees and assignees shall have the absolute right to transfer all or any portion of their respective title and interest in the Building and the Premises and/or this Lease without the consent of Tenant, and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

43. Limitation of Liability. Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, members or shareholders of Landlord or Landlord's partners, and Tenant shall not seek recourse against the individual partners, directors, officers, members or shareholders of Landlord or against Landlord's partners or any other persons or entities having any interest in Landlord, or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that its sole remedy for any actual or alleged failure, breach or default hereunder by Landlord, shall be limited solely to a suit for actual, direct, monetary damages incurred, or specific performance required, to remedy such a default. In no instance shall the Parties to this Lease be entitled to special, incidental, indirect, consequential or punitive damages, lost profits or attorney's fees as a result of either Party's breach or default of this Lease.

44. Independent Legal Representation. The parties acknowledge and agree that they have had adequate time and opportunity to seek the advice of independent legal counsel before executing this Lease.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed upon the day(s) and years written below:

"LANDLORD"

"TENANT"

ANAND AND PINKI PATEL, HUSBAND AND WIFE

COUNTY OF STANISLAUS

By: *Pink Patel*

By: _____

Name Pinki Patel

Name: Patricia Hill Thomas

Its: _____

Its: Chief Operations Officer

Date: 9-12-19

Date: _____

APPROVED AS TO FORM:

"LANDLORD"

N/A

By: _____
Counsel for Anand and Pinki Patel, Husband and Wife

"TENANT"

By: Thomas E. Boze
Stanislaus County Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed upon the day(s) and years written below:

"LANDLORD"

ANAND AND PINKI PATEL, HUSBAND AND WIFE

By: Anand Patel
Name: Anand Patel
Its: owner
Date: 9-17-2019

"TENANT"

COUNTY OF STANISLAUS

By: Patricia Hill Thomas
Name: Patricia Hill Thomas
Its: Chief Operations Officer
Date: 9/17/19

APPROVED AS TO FORM:

"LANDLORD"

N/A
By: Counsel for Anand and Pinki Patel, Husband and Wife

"TENANT"

Thomas E. Boze
By: Thomas E. Boze
Stanislaus County Counsel

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 038-039-009-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERIOR QUARTER CORNER OF SECTION 4, THENCE SOUTH 89 DEGREES 26 1/2' EAST ALONG THE QUARTER SECTION LINE, A DISTANCE OF 870.55 FEET; THENCE SOUTH 00 DEGREES 07 1/2' WEST, 946.26 FEET TO A 4 " X 4 " STAKE; THENCE SOUTH 54 DEGREES 16' 18" WEST, A DISTANCE OF 187.48 FEET TO THE NORTHEASTERLY BOUNDARY LINE OF THE STATE HIGHWAY NO. 99 AND BEING THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL OF LAND; THENCE NORTH 54 DEGREES 16' 18" EAST, A DISTANCE OF 250.58 FEET; THENCE SOUTH 35 DEGREES 43' 42" EAST, A DISTANCE OF 103.88 FEET; THENCE SOUTH 00 DEGREES 07 1/2' WEST 109.28 FEET; THENCE SOUTH 51 DEGREES 57' 17" WEST, 173.37 FEET TO THE NORTHEASTERLY BOUNDARY LINE OF THE STATE HIGHWAY NO. 99, THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID STATE HIGHWAY, A DISTANCE OF 199.82 FEET TO THE POINT OF BEGINNING.

EXHIBIT B
CONFIRMATION OF LEASE TERMS MEMORANDUM

RE. That certain Lease by and between Anand and Pinki Patel, Husband and Wife ("Landlord") and County of Stanislaus ("Tenant") dated _____, 2019 ("Lease").

1. Landlord and Tenant hereby confirm that Landlord delivered possession of the Premises to Tenant on _____, 2019, (for purposes of this Certificate, the "**Delivery Date**") in accordance with the terms and provisions of the Lease.
2. Landlord and Tenant hereby confirm that the Commencement Date of the Lease is _____, 2019 and that the Initial Term of the Lease will expire on _____.
3. Landlord and Tenant hereby agree that the monthly Total Base Rent under this Lease shall be \$_____ during the first two (2) years of the Lease. During years three (3) through five (5) of the Lease, the monthly Total Base Rent shall be increased by 2 percent annually. Thereafter, the monthly Total Base Rent shall be increased by 2.5 percent annually.
4. Tenant acknowledges that as of the date of this Certificate, the Lease is in full force and effect and to Tenant's knowledge Landlord has performed all of its obligations required to be performed as of the date hereof.

Landlord and Tenant have executed this Certificate as of the dates set forth below.

"LANDLORD"

"TENANT"

ANAND AND PINKI PATEL, HUSBAND
AND WIFE

COUNTY OF STANISLAUS

By: _____

By: _____

Name _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT C
MAP OF PREMISES, BUILDING, AND COMMON AREAS

(to be inserted)

EXHIBIT D

INSPECTION ITEMS TO BE PERFORMED PRIOR TO OCCUPANCY

A review of the report by LLB Inspection Services dated August 15th identifies the condition of the property. All items should be addressed for the elimination of building, plumbing, electrical, and mechanical code issues. Specific issues to be remediated prior to occupancy are:

1. Roof and overhangs – Roof was in poor condition with several areas of dry rot. The roofing is being torn off for a reroof. Dry rot conditions and flashings are addressed during the reroof process. A permit is required for reroofing, and dry rot repairs are to be inspected prior to reroofing as a part of the reroofing permit. A reroof permit, Permit No. 2019 - 1923 was issued by the Stanislaus County Building Department on August 22, 2019. Attic ventilation will be addressed as well. Ventilation required is 1 sq. ft. per 150 sq. ft. There are exceptions in the code that can reduce the requirement to 1 sq. ft. per 300 sq. ft., such as the use of roof ventilators. Poor gutters should also be replaced during the reroofing process. The only gutter system is on the front of the roof structure and it is aged, damaged/leaking and in overall poor condition. There are not gutters/downspouts on the North, South or East elevations.
2. Debris/Storage in attic areas – Attic areas are intended to be kept free of debris and not used for storage. These areas should be cleaned/cleared.
3. Fire walls and draft stops – Any walls in the attic are either fire walls or draft stops. Firewalls are identified by framed walls with 5/8" type X drywall on both sides of the framing. Penetrations at a fire wall should be with metal conduit sleeves and fire caulking, pass through access doors are to be fire rated. Draft stops are single sided walls with sheathing or drywall. These are not fire rated. Also, electric splices in the attic should be in electric boxes with cover plates. LLB has noted that there as been an effort to improve these conditions, but at the last reinspection on 8/24/19 there were still similar issues and the doors put in are not an approved fire rated application.
4. Insulation in attic – Probably never addressed to current standards. Existing attic insulation is noted to have an R value of R-15.2. Current standards are R-38. This is a comment of existing condition.
5. Exhaust fans – Photos show that exhaust fans are not vented to the exterior. Exhaust fans are required to be vented to the exterior of the building. They are exhausting moisture in the restrooms. Exhaust fan ventilation connections through the roof were not completed per LLB's reinspection on 8/24/19 as the roof was in the process of being replaced.
6. Exterior of the building – Several walls are riddled with graffiti, unpainted stucco around window replacements. It was noted on LLB's inspection that there have been repairs in exterior stucco cladding where windows have been replaced, also areas of cracking, chipping, and external damage. Stucco was unfinished and thin on the water heater closet addition on the North side of the structure. The age of the structure would be why there is no weep screed along the slab edge. This is typical of older buildings. Some stucco repairs are needed. Stucco patching should be addressed where needed. The manager's living area has bedroom windows with security bars. These bars need to be properly installed and releasable for exiting requirements at bedroom windows. There are ABS plumbing pipes in need of repair. All ABS exposed to sunlight needs to be painted. Also noted open clean out. A clean out cap is needed.
7. Fire extinguisher cabinets – Broken glass at fire extinguisher cabinets need to be addressed.
8. Water heater room North – This pop out is approximately 3'-6" from the property line. Construction and physical location conditions looks like an unpermitted structure. Fire wall construction, water heater venting, combustion air, PRV release valve to the exterior, etc. need to be addressed.

9. Water heater room South – This pop out is approximately 10 ft from the property line. Construction and physical conditions looks like an unpermitted structure. Water heater venting, combustion air, PRV release valve to the exterior, sediment drop at gas line, etc. needs to be addressed.
10. Exterior outlets and boxes – All exterior outlets and junction boxes need to be GFCI protected with exterior cover plates. Exterior receptacles are not GFCI protected and exposed wire in open junction boxes are present.
11. Carport – Carport construction is not structurally sound. Inspection report indicates that it is being taken down. Reconstruction would require a permit, and an engineered design would also be required. The structure was approximately 20 ft. x 20 ft.
12. Septic system – Owner indicated that septic tank was recently pumped. Should acquire a septic inspection report.
13. Electric subpanels – Electric subpanels require a 30" wide and 36" deep clear working area in front of the subpanel. The subpanels in the laundry room lack this clearance, cover doors, and labelling. All subpanels are required to have 30" x 36" clear working area. Subpanels are in the laundry room and two storage rooms at the North and South ends of the East section.
14. Laundry room – Room is full of laundry facilities, very tight, lacks clearances at subpanels, and leads to the added water heater structure at the North end.
15. Rooms – 19 of 21 units were inspected by LLB Inspection. Two units, 126 and 129, are noted to be in a rehab process.
16. Hot water – Hot water in rooms was check by LLB Inspection. One room, 112, had hot water at 131 degrees F, much higher than tempered water which is 100 to 110 degrees F. Rooms over 110 degrees F – 116 (114 degrees F), 121 (113 degrees F), 132 (113 degrees F), and Suite 119 degrees F.
17. Room 121 – Has a loose tub fixture.
18. Room 132 – Heater is not working.
19. Accessible room (room 132) – Need to check accessibility clearances and grab bar heights.
20. Hose bibs – LLB's inspection noted that a hose bib on the East side of the structure in dripping and several exterior hose bibs have no handles. Lack on handles is not an issue, just an inconvenience, and prevents vandalism.
21. Laundry room – LLB's inspection was limited as the majority of the wall space in the laundry was inaccessible, not visible due to equipment currently in place. Electric subpanel is also noted in this room with clearance issues.
22. Can lights – LLB noted can light boxes with not fixture/bulbs.
23. Suite – Areas in the ceiling near and in the office with moisture related stains. These moisture issues will be addressed with the reroof. Water tested at 119 degrees F, which is hot. Tempered water is 100 to 110 degrees F. One of the bathroom faucets sets back too far which allow water to run onto the counter. Dishwasher drain line has neither an air gap or high loop, one of the two are required to prevent backflow/siphonage. Lights were not working at the range hood. Open junction boxes with wire splices in FAU closet need cover plates. Condensate drain line in FAU closet has a short air gap and it is covered per LLB's inspection. Fireplace has been converted to a cabinet of sorts and the chimney/chase capped off and no longer used as a fireplace. The unit was not smoke detector compliant, this needs to be addressed as well. Toilet flange bolts missing.

**AGREEMENT BETWEEN
COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
AND STANISLAUS COUNTY AFFORDABLE HOUSING CORPORATION
DBA STANCO
FOR PROPERTY MANAGEMENT SERVICES AT THE FAMILY HOUSING FACILITY
NOVEMBER 15, 2019 THROUGH JUNE 30, 2020**

This AGREEMENT FOR INDEPENDENT CONTRACTOR SERVICES (the "Agreement") is made and entered into by and between the COUNTY OF STANISLAUS ("County") and **STANISLAUS COUNTY AFFORDABLE HOUSING CORPORATION DBA STANCO** ("Contractor"), a non-profit corporation, as of the later of November 15, 2019, or the execution of the Agreement by both parties (the "Effective Date")

RECITALS

WHEREAS, the County has the need for property management of twenty-two (22) residential units identified as the Family Housing Facility located at 1128 S 9th Street, Modesto, CA for year round shelter services to be provided to Housing Support Program families'; and

WHEREAS, the Contractor is specially trained, experienced and competent to perform and has agreed to provide such services; and

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

TERMS AND CONDITIONS

1. SCOPE OF WORK

- 1.1 The Contractor shall furnish to the County, upon execution of this Agreement or receipt of the County's written authorization to proceed, those services and work set forth in EXHIBIT A, attached hereto and, by this reference, made a part hereof.
- 1.2 All documents, drawings and written work product prepared or produced by the Contractor under this Agreement, including without limitation electronic data files, are the property of the Contractor; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purpose whatsoever and to authorize others to do so. If any such work is copyrightable, the Contractor may copyright the same, except that, as to any work which is copyrighted by the Contractor, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. If the County reproduces publishes or used the Contractor work for any purpose other than the work set forth in this Agreement, the County hereby releases the Contractor from any liability than may be incurred from such use of the work product.
- 1.3 Services and work provided by the Contractor at the County's request under this Agreement shall be performed in a timely manner consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions, and in accordance with a schedule of work set forth in EXHIBIT A. If there is no schedule, hours and times for completion of said services and work are to be set by the Contractor; provided, however, that such schedule is subject to review by and concurrence of the County.

2. CONSIDERATION

- 2.1 County shall pay Contractor as set forth in EXHIBIT A.
- 2.2 Except as expressly provided in EXHIBIT A of this Agreement, Contractor shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement. Specifically, Contractor shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.
- 2.3 County shall not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Contractor under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Contractor. County has no responsibility or liability for payment of Contractor's taxes or assessments.
- 2.4 Pursuant to Penal Code section 484b and to Business and Professions Code section 7108.5, the Contractor must apply all funds and progress payments received by the Contractor from the County for payment of services, labor, materials or equipment to pay for such services, labor, materials or equipment. Pursuant to Civil Code section 1479, the Contractor shall direct or otherwise manifest the Contractor's intention and desire that payments made by the Contractor to subcontractors, suppliers and materialmen shall be applied to retire and extinguish the debts or obligations resulting from the performance of this Agreement.
- 2.5 Payment of all services provided in accordance with the provisions of this Agreement is contingent upon the availability of County, state and federal funds.

3. TERM

- 3.1 The term of this Agreement shall be from the Effective Date **through June 30, 2020**, or until completion of the agreed upon services unless sooner terminated as provided below or by some other method provided for in this Agreement.
- 3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.
- 3.3 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, (b) sale of Contractor's business, (c) cancellation of insurance required under the terms of this Agreement, and (d) if, for any reason, Contractor ceases to be licensed or otherwise authorized to do business in the State of California, and the Contractor fails to remedy such defect or defects within thirty (30) days of receipt of notice of such defect or defects.
- 3.4 This Agreement may be terminated by either party without cause when a thirty (30) day written notice is provided to the other party. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Contractor as provided in section 2 herein, subject to any applicable setoffs.

4. REQUIRED LICENSES, CERTIFICATES AND PERMITS

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Contractor to provide the services and work described in EXHIBIT A must be procured by Contractor and be valid at the time Contractor enters into this Agreement. Further, during the term of this Agreement, Contractor must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits shall be procured and maintained in force by Contractor at no expense to the County.

Contractor shall comply with all local, state and federal laws, rules and regulations.

5. OFFICE SPACE, SUPPLIES, EQUIPMENT, ETC.

Unless otherwise provided in EXHIBIT A, Contractor shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Contractor to provide the services identified in EXHIBIT A to this Agreement. County is not obligated to reimburse or pay Contractor for any expense or cost incurred by Contractor in procuring or maintaining such items. Responsibility for the costs and expenses incurred by Contractor in providing and maintaining such items is the sole responsibility and obligation of Contractor.

6. INSURANCE

Coverage Required: Contractor shall obtain, maintain at all times during the term of this Agreement, insurance coverage in the amounts and coverage specified in the attached EXHIBIT B.

7. DEFENSE AND INDEMNIFICATION

7.1 To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend the County and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Contractor or Contractor's officers, employees, agents, representatives or subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property, including the loss of use; provided, however, such indemnification shall not extend to or cover loss, damage or expense arising from the sole negligence or willful misconduct of the County or its agents, officers and employees.

7.2 Contractor's obligation to defend, indemnify and hold the County and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Contractor to procure and maintain a policy of insurance.

8. STATUS OF CONTRACTOR

8.1 All acts of Contractor and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Contractor relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Contractor, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in EXHIBIT A, Contractor has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Contractor. It is understood by both Contractor and County that this Agreement shall not be construed or

considered under any circumstances to create an employer-employee relationship or a joint venture.

- 8.2 At all times during the term of this Agreement, the Contractor and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.
- 8.3 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. Contractor is permitted to provide services to others during the same period service is provided to County under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.
- 8.4 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.
- 8.5 It is understood and agreed that as an independent contractor and not an employee of County, the Contractor and the Contractor's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.
- 8.6 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.
- 8.7 As an independent contractor, Contractor hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. RECORDS AND AUDITS

- 9.1 Contractor shall prepare and maintain all writings, documents, and records prepared or compiled in connection with the performance of this Agreement for a minimum of five (5) years from the termination or completion of this Agreement or until such records and their supporting documentation are released due to closure of Federal/State audit, whichever is longer. This includes any handwriting, typewriting, printing, photostatic, photographing, and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds, or symbols or any combination thereof.
- 9.2 Records shall be destroyed in accordance with California Department of Social Services (CDSS) Manual of Policy and Procedures (MPP) Division 23, Section 350.

- 9.3 Any authorized representative of County shall have access to any writings as described in section 9.1 above for the purposes of making audit, evaluation, examination, excerpts, and transcripts during the period such records are to be maintained by Contractor. Further, County has the right at all reasonable times to audit, inspect, or otherwise evaluate the work performed or being performed under this Agreement.
- 9.4 County shall have the right to audit all invoices and records of the Contractor related to this Agreement as required by State law. County may appoint an independent public accountant.
- 9.5 Contractor agrees that its financial records shall contain itemized records of all costs and be available for inspection in Stanislaus County within seven (7) working days of the request by the County, state or federal agencies.
- 9.6 Monitoring by County may be accomplished by the following non-exclusive means: field reviews, audit claims, monthly review of records.
- 9.7 Contractor shall be responsible for the procurement and performance of an annual fiscal and compliance audit for each Contractor's fiscal years included in the term of this Agreement when Contractor's compensation exceeds \$75,000 per fiscal year.
- 9.8 Contractor expending in excess of \$750,000 in Federal funds annually must comply with the Single Audit Act of 1984, PL 98-502 and the Single Audit Amendments of 1996, P.L. 104-156. All audits must be performed in accordance with Government Audit standards as set forth in the Guidelines for Financial and Compliance Audits for Federally Assisted Programs, Activities, and Functions, and the provisions of Title 2, Code of Federal Regulation (CFR) Part 200 as this applies to the auditing of states, local governments, institutions of higher education and non-profit. Contractor shall notify the CSA Contracts Unit at CSAReport@stancounty.com within five (5) business days of having submitted their Single Audit to the Federal Audit Clearinghouse.
- 9.9 For Contractors who have biennial financial and compliance audits completed, the reports must cover both years within the biennial period.
- 9.10 The financial and compliance audit must be conducted in accordance with Government Auditing Standards and the statements must be prepared in conformity with generally accepted accounting principles.
- 9.11 Contractor shall include in the financial and compliance or Single Audit report the auditor's opinion and notes which indicates whether program expenditures are allowable pursuant to the provisions of 45 CFR, Part 75, and all applicable State and Federal guidelines, policies and procedures.
- 9.12 Expenses incurred by Contractor to provide for the performance of a financial and compliance audit or Single Audit to satisfy said requirements are an allowable Agreement cost. Contractor is responsible for ensuring that the appropriate portion of audit costs are included with its total executed Agreement funds.
- 9.13 Contractor is responsible for submitting to County a financial and compliance audit report, prepared in accordance with section 9, within one hundred twenty (120) days of the end of the Contractor's fiscal year. As stated above, this applies only to those agreements in which Contractor's compensation exceeds \$75,000 per fiscal year.

10. CONFIDENTIALITY

Contractor shall comply and require its officers and employees to comply with the provisions of Section 10850 of the Welfare and Institutions Code (WIC) and Division 19 of the California Department of Social Services Manual of Policies and Procedures to assure that:

- 10.1 Any and all information pertaining to the administration of public social services, for which grants in aid are received shall be confidential and will not be open to examination for any purpose not directly connected with the administration of public social services.
- 10.2 No person shall publish or disclose, or use or permit, or cause to be published, disclosed or used, any confidential information pertaining to an applicant or recipient.
- 10.3 Contractor shall inform all of its employees, agents, subcontractors and partners of the above provision and that any person knowingly and intentionally violating the provisions of said state law is guilty of misdemeanor.

11. NON-DISCRIMINATION

- 11.1 During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any Federal, State or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religious creed, color, national origin, ancestry, physical or mental disability including perception of a disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status. Contractor and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's non-discrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101 and 1102; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.
- 11.2 Contractor shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.
- 11.3 Contractor shall provide a system by which recipients of service shall have the opportunity to express and have considered their views, grievances, and complaints regarding Consultant's delivery of services.

12. ASSIGNMENT

This is an agreement for the services of Contractor. County has relied upon the skills, knowledge, experience and training of Contractor and the Contractor's firm, associates and employees as an inducement to enter into this Agreement. Contractor shall not assign or subcontract this Agreement without the express written consent of County. Further, Contractor shall not assign any monies due or to become due under this Agreement without the prior written consent of County.

13. WAIVER OF DEFAULT

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

14. NOTICE

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Contractor or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County: County of Stanislaus
Community Services Agency
Attention: Contracts Manager
PO Box 42
Modesto, CA 95353

To Contractor: Stanislaus County Affordable Housing Corporation dba STANCO
Attention: Steve Madison, Executive Director
1207 13th Street, Suite 2
Modesto, CA 95354

15. CONFLICTS

Contractor agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

16. SEVERABILITY

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

17. AMENDMENT

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

18. ADVICE OF ATTORNEY

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

19. CONSTRUCTION

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity

of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

20. GOVERNING LAW AND VENUE

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

21. GENERAL ACCOUNTABILITY

21.1 In the event of an audit exception or exceptions, the Contractor shall be responsible for the deficiency resulting from the Contractor's non-compliance with program requirements.

21.2 In the event of any State hearings, cash grant award or lawsuit award resulting from Contractor's failure to perform as required by this Agreement, reimbursement shall be made to the damaged party by Contractor.

21.3 Any expenses the County incurs as a result of the Contractor's failure to perform as required by this Agreement are subject to recoupment by County through any form of legal action including withholding from payment for the services rendered under this Agreement.

22. CODE OF ETHICS

Contractor shall uphold the following Code of Ethics:

- Professional Conduct: Employees of Contractor shall abide by all applicable laws, regulations, policies and procedures in the delivery of all services. Professional staff of Contractor shall also abide by specific codes of ethics prescribed by the professional organizations which set standards for their profession.
- Quality of Service: Employees of Contractor shall promote the goals of the program, which includes enhancement of participant self-esteem, by providing quality service which demonstrates knowledge of the respect for participant needs.
- Respect and Courtesy: Employees of Contractor shall conduct all activities with respect and courtesy for participants.
- Propriety: Employees of Contractor shall not make use of their position or relationship with clients for personal gain.
- Positive Representation: Employees of Contractor shall not behave in any manner that will bring discredit to his/her professional status and reputation or to the program.

23. STATE ENERGY CONSERVATION PLAN

Contractor agrees to recognize the mandatory standards and policies relating to energy efficiency in the State Energy Conservation Plan Title 24, California Administrative Code, as required by the U. S. Energy, Policy and Conservation Act (P. L. 94165).

24. CONVICTION OF CRIME

- 24.1 Contractor shall immediately notify County concerning the arrest and/or subsequent conviction, for other than minor traffic offenses, of any paid employee and/or volunteer staff assigned to provide services under this Agreement, when such information becomes known to Contractor.
- 24.2 Contractor agrees not to knowingly employ any person convicted of any crime involving abuse, neglect, violence, or sexual conduct involving or perpetrated upon a minor.
- 24.3 Contractor shall establish a procedure acceptable to County to ensure that all employees or agents performing services under this Agreement report child abuse or neglect to a child protective agency as defined in Penal Code Section 11165.1 through 11165.6. Contractor shall require each employee, volunteer, consultant, subcontractor or agency to sign a statement that he or she knows of the reporting requirements as defined in Penal Code Section 11166(a) and shall comply with the provisions of the code section.

25. MATCHING FUNDS

These funds are not available for matching with federal, state or local funds for this or any other Agreement unless certified by County.

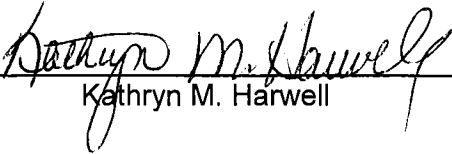
26. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION-LOWER TIER COVERED TRANSACTIONS

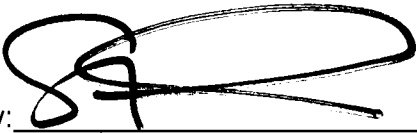
- 26.1 County and Contractor recognize that Federal assistance funds shall be used under the terms of this Agreement. For purposes of this section, Contractor shall be referred to as the "prospective recipient".
- 26.2 This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 2 CFR 180, Participants' responsibilities. The regulations were published as Part VII of the May 26, 1988, Federal Register (pages 19160-19211).
 - A. The prospective recipient of Federal assistance funds certifies by entering this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
 - B. The prospective recipient of funds agrees by entering this Agreement, that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Federal department or agency with which this transaction originated.
 - C. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this Agreement.
 - D. The prospective recipient shall provide immediate written notice to County if at any time prospective recipient learns that its certification in section 27 of this Agreement was erroneous when submitted or has become erroneous by reason of changed circumstances.

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Agreement on the day and year first hereinabove written.

COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY

STANISLAUS COUNTY AFFORDABLE
HOUSING CORPORATION DBA STANCO

By: 
Kathryn M. Harwell

By: 
Steve D. Madison

Title: Director

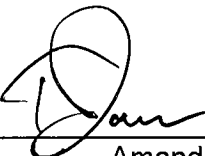
Title: Executive Director

Dated: 11/15/19

Dated: 11/15/2019

APPROVED AS TO FORM:
COUNTY COUNSEL

COUNTY OF STANISLAUS

By: 
~~Amanda DeHart~~
TODD JAMES

Approved per BOS Item # 2019-0568

Title: Deputy County Counsel

Dated: September 17, 2019

Dated: 11/14/19

**STANISLAUS COUNTY AFFORDABLE HOUSING CORPORATION
DBA STANCO
AGREEMENT TO PROVIDE
PROPERTY MANAGEMENT SERVICES AT THE FAMILY HOUSING FACILITY
NOVEMBER 15, 2019 THROUGH JUNE 30, 2020**

I. SCOPE OF WORK:

- A. This Agreement is funded in whole or in part with Federal Funds and the contracted agency has been determined to have the role of a contractor per 2 CFR 200.330 (c) and is not subject to the Federal sub-recipient monitoring requirements. This Agreement is paid with the following Federal Catalog number (s) 93.558.
- B. Contractor shall provide property management services, property maintenance, pest control, and security services to twenty-two (22) units located at the Family Housing Facility located at 1128 S 9th Street, Modesto, CA for year round shelter services for Housing Support Program families.
- C. One (1) unit shall be occupied by the STANCO Property Management staff and shall not be used to house any families.
- D. The target population shall be those families who are currently under case management of the Housing Support Program (HSP), whom have used all available temporary shelter nights, are still engaged in permanent housing search and/or have been unsheltered from the date of referral to the HSP.
- E. Prior to families moving in on November 15, 2019, Contractor shall document the condition of each unit. Pictures and status of each unit shall be emailed to the CSA Homeless and Housing Program Manager and CSA Site Facility Operational Manager.
- F. Contractor shall be responsible for rekeying every lock throughout the property. Keys shall be kept in a key box and shared with CSA Site Facility Operational Manager.
- G. Property Management services at the Family Housing Facility shall include the following:
 - 1. Full time property management services to supervise the site 24 hours a day, 7 days a week.
 - 2. Administrative oversight of leasing activities. This shall include documentation of the lease, client orientation to program rules, housing requirements, explain all program documents and property rules. All documentation shall be kept in a locked file cabinet.
 - 3. Maintain leasing documents and tenant files for all active residents.
 - 4. Prepare residences for occupancy prior to arrival of initial residents and as families rotate through the units.
 - 5. Maintain a written and photographic records of property's condition at beginning of each family's occupancy and at conclusion of occupancy which may be used to determine excessive damages.

6. Arrange for and provide property maintenance, pest control and janitorial services once a unit becomes vacant.
7. Maintain communication with all partner agencies and organizations.
8. Prepare written incident reports and document all unusual activities as needed.
9. Orient program clients to units and facility amenities, such as the schedule for linen services and where cleaning supplies are stored.
10. Work with clients' case managers and County staff to resolve client issues and to uniformly and fairly enforce program rules and requirements.
11. Provide timely responses to routine client requests related to interpretation of program rules and requirements and use of amenities.
12. Always seek to ensure site harmony and provide unbiased mediation of clients disputes.

H. Safety Services shall include the following:

1. Arrange for and provide on-site armed security services from 11:00 pm to 7:00 am daily.
2. Be vigilant in addressing health and safety hazards at all time.
3. Promptly call for police, fire, or emergency medical services as necessary for disturbance, fires or medical emergencies.
4. Promptly arrange for care of clients in a mental health crisis by calling law enforcement.
5. Review with clients the evacuation plan in the event of fire or other hazardous situations.
6. Summon animal control for incidents in which a non-approved and non-service animal needs removal or is aggressive to clients.

I. Contractor shall complete the following maintenance and repairs to the facility:

1. Unit turn overs when families leave each unit. This shall include a deep cleaning of the unit and clean lines.
2. Obtain written approval from CSA Site Facility Operational Manager prior to completing major repairs
3. Return assigned units at the conclusion of this Agreement to CSA Site Facility Operational Manager in the condition received at the beginning of this Agreement.

II. MONITORING:

Contractor shall give authorized County, Federal and State officers, agents, employees, or independent auditors and monitors access to examine and audit all records and material related to

program services (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards § 200.328, Monitoring and reporting program performance).

III. MEDI-CAL DATA PRIVACY AND SECURITY:

- A. Contractor shall comply with the privacy and security safeguards in the Medi-Cal Data Privacy and Security Agreement between the California Department of Health Care Services (DHCS) and the County of Stanislaus, Community Services Agency located at <http://www.stanworks.com/other-services/pdf/medi-cal-data-privacy-and-security-agreement.pdf>.
- B. Contractor shall comply with Stanislaus County Board of Supervisors approved Cloud Policy <http://www.stancounty.com/bos/agenda/2012/20121016/B02.pdf>, by ensuring that in the course of providing services under this Agreement, any access to confidential data and customer Personal Identifiable Information (PII) pertaining to persons and/or entities, including but not limited to customer name, address, social security number, date and place of birth, driver's license number, identification number or any other information that identifies the individual remains confidential and is protected.
- C. Contractor shall abide by the following Information Technology (IT) protocols and procedures:
 1. Process, store and/or transmit PII information only in accordance with the Medi-Cal Data Privacy and Security Agreement specifications using a secure encryption protocol, and in accordance with the National Institute of Standards and Technology (NIST) suite of special publications.
 2. Obtain prior written approval from the Community Services Agency (CSA) IT Manager and the CSA Director thirty (30) days prior to:
 - a. Changing the methodology of storing, processing or transmitting customer PII and reports.
 - b. Using a cloud-based and/or file-sharing service to process, store or transmit customer PII.
 3. Prior to the approval, provide the name and address of the cloud-based or file-sharing service provider, as well as a detailed description and documentation of the services' security features that demonstrate that the services meet the Medi-Cal Data Privacy and Security Agreement, the Social Security Administration TSSR 7.0.
 4. PII data will not be processed, maintained, transmitted or stored in or by means of data communication channels, devices, computers or computer networks located in geographic or virtual areas not subject to United States law.

IV. COMPENSATION:

Contractor shall be compensated for the services provided under this Agreement as follows:

A. Costs:

1. The maximum amount of this Agreement for the period November 15, 2019, through June 30, 2020, shall not exceed \$240,000.

2. This is a fixed rate and cost reimbursement Agreement. One (1) unit of service equals one (1) treatment, one (1) incident and/or a monthly reimbursement. This shall purchase a combination of the following:

| <u>Description</u> | <u>Rates</u> |
|--|--------------|
| Pest Control (Initial Treatment) | \$ 3,100 |
| Pest control (cockroach) per incident; as needed | \$ 375 |
| Pest control (bedbugs) per incident; as needed | \$ 900 |
| Monthly pest control; monthly reimbursement | \$ 95 |
| Property Manager; monthly reimbursement | \$ 1,500 |
| Equipment and supplies; monthly stipend | \$ 215 |
| Property Management Fee, monthly reimbursement | \$ 3,368 |
| Admin and overhead cost, monthly reimbursement | \$ 2,553 |
| Unit Turn over, per unit, per incident | \$ 250 |
| Linen Services, monthly reimbursement | \$ 1,185 |
| Landscaping, monthly reimbursement | \$ 225 |
| Septic system maintenance, every six (6) months | \$ 1,000 |

3. Cost reimbursement expenditures are limited to the following services up to a maximum of the following:

| <u>Description</u> | <u>Rates</u> |
|---|--------------------|
| Maintenance, as needed per incident/ per unit | rates are variable |
| Start- Up cleaning supplies | rates are variable |
| Graffiti abatement | rates are variable |
| Laundry Room renovation | up to \$975.00 |
| Fire system annual service | rates are variable |
| Security services | up to \$65,000 |

- B. Contractor shall make no charge to the recipient and shall collect no share of cost.
- C. Contractor agrees that the costs to be charged to County for contracted services for the term of this Agreement includes all allowable Contractor costs, both indirect and direct, relative to this Agreement.
- D. Contractor agrees to sign and comply with the Assurance of Compliance Form.
- E. Costs must comply with Federal grant reform and uniform guidance in Title 2, Code of Federal Regulation (CFR) Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. The changes included in Title 2, CFR 200 supersede and streamline requirements from several Office of Management and Budget (OMB) Circulars. The circulars included are A-21, A-50, A-87, A-102, A-110, A-122 and A-133. All equipment purchased by Contractor must be depreciated in accordance with 45 CFR 95.705. All equipment, materials, supplies or property of any kind purchased from funds reimbursed or furnished by County under the terms of this Agreement shall be fully consumed or aged out in the course of the Agreement/program. County reserves the right to physically reclaim any/all such property at the conclusion of the Agreement in accordance with 45 Code of Federal Regulations, Part 75, Administration of Grants.
- F. County shall not be required to purchase any definite amount of services nor does County guarantee to Contractor any minimum amount of funds or hours.

G. Invoices:

1. For services provided in the months of November 2019 through April 2020, Contractor shall submit invoices, in a County specified format, within twenty (20) days following the end of service month. **Invoices for service months of May and June 2020 are as follows:**

Invoices due dates and instructions for the service months of May and June will be emailed to Contractor in the month of April.

Invoice requirements are subject to change and the Contractor shall be notified in writing.

2. Invoices shall be submitted to:

Stanislaus County Community Services Agency
Attention: Accounts Payable Supervisor, E2A
P.O. Box 42
Modesto, CA 95353-0042

or

AccountsPayableTeam@stancounty.com

Accounts Payable Supervisor Phone: (209) 558-2217

3. Invoice shall include the following: description type as listed above and date of service, number of units of service billed, service rate, unit number and total due. Supporting documentation shall include the reason for any needed repairs and copies of all paid maintenance, pest control receipts, security monthly reimbursement, laundry room renovation, and fire system annual service.
4. To ensure compliance with Federal and State regulations, County may require additional supporting documentation or clarification of claimed expenses as follows:
 - a. County Accounts Payable staff shall notify Contractor to obtain necessary additional documentation or clarification.
 - b. Contractor shall respond within seventy-two (72) hours with required additional documentation or clarification to avoid disallowances/partial payment of invoice.
 - c. All invoices containing expenses that need additional documentation or clarification not provided to County within seventy-two (72) hours of request shall have those expenses disallowed and only the allowed expenses shall be paid.
 - d. Contractor may resubmit disallowed expenses as a supplemental invoice only and must be accompanied by required documentation.

H. Payments:

1. If the conditions set forth in this Agreement are met, County shall pay, on or before the thirtieth (30th) day after receipt of the invoice, the sum of money claimed by the

approved invoice, (less any credit due County for adjustments of prior invoices). If the conditions are not met, County shall pay when the necessary processing is completed.

2. County shall not pay for unauthorized services rendered by Contractor or for the claimed services which County monitoring shows have not been provided as authorized.
3. Contractor shall be reimbursed for travel costs, including transportation, lodging and meals, provided the County has agreed in writing to reimburse the Contractor for such costs. Any reimbursement for travel costs shall be subject to and not exceed those amounts paid to the County's employees under the current Stanislaus County Travel Policy. The County established mileage rate, maintained by the Stanislaus County Auditor-Controller's Office, may be adjusted annually based on the Internal Revenue Service (IRS) stated rate for that year. Incremental IRS rate increases are not automatic.

NOTE: Contractor must have out of county travel approved by County thirty (30) days prior to the event. The request should be submitted to CSA Program Manager via email.

4. County retains the right to withhold payment on disputed claims.
5. Final payment under Agreement may be held until a termination audit is completed or until receipt of Contractor's annual narrative report.

EXHIBIT B

Insurance Required for Most Contracts

(Not for Professional Services or Construction Contracts)

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than One Million Dollars (\$1,000,000) per incident or occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** If the Contractor or the Contractor's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under the Agreement Insurance Services Office (ISO) Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than One Million Dollars (\$1,000,000) per accident for bodily injury and property damage and transportation related pollution liability.
3. **Workers' Compensation** Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

If the contractor maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the County.

Application of Excess Liability Coverage: Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The County, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL and Auto policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with

such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (**at least** as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the Contractor's insurance coverage shall be primary coverage **at least** as broad as ISO CG 20 01 04 13 as respects the County, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, agents or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Reporting

Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials, employees, agents or volunteers.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the County. Notification of insurance cancellation to the County will be contractors' responsibility.

Waiver of Subrogation

Contractor hereby grants to County a waiver of any right to subrogation (except for Professional Liability) which any insurer of said Contractor may acquire against the County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the County has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the County. The County may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or County.

Acceptability of Insurers

Insurance is to be placed with California admitted insurers (licensed to do business in California) with a current A.M. Best's rating of no less than A-VII, however, if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Approved Surplus Line Insurers (LASLI) maintained by the California Department of Insurance.

Claims Made Policies

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.

2. Insurance must be maintained and evidence of insurance must be provided for **at least** five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

Verification of Coverage

Contractor shall furnish the County with a copy of the policy declaration and endorsement page(s), original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All **certificates and endorsements are to be received and approved by the County before work commences**. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that County is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances

County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Insurance Limits

The limits of insurance described herein shall not limit the liability of the Contractor and Contractor's officers, employees, agents, representatives or subcontractors. Contractor's obligation to defend, indemnify and hold the County and its officers, officials, employees, agents and volunteers harmless under the provisions of this paragraph is not limited to or restricted by any requirement in the Agreement for Contractor to procure and maintain a policy of insurance.

[SIGNATURES SET FORTH ON THE FOLLOWING PAGE]

N/A Exempt from Auto – I will not utilize a vehicle in the performance of my work with the County.

N/A Exempt from WC – I am exempt from providing workers' compensation coverage as required under section 1861 and 3700 of the California Labor Code.

I acknowledge the insurance requirements listed above.

Print Name: STEPHEN D. MADISON Date: 11/15/2019

Signature: [Handwritten Signature] Date: 11/15/2019

Vendor Name: Stanislaus County Affordable Housing dba STANCO

For CEO-Risk Management Division use only

Exception: _____

Approved by CEO-Risk Management Division: Kevin Watts Date: 11/15/2019