

# **Attachment A**

## **ATTACHMENT A**

**Executed Exclusive Negotiations Agreement  
between**

**The County of Santa Barbara  
and**

**The Housing Authority of the County of Santa Barbara  
November 5, 2019**

## EXCLUSIVE NEGOTIATIONS AGREEMENT

This Exclusive Negotiations Agreement (“Agreement”) is made and entered into this 5th day of November, 2019 (“Effective Date”), by and between THE COUNTY OF SANTA BARBARA, a political subdivision of the State of California (“County”), and The Housing Authority of the County of Santa Barbara, a public body, corporate and politic (“HACSB”). County and HACSB are sometimes referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

- A. County, as a political subdivision of the State of California, owns or controls real property located adjacent to 4570 Hollister Avenue, Goleta, which is more particularly described on Exhibit A, attached hereto and incorporated herein by this reference (“Property”).
- B. HACSB is a public body, corporate and politic established under the agency and a political subdivision of the State of California.
- C. HACSB intends to develop an affordable housing project on the Property known as the Hollister Lofts Project (“Project”).
- D. HACSB plans to apply for competitive State of California Department of Housing and Community Development No Place Like Home (NPLH) funds to assist with financing for the development of the Project.
- E. County is entering into this Agreement to assist HACSB in pursuing NPLH funding, which requires, among other things, that HACSB demonstrate “site control” as defined at 25 CCR §8303.
- F. It is expressly intended by the County and HACSB agrees, that this Agreement is intended to provide a general framework for the subsequent good faith negotiations of an acquisition agreement that will facilitate development of the Project and is not intended commit any Party to a particular course of action. The County wishes this document to function as an exclusive agreement to negotiate pursuant to 25 CCR §8303(a)(5) but it is not intended to create an enforceable obligation for the County to sell the Property.
- G. The Project would meet the social needs of the population of the County and the Property will not be needed for County purposes, and therefore, the County may make the Property available to HACSB pursuant to California Government Code §26227 and County Code §12A-10.3.

H. Pursuant to 25 CCR §8303(a)(5) the County now desires to offer HACSB the opportunity to exclusively negotiate with the County for purchase of the Property and development of the Project.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the Parties hereby agree as follows:

1. Purpose and Scope

The purpose of this Agreement is to memorialize the preliminary, major terms that have been agreed to by the Parties and to provide HACSB with an exclusive right to negotiate, in mutual good faith, with the County for purchase of the Property. The County will not be obligated to sell or grant the Property unless and until the Parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the California Environmental Quality Act (CEQA) environmental review process and on other public review and hearing processes and subject to all applicable governmental approvals. Any agreements resulting from negotiations will become effective only if and after such agreement has been considered and approved by HACSB and the County following conduct of all legally required procedures.

2. Parties Agree to the Major Preliminary Terms

A transaction of the type contemplated in this Agreement involves many essential terms and conditions that have not yet been agreed upon. However, pursuant to 25 CCR §8303(a)(5), County and HACSB have agreed upon major preliminary terms discussed herein that will serve as a general framework for subsequent good faith negotiations. The parties agree that any acquisition of the Property by HACSB is subject to the following conditions precedent:

- a.) HACSB securing all necessary funding to finance the Project, including NPLH competitive funds;
- b.) HACSB obtaining all land use and zoning approvals for the Project;
- c.) CEQA environmental clearance for the Project;
- d.) HACSB's preparation and implementation of a community engagement plan which shall be acceptable to County in its sole discretion, as described below;
- e.) County, at its option, may require a restrictive covenant to be recorded against the Property upon transfer, to the extent permitted by the State requirements; and
- f.) The sales price must be mutually agreed upon. The Board of Supervisors reserves the right to approve a price at or below fair market value.

3. Exclusive Right to Good Faith Negotiations

Subject to all terms and conditions of this Agreement, the County and HACSB agree for the time period set forth below to negotiate diligently and in good faith towards the preparation of one or more purchase and sale agreements or other agreement(s) that will involve the acquisition of the Property by HACSB from the County for the Project (hereinafter, a “Disposition/Acquisition Agreement”). It is expressly understood and agreed by the Parties that this is a contract regarding negotiations only and does not convey any interest in the Property. This Agreement also does not constitute any approval whatsoever of any proposed project. By its execution of this Agreement, the County is not committing to (a) any disposition of land to HACSB; (b) the ability to obtain any approvals required from the County to use the Property for the Project; or (c) any other acts requiring the subsequent independent exercise of discretion by the County, or its departments. It is further agreed and understood that this Agreement does not imply any obligation on the part of the County or HACSB to enter into any agreement that may result from the negotiations contemplated herein.

County agrees, for the Initial Term and any Extended Term (defined below), not to negotiate with, solicit offers or proposals regarding, or respond to inquiries from (other than to notify the inquiring party, person or entity that County is subject to an exclusive negotiation agreement) any other person or entity regarding development, sale, or lease of the Property or any portion thereof.

#### 4. Term of Agreement

- A. The term of this Agreement shall be for a period of three (3) years from the date of final execution by the Parties (“Initial Term”) unless earlier terminated or extended as provided in this Section 4.
- B. The Board of Supervisors, shall have the right to extend the Initial Term of this Agreement for up to an additional one (1) year (“Extended Term”). The decision to extend the Initial Term shall be at the sole and absolute discretion of the Board of Supervisors. If the Board of Supervisors elects to extend the Initial Term, the County shall notify HACSB in writing not less than thirty (30) days prior to expiration of the Initial Term (“Notice of Extension”).
- C. Any request by HACSB to extend any term of this Agreement shall be made in writing and shall provide a description of the circumstances necessitating an extension.

#### 5. Right of Entry

During the Initial Term or any extension thereof, HACSB, its representatives, consultants, contractors, agents and employees shall have the right to enter the Property at all reasonable times for the purpose of conducting any tests, studies, analysis or other work necessary, pursuant to the Temporary Entry Permit, attached hereto and incorporated herein by this reference as **Exhibit B**, which replaces and supersedes the Temporary Entry Permit executed between the County and HACSB on August 21, 2019.

HACSB shall have access to all data and information on the Property available to the County, but without warranty or representation by the County as to the completeness, correctness or validity of such data and information. Copies of any tests, studies or analysis obtained or made by HACSB on the Property shall be provided to the County. Any preliminary work by HACSB shall be undertaken only after securing any necessary approval from the appropriate governmental agency.

6. Disposition of Property

Within the time period set forth in Section 4 – Term of Agreement, HACSB and the County shall negotiate the terms and conditions of a proposed Disposition/Acquisition Agreement in good faith pursuant to Section 3. It is expressly acknowledged and agreed by the Parties that, until and unless a Disposition/Acquisition Agreement is signed by HACSB and approved by the Board of Supervisors in its sole and absolute discretion, any drafts or other communications resulting from performance of this Agreement shall not be used to impose any legally binding obligation on the County or HACSB or as evidence of any oral or implied agreement by the County or HACSB to enter into a legally binding document.

7. Disclosure of Confidential Information

HACSB acknowledges that the County is subject to the California Public Records Act (“Act”). The Act generally provides that written documents retained by the County are subject to disclosure upon the request of any third party except for specific limited exceptions provided for in the Act. HACSB shall designate as “Confidential” any information which HACSB provides to the County which HACSB desires to keep confidential. If a request for disclosure of any information designated as “Confidential” by HACSB is made under the Act, the County shall notify HACSB in writing and HACSB shall have the opportunity to object to the release of such information.

8. Conflict of Interest

- A. HACSB shall at all times avoid conflict of interest or appearance of conflict of interest under any applicable state, federal or local laws, rules and regulations in performance of this Agreement. HACSB shall disclose any conflict of interest, or potential conflict of interest, which exists or arises at any time during the Term of this Agreement. For purposes of this Section, any conflict of interest of a principal, officer, partner, joint-venturer or employee of HACSB shall be conclusively deemed to be a conflict of interest of HACSB.
- B. County shall have the right to treat any violation of this Section as a material breach of this Agreement, and shall have the right to terminate the Agreement and pursue any and all legal or equitable remedies for said breach of this Agreement.

9. **HACSB Responsibilities**

A. HACSB Obtains Funding

HACSB shall secure all necessary funding to finance the Project, including without limitation competitive State of California Department of Housing and Community Development NPLH funds as a precondition to entering into any Disposition/Acquisition Agreement.

B. Development Costs

HACSB expressly acknowledges that all expenses and costs it may incur during the Initial Term of or as a result of this Agreement are its sole obligation and responsibility and done at its sole risk, including, but not limited to, any costs associated with any proposed project and any costs incurred to prepare the necessary studies and analysis required for any proposed project. All County fees for processing a development application or any CEQA review shall be paid by HACSB when they are due.

C. Detailed Project Development Plan

HACSB shall provide County with a detailed project development plan including descriptions that set forth with specificity each phase of the Project and its implementation.

D. Entitlement Applications

HACSB shall obtain all required land use and zoning approvals as a precondition to entering into any Disposition/Acquisition Agreement. HACSB understands and agrees that this Agreement does not and shall not be construed to indicate or imply that County, acting as a regulatory or permitting authority, has hereby waived, granted or is obligated to grant any approval or permit required by law for the development of the Project on the Property as contemplated by the Agreement.

E. California Environmental Quality Act

The County retains the absolute sole discretion to (i) modify the transaction, create and enter into transactional documents, and modify the project as may be necessary to comply with CEQA, (ii) select other feasible alternatives to avoid significant environmental impacts identified during the CEQA process, (iii) balance the benefits of entering into an agreement against any significant environmental impacts of the Project prior to taking final action, and (iv) determine not to proceed with an agreement to avoid significant environmental impacts identified during the CEQA process. No legal obligations will exist unless and until the parties have negotiated, executed and delivered a mutually acceptable Disposition/Acquisition Agreement based upon information produced from the CEQA environmental review process and on other public review and hearing processes, subject to all applicable governmental approvals.

F. Progress Reports

HACSB shall keep the County apprised as to the status of all work to be undertaken by or on behalf of HACSB as described in the Conditions for Continued Negotiation. During the Initial Term or any Extended Term, HACSB shall submit to County within ten (10) days following County's request, via email or other reasonable method, a progress update advising County of the status of all work being undertaken by or on behalf of HACSB.

G. Community Outreach

As a precondition to entering into any Disposition/Acquisition Agreement HACSB shall prepare and implement a community engagement plan. The community engagement plan shall be acceptable to the County in its sole discretion and shall consist of a series of community meetings with stakeholders including, but not limited to, the Ben Page Youth Center Operators and Users and the surrounding neighborhood.

10. Distinction from Regulatory Authority of the County

HACSB understands and agrees that this Agreement does not and shall not be construed to indicate or imply that the County, acting as a regulatory or permitting authority, has hereby granted or is obligated to grant any approval or permit required by law for the development of the Project on the Property as contemplated by the Agreement.

11. Public Hearing

If the negotiations contemplated herein culminate in the execution of a Disposition/Acquisition Agreement, the Disposition/Acquisition Agreement will be brought forward for consideration by the Board of Supervisors, provided, however, such Disposition/Acquisition Agreement shall become effective only after having been





With a copy to: General Services, Real Property Division  
Attention: Carlo Achdjian, Real Property Manager  
1105 Santa Barbara Street  
Courthouse East Wing, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101

To HACSB: Housing Authority of the County of Santa Barbara  
Attention: John Polanskey, Director of Housing Development  
815 W. Ocean Avenue  
Lompoc, CA 93436

With a copy to: Housing Authority of the County of Santa Barbara  
Attention: Robert Havlicek, Executive Director  
815 W. Ocean Avenue  
Lompoc, CA 93436

Or to such other addresses as any Party may designate by notice in accordance with this Section.

16. Waiver of Lis Pendens

It is expressly understood and agreed by the Parties that no lis pendens shall be filed with respect to this Agreement or any dispute or act arising from it.

17. Time of Essence

It is understood and agreed by the Parties that time is of the essence in the performance of the obligations of this Agreement.

18. Assignment

HACSB may not transfer or assign any or all of its rights or obligations hereunder except with the prior written consent of the County which may be granted or withheld in the County's sole and absolute discretion, and any such attempted assignment without the prior written consent of the County shall be wholly void and of no effect.

19. No Third Party Beneficiaries

This Agreement is made and entered into solely for the benefit of County and HACSB and no other person shall have any right of action under this Agreement.

20. Limitation of Liability

Notwithstanding anything to the contrary at law or equity, in the event of any breach of this Agreement by the County, the sole and exclusive remedy of HACSB hereunder shall be the recovery of HACSB's actual out of pocket costs incurred by HACSB to third parties to satisfy its obligations under this Agreement. In no event shall HACSB be entitled to "expectation damages" i.e., any amounts that HACSB would expect to gain were an agreement ever executed, including, without limitation, any amount for potential lost profits. Neither Party shall be allowed to recover any damages for lost business opportunity, or for any indirect or consequential damages from the other Party.

21. Waiver

HACSB agrees that waiver by the County of any breach or violation of any term or condition of this Agreement shall not be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by the County of the performance of any work or services by HACSB shall not be deemed to be a waiver of any term or condition of this Agreement.

22. Governing Law

The law governing this Agreement shall be that of the State of California.

23. Venue

In the event that suit shall be brought by either party hereunder, the Parties agree that trial of such action shall be exclusively vested in a state court in the County of Santa Barbara, or where appropriate in the United States District Court for the Central District of California.

24. Prior Agreements and Amendments

This Agreement, including all Exhibits listed below and attached hereto, represent the entire understanding of the Parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may only be modified by a written amendment duly executed by the Parties.

25. HACSB shall not subject the Property to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters during the term of this Agreement or any extension thereof.

Exhibit A  
Exhibit B


Description of the Property  
Temporary Entry Permit

**WITNESS THE EXECUTION HEREOF** on the day and year first hereinabove written.

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD


COUNTY OF SANTA BARBARA


By:   
Deputy

By:   
Steve Lavagnino, Chair  
Board of Supervisors

APPROVED AS TO FORM

APPROVED AS TO FORM  
Michael Ghizzoni, County Counsel

  
Ray Aromatorio, Risk Manager

  
Scott Greenwood,  
Deputy County Counsel

**SIGNATURE PAGE FOR THE HOUSING AUTHORITY  
COUNTY OF SANTA BARBARA**

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA



Robert P. Havlicek Jr., Executive Director

EXHIBIT "A"  
APN 061-040-030



**EXHIBIT B**

**TEMPORARY ENTRY PERMIT**

Project: Housing Authority of the  
County of Santa Barbara,  
Hollister Lofts  
Location: 4500 Block Hollister Ave,  
Goleta  
APN: 061-040-030  
GS File #: 003910  
Agent: JAL

### **TEMPORARY ENTRY PERMIT**

Santa Barbara County Code §12A-10.1 authorizes the Director of General Services to grant or otherwise convey a permit for the use of any real property of the County to a public agency so long as the Director finds that the conveyance is in the public interest and that the interest in land conveyed will not substantially conflict or interfere with the use of the property by the County. The Director of General Services has made the finding that granting a temporary entry permit to the Housing Authority of the County of Santa Barbara to facilitate finance development for an affordable housing project is in the public interest and the interest conveyed will not substantially conflict or interfere with the use of the property by the County.

Housing Authority of the County of Santa Barbara, a political subdivision of the State of California, hereinafter referred to as "HACSB"; and the COUNTY OF SANTA BARBARA, a political subdivision of the State of California, hereinafter referred to as "COUNTY", do hereby agree as follows:

COUNTY hereby grants a non-exclusive, revocable right of entry to HACSB, its authorized agents, contractors, officers, and employees, including but not limited to, the right to enter upon and move workers, equipment, and materials over, within and upon the real property at Hollister Avenue in Goleta, California known as Assessor Parcel Number 061-040-030, and more particularly shown on the County Assessor Parcel Map attached hereto as Exhibit "A" and incorporated herein by reference, hereinafter the "Property"

This Temporary Entry Permit, hereinafter referred to as "Permit", shall be for the purpose of access to the Property to conduct diligence for the purpose of applying for competitive State of California Department of Housing and Community Development No Place Like Home funds to assist with finance development for an affordable housing project. The diligence may include an appraisal, survey and soil testing and such other purposes as may be incidental to the production of third party reports. This Permit shall be subject to the following provisions, requirements, and restrictions:

1. HACSB, its authorized agents, officers, employees and contractors shall exercise reasonable precautions necessary to prevent damage to and protect the Property during HACSB'S entry thereon.
2. By HACSB'S exercise of this Permit, COUNTY assumes no liability for any claims, loss or damage to HACSB'S property, or injury to or death of any agent, officer, employee, or contractor of HACSB, unless said claims, loss, damage, injury, or death is as a result of the COUNTY'S sole negligence.

3. HACSB, its authorized agents, officers, employees and contractors shall back-fill all holes created and return the site to the original condition and replace and/or repair any improvements, destroyed or damaged, as a result of the rights granted under this Permit. If any improvements are damaged or removed by HACSB, its authorized agents, officers, employees or contractors, they shall be restored or replaced by HACSB to as near the original condition and location as is practicable and such restoration of the Property shall be approved by the COUNTY, through including but not limited to County of Santa Barbara Public Works Department, Santa Barbara County Fire Protection District and the General Services Department, or designees, prior to expiration of said Permit.

4. Vegetation cut and/or trimmed from the Property by the HACSB, its authorized agents, employees and contractors shall not be ripped from the ground without leaving some live branches/stumps with leaves to allow for regrowth, to the extent practicable. Removed vegetation greater than twelve inches (12”) in length shall be either removed from the property or mulched and spread evenly over the grubbed and disturbed areas and not left in piles. Under any circumstances, no cut or trimmed vegetation shall remain, be placed or piled in and on the Property by HACSB, its authorized agents, employees and contractors.

5. The term of this Permit shall expire **three (3) years from the date of execution**, unless extended in writing by the parties. COUNTY may, at its option, extend this Temporary Entry Permit for an additional period of time at the expiration of the original term.

6. COUNTY may at any time and for any reason terminate HACSB’s temporary entry permit and work at COUNTY’S convenience upon thirty (30) days written notice. Upon receipt of such notice, HACSB shall, unless the notice directs otherwise, immediately discontinue work and vacate the property.

7. INDEMNIFICATION: HACSB shall comply with the indemnification provisions set forth in Exhibit “B” pursuant to this permit and incorporated herein by this reference.

8. INSURANCE: HACSB shall be required and HACSB shall require its contractors to maintain the insurance coverage set forth in Exhibit “B” throughout the term of this Permit and provide proof of such insurance by HACSB and by HACSB’s contractors to COUNTY prior to accessing the Property pursuant to the Permit.

9. This Temporary Entry Permit is not transferable and shall not run with the Property.

10. By their signatures, the COUNTY does hereby certify that they are, collectively, the sole owners of the Property.

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Project: Housing Authority of the  
County of Santa Barbara, Hollister  
Lofts  
Location: Goleta  
APN: 061-040-030  
GS File#: 003910  
Agent: JAL

IN WITNESS WHEREOF, COUNTY and HACSB have signed this Temporary Entry Permit by the respective authorized officers pursuant to County Code §12A-10.1, as set forth below to be effective as of the date executed by COUNTY.

COUNTY  
COUNTY OF SANTA BARBARA

By: Janette D Pell  
Janette D. Pell  
General Services Director

Date: 11/5/2019

By: Carlo Achdjian  
Carlo Achdjian, Real Property Manager  
General Services Department

Date: 11/5/2019

APPROVED AS TO FORM:  
MICHAEL G. GHIZZONI  
COUNTY COUNSEL

By: Scott Greenwood  
Scott Greenwood  
Deputy County Counsel

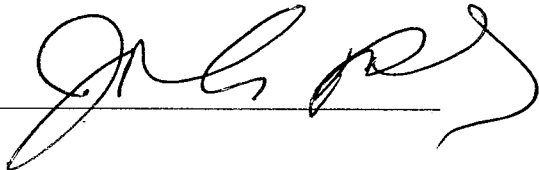
APPROVED

By: Ray Aromatorio  
Ray Aromatorio  
Risk Manager

Project: Housing Authority County  
of Santa Barbara, Hollister  
Lofts

Location: Goleta  
APN: 061-040-030  
GS File#: 003910  
Agent: JAL

HOUSING AUTHORITY COUNTY OF SANTA BARBARA

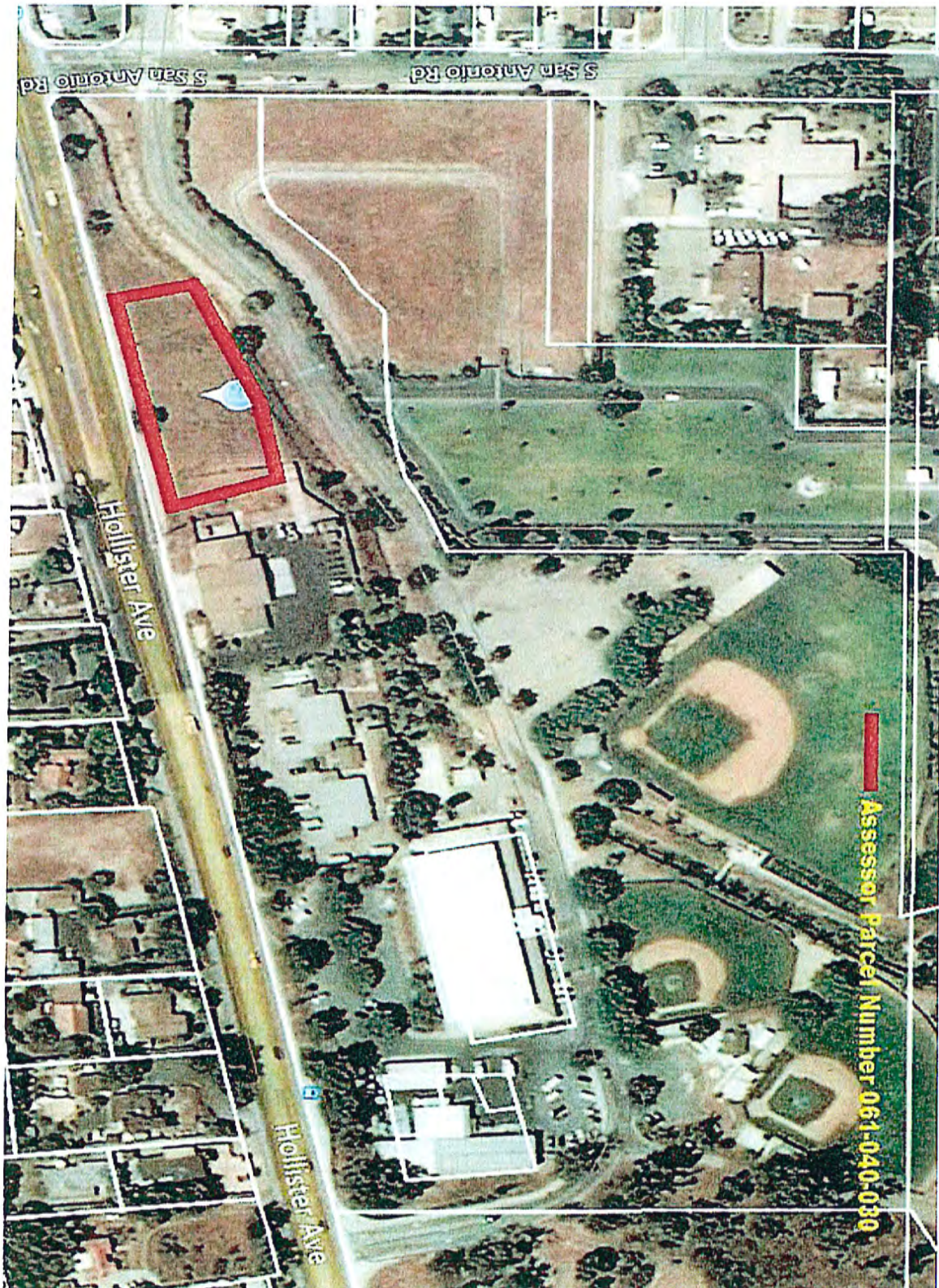
By: 

Date: 10/14/19

Name: John Polansky

Title: Director of Housing Development

EXHIBIT "A"  
APN 061-040-030



## EXHIBIT "B"

### COUNTY OF SANTA BARBARA BASIC INDEMNIFICATION AND INSURANCE REQUIREMENTS

#### INDEMNIFICATION

HACSB agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to attorneys' fees) incurred by COUNTY on account of any claim except where such indemnification is prohibited by law. HACSB's indemnification obligation applies to COUNTY's active as well as passive negligence but does not apply to COUNTY's sole negligence or willful misconduct.

#### NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS

HACSB shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

#### INSURANCE

HACSB shall procure and maintain for the duration of this Agreement 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 HACSB, its agents, representatives, employees or subcontractors.

##### A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if HACSB has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** 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 HACSB maintains higher limits than the minimums shown above, the COUNTY requires and shall be entitled to coverage for the higher limits maintained by HACSB. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the COUNTY.

B. Other Insurance Provisions

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

1. **Additional Insured** – COUNTY, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of HACSB 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 HACSB'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 and CG 20 37 if a later edition is used).
2. **Primary Coverage** – For any claims related to this Agreement, HACSB's insurance coverage shall be primary insurance 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 HACSB's insurance and shall not contribute with it.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the COUNTY.
4. **Waiver of Subrogation Rights** – HACSB hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said HACSB may acquire against the COUNTY by virtue of the payment of any loss under such insurance. HACSB agrees to obtain any endorsement that may be necessary to effect 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.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the COUNTY. The COUNTY may require HACSB to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
6. **Acceptability of Insurers** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".
7. **Verification of Coverage** – HACSB shall furnish the COUNTY with proof of insurance, original certificates and amendatory endorsements as required by this Agreement. The proof of insurance, 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 HACSB's obligation to provide them. HACSB shall furnish evidence of renewal of coverage throughout the term of the Agreement. The COUNTY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

8. **Failure to Procure Coverage** – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to terminate the Agreement. Maintenance of required insurance coverage is a material element of the Agreement and failure to maintain or renew such coverage or to provide evidence of renewal may be treated by COUNTY as a material breach of contract.
9. **Subcontractors** – HACSB shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and HACSB shall ensure that COUNTY is an additional insured on insurance required from subcontractors.
10. **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.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. HACSB agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY.

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