

Project: Telecare Lease for Crisis Residential Services at 116 Agnes Avenue, SM  
APN: 119-086-010  
Folio: 003146

**LEASE AGREEMENT**

**THIS LEASE AGREEMENT** (hereinafter “Lease”) is made by and between the

COUNTY OF SANTA BARBARA, a political subdivision of the State of California, hereinafter referred to as “COUNTY,”

and

TELECARE CORPORATION, a California corporation, hereinafter referred to as “LESSEE,”

with reference to the following:

**WHEREAS**, COUNTY is the fee owner of that certain real property located at 116 Agnes Avenue, in the City of Santa Maria, State of California, and also described as Santa Barbara County Assessor’s Parcel Number 119-086-010, (hereinafter “Property”) and shown as the diagonally slashed area of Exhibit “A”, attached hereto and incorporated herein by this reference; and

**WHEREAS**, LESSEE represents it is a specially trained, skilled, experienced and competent behavioral health service provider that is able to perform crisis residential services required by COUNTY; and

**WHEREAS**, LESSEE has provided adult crisis respite and intervention services at the Property since May 28, 2019, pursuant to a services agreement, which expires on June 30, 2021, and an ancillary lease agreement under which LESSEE remains in month-to-month holdover tenancy; and

**WHEREAS**, COUNTY has selected LESSEE, through a competitive bidding process, to continue providing the aforementioned services at the Property and has consequently prepared an Agreement for Services of Independent Contractor (hereinafter “Services Agreement”) for the period of July 1, 2021 through June 30, 2022; and

**WHEREAS**, COUNTY and LESSEE desire to enter into this Lease concurrently with the Services Agreement, and agree that the Lease shall run congruently therewith and remain in effect so long as the Services Agreement is in effect.

**NOW, THEREFORE**, in consideration of the provisions, covenants, and conditions, contained herein, the parties agree as follows:

1. **ADMINISTRATION AND ENFORCEMENT:** The provisions of this Lease shall be administered and enforced for COUNTY through the General Services Department Director, or designee (hereinafter referred to as “GS Director”). The Services Agreement will be administered and enforced for COUNTY through the Designated Representative as defined by the provisions of the Services Agreement.

2. **LEASED AREA:** For and in consideration of the covenants to be performed by LESSEE under this Lease, COUNTY hereby leases to LESSEE and LESSEE hereby takes from COUNTY, the approximate 3,099 square foot premises located at 116 Agnes Ave. in Santa Maria, as further depicted on Exhibit “B” attached hereto and incorporated by reference (hereinafter “Premises”). LESSEE acknowledges and agrees that any and all personal property, fixtures, or other items needed to run the day-to-day operations of the program located at the Premises are, and shall remain, the property of COUNTY.

3. **PURPOSE AND USE:** LESSEE shall use the Premises solely as an adult Crisis Respite Residential House and operate such in accordance with the terms and conditions set forth in the Services Agreement. LESSEE shall perform all of its services to its clients and COUNTY under the Services Agreement as an independent contractor and not as an officer, agent, servant, employee, joint venture, partner, or associate of COUNTY. LESSEE shall not expand its use of the Premises beyond the scope of this Lease, nor use the Premises for any other purposes without the express written consent of COUNTY.

4. **TERM:** The term of this Lease shall be for a period of one (1) year, commencing on July 1, 2021 (hereinafter “Commencement Date”), and terminating June 30, 2022, subject to such provisions for extension and termination as contained herein.

5. **RENT:** Rent for the initial year of the term of this Lease shall be SEVEN THOUSAND AND EIGHTY-THREE DOLLARS (\$7,083) per month (hereinafter “Rent”), which is based on an estimate of the operating and administrative costs set forth in Section 9, UTILITY CHARGES, JANITORIAL AND SECURITY SERVICES, AND ADMINISTRATIVE COSTS. The Rent amount for subsequent years of the term of this Lease shall be adjusted as set forth in Section 6, RENT ADJUSTMENTS.

Rent shall begin to accrue on the Commencement Date, and shall become due and payable, in advance, on the first day of each calendar month of the term. The rent due for any period which is for less than one (1) calendar month shall be pro-rated based upon a thirty (30) day month.

The Rent set forth above shall include all costs incurred by COUNTY to maintain and repair the Premises including, but not limited to, janitorial and security services and all utilities except phone and data connectivity, as further described in Section 9, UTILITY CHARGES, JANITORIAL AND SECURITY SERVICES, AND ADMINISTRATIVE COSTS.

6. **RENT ADJUSTMENTS:** In the event LESSEE occupies the Premises after the expiration date of this Agreement as a holdover tenant, Rent shall be subject to an annual adjustment on July 1, 2022, and again on July 1, 2023 (hereinafter “Adjustment Dates”) based upon the following:

At least thirty (30) days prior to each Adjustment Date, COUNTY shall initiate a review of the actual costs incurred under Section 9, UTILITY CHARGES, JANITORIAL AND SECURITY SERVICES, AND ADMINISTRATIVE COSTS, for the preceding 10-month period and shall calculate

the average monthly cost of all such services. Calculations shall include estimates for any costs incurred but not yet paid as well as any indirect costs associated with the lease administration. COUNTY shall thereafter increase or decrease Rent for the next 12-month period, beginning on July 1<sup>st</sup> of the then-current year, so that the adjusted rent is equal to the average monthly cost calculated in accordance with this paragraph (hereinafter "Rent Adjustment"), and shall notify LESSEE in writing of the Rent Adjustment, if any, at least fifteen (15) days prior to the Adjustment Date.

In the event any Rent Adjustment exceeds LESSEE's available budget, COUNTY will work with LESSEE to modify the budget set forth in LESSEE's Services Agreement.

The foregoing notwithstanding, COUNTY shall not be required to allow LESSEE to remain as a holdover tenant; this paragraph shall not be construed as COUNTY consenting to a holdover tenancy.

7. **SITE SUITABILITY:** LESSEE has determined that the Premises are suitable for LESSEE's intended operations, and therefore, LESSEE hereby accepts, by way of executing this Lease, the Premises, as shown in Exhibit "B" hereof, in their existing condition.

**LESSEE ACKNOWLEDGES THAT, EXCEPT AS STATED HEREIN, COUNTY HAS MADE NO REPRESENTATIONS OR WARRANTIES ABOUT THE CONDITION OF THE PREMISES, OR THE SUITABILITY OF SAME FOR THE INTENDED USE BY LESSEE.**

8. **IMPROVEMENTS AND ALTERATIONS:** In the event LESSEE wishes to make any structural alterations to the Premises, LESSEE shall obtain advance written approval from COUNTY (not to be unreasonably withheld, conditioned or delayed), through the GS Director, and shall comply with all requirements of the County Architect and all permits. Copies of any required Land Use Permit(s) and/or Building Permit(s) shall be delivered to the County Architect. With respect to all non-structural alterations, LESSEE shall not be required to obtain COUNTY's approval, but shall provide COUNTY with notice of such non-structural alterations.

LESSEE shall give COUNTY no less than ten (10) days written notice prior to the commencement of any material work in, on, or about the Property and shall keep the Property free and clear of liens for labor and materials. Nothing in this Lease shall be construed to entitle LESSEE to undertake alterations or improvements to the Property, nor additional future improvements, without complying with all permitting (if any) required by COUNTY in its governmental capacity.

9. **UTILITY CHARGES, JANITORIAL AND SECURITY SERVICES, AND ADMINISTRATIVE COSTS:** COUNTY shall arrange and pay for all utilities serving the Premises except phone and data connectivity, including water, sewer, electricity, gas, and trash disposal, and shall arrange and pay for any janitorial and security services to the Premises. LESSEE shall arrange and pay for phone and data connectivity for LESSEE's use of the premises.

The utility infrastructure existing at the Property on the Commencement Date shall be deemed to be adequate for LESSEE's intended use. LESSEE may, subject to written approval by COUNTY, improve or expand the utility infrastructure at its sole expense.

In the event LESSEE deems inadequate any existing service provided by COUNTY pursuant to this Section, LESSEE may notify COUNTY in writing of its concern and propose an alternate service and/or provider, and COUNTY shall endeavor to respond accordingly at its earliest practicable opportunity. Should COUNTY change any service and/or provider, RENT shall thereafter be adjusted to include any increase or decrease in the cost of such service and shall be subject to the terms of Sections 5 and 6 above.

LESSEE shall also reimburse COUNTY for all administrative costs incurred during the administration of this Lease. As set forth in Sections 5 and 6, administrative costs shall be included in the Rent calculations.

10. **MAINTENANCE AND REPAIR:** During the term of this Lease, including any extensions, LESSEE agrees to keep the Premises in good order and repair, reasonable wear and tear excepted. COUNTY shall be responsible for performing all maintenance and repair of both the interior and the exterior portions of the Property. LESSEE shall notify COUNTY of any and all items that need repair, and COUNTY shall respond in a timely manner.

In the event of an emergency such that the Property requires immediate maintenance or repair and LESSEE's operations would be negatively impacted by any delay, LESSEE may independently contract for such maintenance or repair. In such an event, LESSEE shall ensure that any maintenance or repair will conform to COUNTY maintenance standards, to be determined by COUNTY, and the cost of such maintenance or repair shall be reimbursed, as applicable, by COUNTY. Prior to contracting for any maintenance or repair, LESSEE shall provide COUNTY with notice of the emergency and an opportunity to respond to the emergency, according to the emergency contact information provided by COUNTY.

COUNTY, its agents, employees and contractors reserve the right to enter the Property at all reasonable times, upon twenty-four hour notice to LESSEE (except in the case of emergency) to perform maintenance and repair, as needed on the Property. This right extends to public utilities in regard to repair, maintenance, construction and demolition of utility infrastructure on the Property, including appurtenances.

11. **ABANDONMENT OF PREMISES:** LESSEE shall not abandon, vacate, surrender or assign use of the Premises at any time during the term of this Lease. If LESSEE does abandon, vacate, surrender or assign use of the Premises, this Lease and all of LESSEE's rights thereto shall terminate at the option of COUNTY. COUNTY shall memorialize such termination via letter to LESSEE. In the event of such termination, the Premises and any personal property belonging to LESSEE and left on the Premises more than ninety (90) days after the mailing of such termination letter shall be deemed abandoned at the option of COUNTY, and title to such may pass to COUNTY pursuant to Section 12, **TITLE**. This provision shall also apply to property left after the termination, or other expiration of this Lease.

12. **TITLE:** During the term of this Lease, title to the Property shall remain vested in COUNTY, subject to LESSEE's leasehold interest. LESSEE shall have no right to waste, destroy, or demolish the Property or any improvements thereon.

13. **DISASTER PLAN:** LESSEE shall develop and maintain a written disaster plan for Premises and shall provide annual disaster training to LESSEE's staff in accordance with the Services Agreement and as directed and approved by COUNTY staff.

14. **NONINTERFERENCE:** LESSEE agrees not to use, nor permit those under its control, including, but not limited to, its employees, tenants, invitees, patients, clients, agents and/or contractors, to use any portion of the Property in any way which interferes with other tenants at the Property. Such interference shall be deemed a material breach, and LESSEE shall terminate

said interference immediately upon notice from COUNTY. In the event LESSEE fails to stop such interference promptly, this Lease shall terminate at the option of COUNTY.

15. **ASSIGNMENT AND SUBLEASE:** LESSEE shall not assign, license, or sublease the Premises or Property or any part thereof or any right or privilege appurtenant thereto without COUNTY's written consent. Consent by COUNTY to one assignment shall not be deemed to be consent to any subsequent assignment. Any assignment made contrary to this section shall be null and void.

16. **SUCCESSORS IN INTEREST:** This Lease and the covenants contained herein shall be binding upon and inure to the benefit of the respective parties, their heirs, successors and assigns, and to any government or private organization into which LESSEE may be merged.

17. **INDEMNIFICATION AND INSURANCE:** The parties shall comply with the indemnification and insurance provisions as set forth in Exhibit "C" attached hereto and incorporated herein by reference.

18. **NONDISCRIMINATION:** LESSEE shall comply with COUNTY law, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Lease and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Lease and the interest hereby created without liability therefore. LESSEE shall comply with applicable laws, rules and regulations regarding nondiscrimination.

19. **ENVIRONMENTAL IMPAIRMENT:** LESSEE shall comply with all applicable laws, regulations, rules, and orders regardless of when they become or became effective, including without limitation those relating to construction, grading, signing, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request of COUNTY.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Premises or Property due to LESSEE's use and occupancy, LESSEE shall clean all property affected to the satisfaction of COUNTY and any governmental body having jurisdiction therefore. LESSEE shall indemnify, hold harmless, and defend COUNTY from and against all liability, claim, cost, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, consulting, engineering and construction costs) incurred by COUNTY as a result of LESSEE's breach of this section, or as a result of any such discharge, leakage, spillage, emission or pollution due to LESSEE's use and occupancy, regardless of whether such liability, cost or expense arises during or after the term of this Lease, and regardless of negligence, active or passive, of COUNTY. Lessee shall not be held liable as described above for any pre-existing contamination.

20. **TOXICS:** LESSEE shall not manufacture or generate hazardous wastes on or in the Premises or Property unless specifically authorized by this Lease. LESSEE shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or

transported by LESSEE, its agents, employees, or designees on or in the Premises or Property during the term of this Lease and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, substances, or materials. LESSEE shall notify COUNTY and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials. Subject to the terms and conditions set forth above, COUNTY authorizes LESSEE to collect, maintain, store and dispose of biomedical and medication waste, including hazardous waste as defined by the Resource Conservation and Recovery Act ("RCRA"), only to the extent necessary to perform LESSEE's duties and obligations contained in this Lease and in accordance with all applicable laws, regulations and orders, until the earliest practicable removal of such waste from the Premises. LESSEE shall not permit the mixing or disposal of any biomedical or medication wastes or hazardous substances with the general office refuse. LESSEE shall not permit undue accumulation of waste or refuse within the Premises and shall keep all waste and refuse in proper containers until disposal.

21. **COMPLIANCE WITH THE LAW:** LESSEE shall comply with all applicable laws, rules, and regulations affecting the Premises or Property now or hereafter in effect.

22. **TAXES AND ASSESSMENTS:** This Lease may confer a possessory interest on LESSEE and LESSEE shall pay and discharge any and all property taxes and/or assessments, including special assessments and possessory interest taxes, if any, which, due to LESSEE's operations may be levied upon said Premises or Property during the term of this Lease.

23. **NOTICES:** Any notice to be given to the parties regarding this Lease shall be in writing and shall be served, either personally or by mail, to the following:

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|---------|--|
| COUNTY: | County of Santa Barbara<br>Facilities Services Division<br>Real Estate Services Division<br>1105 Santa Barbara Street, 2 <sup>nd</sup> Floor<br>Santa Barbara, CA 93101-6065<br>(805) 568-3070 |
| LESSEE: | Leslie Davis, CFO/Vice President<br>Telecare Corporation<br>1080 Marina Village Parkway, Suite 100<br>Alameda, CA 94501<br>Phone: 510-337-7950<br>Fax: 510-337-7969                            |

or to the parties at such other place as may be designated in writing. Such notices shall be served by depositing them addressed as set out above, postage prepaid, in the U.S. mail, reliable overnight courier, or by personal delivery. The date of mailing, or in the event of personal delivery, the date of delivery shall constitute the date of service.

24. **DEFAULT:** Except as otherwise required herein, should LESSEE at any time be in material default hereunder with respect to any covenant contained herein, COUNTY shall give notice to LESSEE specifying the particulars of the default and LESSEE shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of thirty (30) calendar days from such notice, this Lease shall terminate at the option of the COUNTY; unless the cure of such default shall reasonably take more than thirty (30) calendar days in which case LESSEE shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure. The foregoing notwithstanding, in the event the Service Agreement is terminated, this Lease shall terminate without an opportunity to cure under this section and such termination date shall coincide with the termination date of the Service Agreement.

25. **REMEDIES:** In the event of a default or breach, either party may exercise any right or remedy at law or in equity which such party may have by reason of such default or breach including but not limited to the following:

A. The nondefaulting party may waive the default or breach in accordance with Section 26, WAIVER, herein below.

B. The nondefaulting party may maintain this Lease in full force and effect and recover whatever monetary loss(es) may have resulted from such default or breach.

C. Where LESSEE is the nondefaulting party, LESSEE may terminate the Lease and surrender use of the Premises within 30 days of written notice from LESSEE.

D. Where COUNTY is the nondefaulting party, COUNTY may terminate the Lease and LESSEE shall vacate within 7 days of written notice from COUNTY.

26. **WAIVER:** It is understood and agreed that any waiver, express or implied of any term of this Lease shall not be a waiver of any subsequent breach of a like kind or of any other provision of this Lease.

27. **AMENDMENTS:** This Lease may only be amended by written consent of the parties and such changes shall be binding upon the heirs or successors of the parties.

28. **TERMINATION:** This Lease shall, or may at COUNTY's option, terminate and all rights of LESSEE shall cease and LESSEE shall quietly and peacefully deliver to COUNTY, possession and interest in the Premises:

A. Upon expiration of the Lease as provided in Section 4, TERM; or

B. Upon termination of the Services Agreement; or

C. Upon abandonment of the Premises and Property as provided in Section 11, ABANDONMENT OF PREMISES or

D. Upon the failure of LESSEE to satisfy, observe or perform any of the covenants, conditions or reservations set forth in this Lease and the expiration of the cure period as provided in Section 24, DEFAULT; or

E. As provided in Section 29, DESTRUCTION.

Upon expiration or early termination of this Lease, COUNTY shall have the right to take title and ownership of the improvements, or may require LESSEE to remove the improvements and restore the Premises to their original condition, at the option of COUNTY. In the event that COUNTY elects to take title and ownership of the improvements, LESSEE shall execute whatever documents are

reasonably requested by COUNTY to facilitate, acknowledge and evidence the release of all interest in the improvements and the passing of title thereto from LESSEE to COUNTY, and COUNTY shall execute whatever documents are required to accept said ownership interest and title.

29. **DESTRUCTION**: If the Premises or Property is partially or totally destroyed by fire or other casualty, this Lease, at the option of LESSEE, shall terminate. If LESSEE chooses to terminate the Lease then LESSEE shall remove all personal property belonging to LESSEE from the Property and Premises.

30. **HOLDING OVER**: Should LESSEE occupy the Premises after the expiration date of this Lease or any extension thereof, with the consent of the COUNTY, express or implied, such possession shall be construed to be a tenancy from month to month.

31. **AGENCY DISCLOSURE**: LESSEE acknowledges that the General Services Department, Facilities Services Division of the COUNTY is the agent for the COUNTY exclusively, and is neither the agent for LESSEE nor a dual agent in this transaction.

32. **SURRENDER OF PREMISES**: Upon expiration or termination of this Lease, LESSEE shall vacate and surrender possession of, and any claim to, the Premises, leaving Premises and Property in good condition, except for ordinary wear and tear.

33. **CAPTIONS**: The title or headings to the sections of this Lease are not a part of this Lease, and shall have no effect upon the construction or interpretation of any part hereof.

34. **SEVERABILITY**: If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

35. **CERTIFICATION OF SIGNATORY**: The signatories of this Lease and each of them represent and warrant that they are authorized to execute this Lease and that no additional signatures are required to bind COUNTY and LESSEE to its terms and conditions or to carry out duties contemplated herein.

36. **EXECUTION IN COUNTERPARTS**: This Lease may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

37. **CONSTRUCTION**: The parties have negotiated the terms of this Lease. They have consulted an attorney when they felt the need. The terms of this Lease reflect this negotiation and the intentions of both parties. These terms shall be interpreted with regard to each party equally.

38. **ENTIRE AGREEMENT**: The parties to this Lease intend that their negotiations, conversations and statements made prior to execution of this Lease are fully integrated and expressed



herein, and no such negotiations, conversations, and statements shall be deemed to create rights or obligations other than those stated herein.

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IN WITNESS WHEREOF, COUNTY and LESSEE have executed this Lease to be effective on the date executed by COUNTY.

“COUNTY”  
COUNTY OF SANTA BARBARA

By: \_\_\_\_\_  
Bob Nelson, Chair  
Board of Supervisors

Dated: \_\_\_\_\_

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

By: \_\_\_\_\_  
Deputy Clerk

“LESSEE”  
TELECARE CORPORATION

By: \_\_\_\_\_  
Authorized Representative

Name: Leslie Davis  
Title: CFO/Vice President  
Date: \_\_\_\_\_

RECOMMENDED FOR APPROVAL:

DocuSigned by:  
By: Pam Fisher  
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Pamela Fisher, Psy.D., Acting Director  
Department of Behavioral Wellness

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

DocuSigned by:  
By: [Signature]  
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Scott Greenwood, Deputy Counsel

APPROVED AS TO ACCOUNTING FORM:  
BETSY M. SCHAFFER, CPA  
AUDITOR-CONTROLLER

DocuSigned by:  
By: [Signature]  
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Deputy

APPROVED:

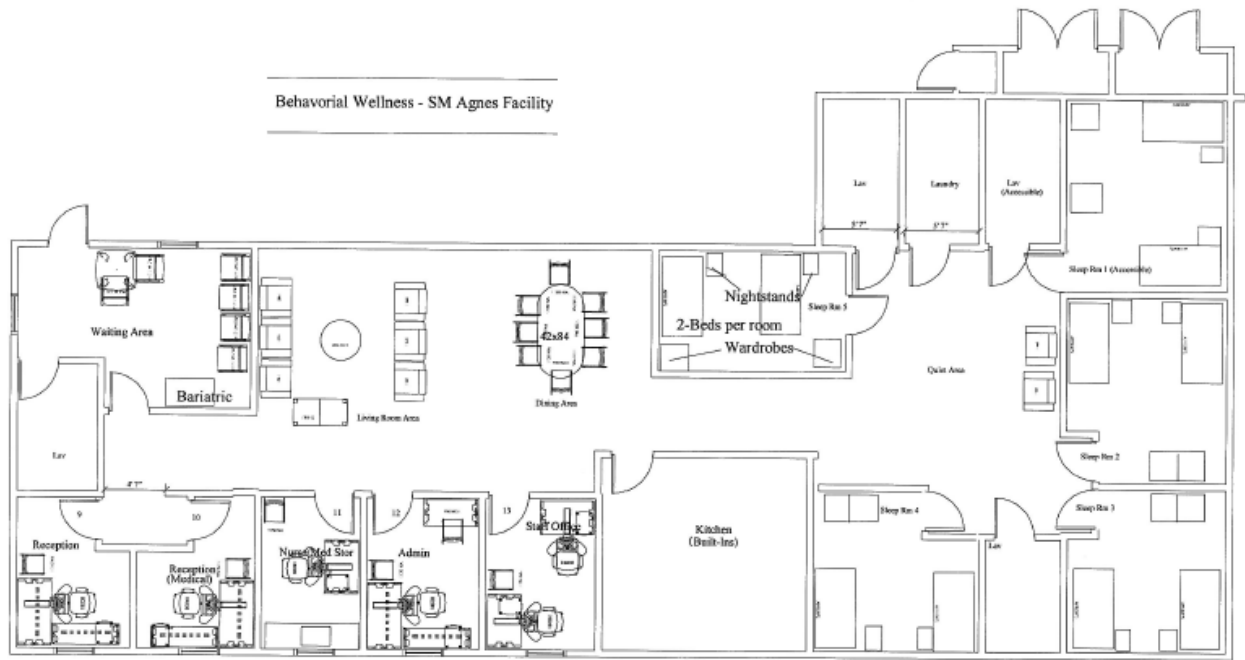
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By: Skip Grey  
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Skip Grey  
Assistant Director of General Services

APPROVED:

DocuSigned by:  
By: Ray Aromatorio  
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Ray Aromatorio, ARM, AIC  
Risk Manager



# EXHIBIT "B" THE PREMISES



## **EXHIBIT "C"**

### **INDEMNIFICATION AND INSURANCE**

1. **INDEMNIFICATION**: LESSEE 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 Lease 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. LESSEE'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. Any failure, actual or alleged, on the part of COUNTY to monitor or enforce compliance with any of the indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY.

**NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS**: LESSEE shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Lease. The indemnification provisions in this Lease shall survive any expiration or termination of this Lease.

2. **INSURANCE**: LESSEE shall procure and maintain for the duration of the Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with LESSEE's operation and use of the leased premises. The cost of such insurance shall be borne by LESSEE.

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 LESSEE 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.
4. **Property Insurance**: against risks of direct physical loss to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provision.

If LESSEE maintains higher limits than the minimums shown above, COUNTY requires and shall be entitled to coverage for the higher limits maintained by LESSEE. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to 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, 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 LESSEE 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 LESSEE'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 Lease, LESSEE's insurance coverage shall be primary insurance as respects COUNTY, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by COUNTY, its officers, officials, employees, agents or volunteers shall be excess of LESSEE'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** – LESSEE hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said LESSEE may acquire against the COUNTY by virtue of the payment of any loss under such insurance. LESSEE agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not COUNTY has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – LESSEE hereby declares, and COUNTY approves, the following self-insured retention and deductible amounts:
  - i. **General Liability Insurance:** \$250,000 self-insured retention
  - ii. **Property Insurance Deductible:** \$10,000
  - iii. **Automobile Liability Deductibles:** \$500 Comprehensive and \$1,000 Collision
  - iv. **Workers' Compensation Deductible:** \$750,000

COUNTY may require LESSEE 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** – LESSEE shall furnish the COUNTY with proof of insurance, original certificates and amendatory endorsements as required by this Lease. 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 the LESSEE's obligation to provide them. The LESSEE shall furnish evidence of renewal of coverage throughout the term of the Lease. 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 Lease 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 Lease. Maintenance of required insurance coverage is a material element of the Lease 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. **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.
10. **Subcontractors** – LESSEE shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and LESSEE shall ensure that COUNTY is an additional insured on insurance required from subcontractors.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Lease. LESSEE 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 requirements will not be deemed as a waiver of any rights on the part of COUNTY.