

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

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA: 6.B.14
AGENDA DATE: October 30, 2018

SUBJECT:

Approval to Enter into Lease Agreements with RPM Rushing Property Management & Real Estate and Scenic Properties, LLC for Office Space to Provide Mental Health and Recovery Services

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0533

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

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None


1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



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

File No.

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

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA:6.B.14
AGENDA DATE: October 30, 2018

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval to Enter into Lease Agreements with RPM Rushing Property Management & Real Estate and Scenic Properties, LLC for Office Space to Provide Mental Health and Recovery Services

STAFF RECOMMENDATION:

1. Approve a one-year lease agreement with RPM Rushing Property Management & Real Estate for office space located at 2101 Geer Road, Turlock.
2. Approve a five-year lease agreement with Scenic Properties, LLC for office space located at 500 North 9th Street, Modesto.
3. Authorize the Purchasing Agent, or designee, to sign the lease agreements and related documentation with RPM Rushing Property Management & Real Estate, and Scenic Properties, LLC.

DISCUSSION:

In an effort to address barriers inhibiting access to behavioral health services and to provide an array of behavioral health assistance programs to Stanislaus County residents, Behavioral Health and Recovery Services (BHRS) has historically provided its services at multiple clinic sites throughout the County. Over the years, several of these programs have expanded and the amount of office space required for staff to deliver much needed services has become an issue. In the near future the Department will be considering options for development of a comprehensive strategic business and facility master plan which will include long-term solutions for such space issues. In the meantime, BHRS will continue to evaluate property leases on case by case basis.

BHRS desires to enter into a one-year lease agreement with RPM Rushing Property Management & Real Estate in order to continue providing services at the Turlock Recovery Services (TRS) program located at 2101 Geer Road, Turlock. BHRS has leased this building since 1999. The program provides mental health rehabilitation and recovery services for individuals who as a result of serious and persistent mental illness, have difficulty maintaining stable residence, demonstrate significant inability to engage in productive activities and daily responsibilities, or experience frequent or lengthy psychiatric hospitalization.

The most recent lease agreement for this location expired on July 31, 2015. BHRS has continued renting the property on a month to month basis since the expiration of the lease agreement by enacting the hold over clause. The month to month agreement allowed flexibility until a strategic long-term space plan could be developed and implemented. At this time, however, RPM Rushing Management & Real Estate has requested that the parties re-negotiate terms, and a tentative one-year lease agreement for Fiscal Year 2018-2019 is proposed. BHRS has the option to renew this lease agreement for two one-year terms after the expiration of the first term.

In addition, BHRS desires to enter into a new five-year lease agreement with Scenic Properties, LLC to continue providing behavioral health services at the 500 North 9th Street campus. BHRS has been providing services at this location since 2008. Several programs including Modesto Recovery Services (MRS), Integrated Forensics Team (IFT), High Risk Health and Senior Access Team (HRHSA), and Wellness Recovery Center (WRC) are located on this site. These programs use a multi-disciplinary approach to provide mental health rehabilitation and recovery services for individuals who have serious and persistent mental illness, and have difficulty maintaining stable residence, significant inability to engage in productive activities and daily responsibilities, or who experience frequent or lengthy psychiatric hospitalization.

This entire campus is contemporary and suits the service needs of BHRS very well. This is a strategic location which allows for continued uninterrupted delivery of mental health services for at least five years and beyond.

The most recent lease agreement for this campus expired on June 30, 2018. BHRS has continued to rent the space on a month to month basis during the new lease negotiations by enacting the hold over clause provided in the prior agreement.

POLICY ISSUE:

Board of Supervisors approval is required for any contract or agreement where the total cumulative compensation exceeds \$100,000. Cumulative refers to the total compensation paid by an individual department in the reporting year and the two fiscal years immediately prior thereto, where there has been no break in contractual services over 6 months.

FISCAL IMPACT:

The total monthly lease for the 2101 Geer Road, Turlock property is estimated to be \$9,555 at \$1.24 per square foot, or \$114,660 for the one year term. For the 500 N. 9th Street, Modesto property, the total monthly lease is estimated to be \$29,753 at \$1.31 per square foot, or \$357,036 for the first year. Appropriations and estimated revenue in support of the leases were included in the Behavioral Health and Recovery Services Fiscal Year 2018-2019 Adopted Final Budget. Appropriations and estimated revenue for the remaining lease periods will be included in future budget cycles. There is no impact to County General Fund.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Boards' priority of *Supporting Community Health* and *Delivering Efficient Public Services and Community Infrastructure* by continuing to provide access to services for individuals with behavioral health disorders.

STAFFING IMPACT:

The agreement will be facilitated by existing BHRS staffing resources. There is no additional staffing impact associated with the approval of this agenda item.

CONTACT PERSON:

Richard DeGette, MA, MFT Behavioral Health Director. Telephone: 209-525-6205

ATTACHMENT(S):

1. 500 N. 9th st. Lease 2018
2. 2101 Geer Rd. Lease 2018

LEASE AGREEMENT

LEASE SUMMARY:

Lease date: October 25, 2018

Landlord:
Scenic Properties, LLC

Tenant:
Stanislaus County

Address of Landlord:
PO Box 5221
Modesto, CA 95352

Address of Tenant:
1010 10th Street, Suite 5400
Modesto, CA 95354

Premises Address: 500 N. 9th Street, Bldgs A & B, Modesto, CA

Premises Square Footage: 11,302 (Bldg A) and 11,410 (Bldg B) for total of 22,712

Term: Five (5) years

Monthly Basic Rent: "Refer to paragraph 3; term below"

Termination date: October 31, 2023

Permitted Use: Office space

AGREEMENT:

This *Lease Agreement* ("**Lease Agreement**") is made and entered into in the City of Modesto, State of California, on October 29, 2018 by and between the **COUNTY OF STANISLAUS**, a political subdivision of the State of California, ("**Tenant**"), and **SCENIC PROPERTIES, LLC**, a California limited liability company ("**Landlord**"), in consideration of the mutual premises, and the agreements, terms and conditions set forth, below.

1. **Premises:** Landlord leases to Tenant, and Tenant hires from Landlord, those certain premises in the County of Stanislaus, more particularly described as 500 N. 9th Street, Building A and Building B (each a "**Building**" and collectively the "**Buildings**"), Modesto, California ("**Premises**").
2. **Payment:** Tenant agrees to pay to Landlord for the Premises above-described, during the term designated below, for rent payable on the first day of the month following the month for which the obligation accrues.
3. **Term:** The term of this Lease Agreement shall be for a period of five (5) years commencing at 12:01 A.M. on November 1, 2018 and terminating at 11:59 P.M. on October 31, 2023. The five (5) year term shall be as follows:

Year 1: \$1.31 per sq.ft. per month = \$29,752.72

Year 2: \$1.32 per sq.ft. per month = \$29,979.84

Year 3: \$1.33 per sq.ft. per month = \$30,206.96

Year 4: \$1.34 per sq.ft. per month = \$30,434.08

Year 5: \$1.35 per sq.ft. per month = \$30,661.20

4. **Option to Renew:** Tenant has the option to renew this Lease Agreement for a period of one year from the expiration of the original term at a rate mutually agreeable to the parties. Tenant shall exercise this option in writing at least one (1) month prior to the termination of the existing lease period. If during said one (1) month period Landlord and Tenant are unable to mutually agree upon rent for the renewal term, then this Lease Agreement shall terminate on July 31, 2023.
5. **Utilities:**
 - 5.1 During the term of this Lease Agreement or any extension or holdover period, Landlord shall pay for the hook-up or facilities that provide water, sewer, and garbage for the Premises and Tenant shall pay for the monthly charges for such utilities which may be used in or upon the Premises.
 - 5.2 Tenant shall also pay for the furnishing of electric, telephone, and/or internet service which may be used in or upon the Premises during the term of this Lease Agreement, or any extension or holdover period, provided that Tenant has contracted directly with the utility companies.
6. **Use of the Premises:** Tenant may use the Premises for the purpose of office space. Tenant shall not use or permit the Premises to be used for any other purpose or purposes without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably.
7. **Maintenance:**
 - 7.1. **Landlord Representations:** Landlord represents to Tenant that (i) the Premises (including the Buildings and any common areas, electrical, heating, ventilating and air conditioning ["HVAC"], mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act, and are in reasonable good working order and condition; (ii) the Buildings and Premises comply with all covenants, conditions, restrictions, and insurance underwriter's requirements; and (iii) the Premises, Buildings, and any common areas are free of the presence of any Hazardous Materials and (iv) Landlord has not received any notice from any governmental agency that the Buildings or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Buildings and the Asbestos Report that the Premises and the Buildings contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
 - 7.2. **Landlord Obligations:** Landlord shall, at Landlord's own expense, keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed the following: (1) the structural elements of the Buildings, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, and concealed electrical systems and telephone intra-building network cable; (2) mechanical (including HVAC), electrical, plumbing, and fire/life safety systems serving the Buildings; (3) any common areas; (4) exterior windows of the eBuildings; and (5) elevators serving the Buildings, if any.

Notwithstanding the preceding, Landlord shall not be responsible to make repairs or replacements to any of the preceding if they are damaged by Tenant or Tenant's agents, employees, invitees and visitors.

- 7.2.1 Floor Covering: Landlord's repair obligations include the floor covering if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use.
- 7.2.2 Landlord to provide HVAC: Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease Agreement and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.
- 7.3. Tenant's Obligation: Tenant shall, at Tenant's own expense, keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed the following: (1) the interior, non-structural elements of the Buildings; (2) any area damaged by Tenant or Tenant's agents, employees, invitees and visitors; and, (3) the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.
- 7.4. Entry: Tenant shall permit Landlord, or an authorized agent of Landlord, free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.
- 7.5. Tenant's Right to Repair: If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Buildings structure and/or the Buildings systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant, at its sole option, may either proceed to take the required action (*provided, however*, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities) or may surrender the Premises and shall not be liable for any further lease payments under this Lease Agreement. Tenant shall have access to the Buildings to the extent necessary to perform the work

contemplated by this provision. If such action was required under the terms of this Lease Agreement to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from monthly Basic Rent payable by Tenant under this Lease Agreement the amount set forth in its invoice for such work.

8. **Asbestos Notification:** In September, 1989, the Governor of California signed AB-1564, an Asbestos Notification law, codified in Section 25915 et seq. of the Health and Safety Code. Health and Safety Code Section 25915(a) states:

Notwithstanding any other provisions of the law, the owner of any building constructed prior to 1979, who knows that the building contains asbestos-containing construction materials, shall provide notice to all employees of that owner working within the building.

Should the Landlord know of any asbestos-containing material, Landlord will notify Tenant within ten (10) days.

If Tenant suspects or has reason to believe that the Premises contains asbestos-containing material, Landlord shall within ten (10) days of Tenant's request supply Tenant with an Asbestos Survey Report done by a qualified hazardous material specialist. If Landlord fails to have requested testing done, Tenant shall have the required testing done and all related cost shall be deducted from the lease payment. If test is positive and abatement is necessary, Landlord shall provide the Tenant an Asbestos Abatement Plan within thirty (30) days.

9. **Building Ventilation:** Premises shall comply with Title 8, Section 5142, California Code of Regulations, "Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems" to provide minimum building ventilation; *provided, however*, that Landlord may terminate this Lease Agreement should it decide that repair expenses, do not merit the continuance of this Lease Agreement. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.
10. **CAL/OSHA Inspections:** If the Premises are cited by CAL/OSHA, Landlord shall be required to abate said citations; *provided, however*, that Landlord may terminate this Lease Agreement should it decide that abatement cost, do not merit the continuance of this Lease Agreement. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.
11. **Holding Over:** In case Tenant holds over beyond the end of the term of this Lease Agreement, with the consent expressed or implied of Landlord, such tenancy shall be from month to month only, subject to the terms and conditions of this Lease Agreement, but shall not be deemed to be a renewal. The rent to be paid in a hold over situation shall be at the rate provided in the terms of this Lease Agreement.
12. **Janitorial Services:** Tenant shall furnish janitorial service as is necessary on the Premises.

13. **Alterations:** The parties agree not to make any alterations in or on the Premises without first securing the written consent of the other party, and further agree to make such alterations only at such time that is agreeable to the other party.
14. **Notices:** Notices desired or required to be given by this Lease Agreement or by any law now in effect or later enacted may be given by enclosing the notice in a sealed envelope addressed to the party for whom intended and by depositing such envelope, with postage prepaid, in United State mail. The envelope containing the notice shall be addressed to the parties as follows:

TO LANDLORD AT:
Scenic Properties, LLC
PO Box 5221
Modesto, CA 95352

TO TENANT AT:
Stanislaus County Purchasing Agent
1010 10th Street Place Suite #5400
Modesto, CA 95354

or other place as may be designated in writing by either party.

15. **Loss:** Landlord agrees that should the demised Premises be so badly damaged by fire, incidents of war, earthquake, or other violent action of the elements as to render them wholly unfit for Tenant's occupancy, then this Lease Agreement shall be terminated immediately upon the happening of any such event whereupon Tenant shall surrender the Premises and shall not be liable for any further payments. In the event of any lesser damage by any such cause, Landlord shall restore the Premises to the condition it was in immediately prior to the event causing the damage, and the lease payment shall abate in proportion to the area not used by Tenant during the period of restoration. If Landlord should fail to pursue restoration work with reasonable diligence to completion, Tenant, at its sole option may surrender the Premises and shall not be liable for any further lease payments under this Lease Agreement.
16. **Assignment/Successors:** Tenant shall not assign this Lease Agreement without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Each and all of the terms and agreements contained in this Lease Agreement shall be binding upon and shall inure to the benefit of the successors in interest of Landlord, and wherever the context permits or requires, the successors in interest to Tenant.
17. **Trade Fixtures:** Tenant shall install such fixtures, equipment, and personal property as may be necessary and convenient for its operation. Such furniture, equipment, and personal property may be removed at any time during Tenant's tenancy or within a reasonable time thereafter, and shall not be considered part of the Premises. Removal of the same shall not damage or deface the Premises, and if the Premises shall be so damaged, Tenant shall repair such damage at its own expense.
18. **Fire and Other Perils Insurance:** The parties agree to be responsible for damage by the perils of fire, extended coverage, and vandalism to those items of real and personal property for which they hold title or for which they have assumed liability to others.
19. **Waiver of Rights of Subrogation:** Landlord and Tenant agree that in the event of loss due to any of the perils for which they have agreed to provide insurance, each party shall look solely to its insurance for recovery. Landlord and Tenant grant to each other on behalf of any insurer providing insurance to either of them with respect to the Premises, a waiver of any right of subrogation which any insurer of one party may acquire against the other by virtue of payment of any loss under such insurance.

20. Indemnity: Tenant agrees to and shall indemnify, defend, and hold Landlord harmless from and against any claims, damages, lawsuits, and liabilities, losses occurring on the Premises and arising out of Tenant's occupancy of the Premises. Tenant assumes no liability for any loss caused by the sole negligence of Landlord.
21. Lack of Funding: If, during the term of this Lease Agreement, Tenant, Stanislaus County, in its sole discretion, determines that sufficient funds are not available to allow for continuation of this Lease Agreement or current County owned space becomes available, Tenant may terminate this Lease Agreement upon one hundred twenty (120) days written notice to Landlord without further obligation to Landlord.

Landlord has read and understands specifically those terms contained in paragraph number 21 listed directly above.


Landlord's Initials

22. Surrender: Tenant shall surrender the Premises to Landlord at the expiration of this Lease Agreement in as good a condition as at the commencement of it, excepting reasonable wear and tear, damages and destruction by the elements, or other persons.
23. Subordination and Mortgages:
- 23.1. Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease Agreement to the lien of any mortgages or deeds of trust now or hereafter in force against the building; *provided, however*, that Tenant's obligation to subordinate this Lease Agreement is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement and provided further that no such subordination shall affect any option to extend the term of this Lease Agreement.
- 23.2 Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the property in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement.
- 23.3 Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord which could permit Tenant to terminate this Lease Agreement and an additional ten (10) days within which to cure such default.
24. Estoppel Certificate: Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document III in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to

this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

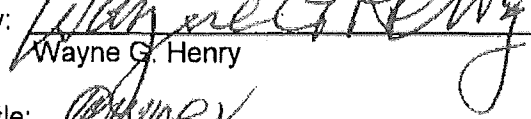

25. Entire Agreement: This Lease Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any parties, which are not embodied herein, and that no other agreement, statement or promise not contained in this Lease Agreement shall be valid or binding. The invalidity of any provision of this Lease Agreement as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision of this Lease. This Lease Agreement may not be amended, waived or discharged except by an instrument in writing, executed by the party against whom enforcement of such amendment, waiver, or discharge is sought.
26. Time is of the Essence: Landlord and Tenant agree that time is of the essence in this Lease Agreement.
27. Duplicate Counterparts: This Lease Agreement may be executed in duplicate counterparts, each of which shall be deemed a duplicate original.

IN WITNESS WHEREOF Landlord has executed this Lease Agreement and Tenant, County of Stanislaus, by order of the Board of Supervisors, has caused this Lease Agreement to be executed on its behalf by the County Purchasing Agent on the day, month and year above written.


TENANT
COUNTY OF STANISLAUS
GSA Purchasing Division

By: 
Keith D. Boggs, Assistant Executive Officer,
GSA Director/Purchasing Agent

LANDLORD
SCENIC PROPERTIES, LLC

By: 
Wayne G. Henry
Title: 

APPROVED AS TO CONTENT:
Stanislaus County
Behavioral Health & Recovery Services

By: 
Rick DeGette, MA, MFT, Director

APPROVED AS TO FORM
John P. Doering, County Counsel

By: 
Marc Hartley, Deputy County Counsel

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this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

- 25. Entire Agreement: This Lease Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any parties, which are not embodied herein, and that no other agreement, statement or promise not contained in this Lease Agreement shall be valid or binding. The invalidity of any provision of this Lease Agreement as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision of this Lease. This Lease Agreement may not be amended, waived or discharged except by an instrument in writing, executed by the party against whom enforcement of such amendment, waiver, or discharge is sought.
- 26. Time is of the Essence: Landlord and Tenant agree that time is of the essence in this Lease Agreement.
- 27. Duplicate Counterparts: This Lease Agreement may be executed in duplicate counterparts, each of which shall be deemed a duplicate original.

IN WITNESS WHEREOF Landlord has executed this Lease Agreement and Tenant, County of Stanislaus, by order of the Board of Supervisors, has caused this Lease Agreement to be executed on its behalf by the County Purchasing Agent on the day, month and year above written.

TENANT
COUNTY OF STANISLAUS
GSA Purchasing Division

LANDLORD
SCENIC PROPERTIES, LLC

By: _____
Keith D. Boggs, Assistant Executive Officer,
GSA Director/Purchasing Agent

By: Wayne G. Henry
Wayne G. Henry
Title: Owner

APPROVED AS TO CONTENT:
Stanislaus County
Behavioral Health & Recovery Services

APPROVED AS TO FORM
John P. Doering, County Counsel

By: Rick DeGette
Rick DeGette, MA, MFT, Director

By: Marc Hartley
Marc Hartley, Deputy County Counsel

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LEASE AGREEMENT

LEASE SUMMARY:

Landlord:	Victor T. Pak and Mei Luen Lee, Trustees of the Pak/Lee 2014 Community Property Trust dated June 17, 2014, Gary Nazareno, and Samer Hamza DBA Turlock Professional Park 1120 Scenic Drive Modesto, CA 95350
Landlord's Representative:	RPM Rushing Property Management & Real Estate 2111 Geer Road, Suite 208 Turlock, CA 95381
Tenant:	Stanislaus County Attn: Purchasing Agent 1010 10th Street, Suite 5400 Modesto, California
Leased Premises (Address & APN):	2101 Geer Road, Suites 120, 123, 123A, 124, 125, 132 & 132A Turlock, CA Approximately 7,730 Square Feet APN 071-013-033
Permitted Use:	Client Counseling
Monthly Basic Rent:	In accordance with table below

AGREEMENT:

This Lease Agreement (the "Lease Agreement") is entered into in the City of Modesto, State of California, on November 1, 2018, between the **COUNTY OF STANISLAUS**, a political subdivision of the State of California, ("Tenant"), and RPM Rushing Property Management & Real Estate, legally representing Victor T. Pak and Mei Luen Lee, Trustees of the Pak/Lee 2014 Community Property Trust dated June 17, 2014, Gary Nazareno, and Samer Hamza; DBA Turlock Professional Park (individually and jointly, "Landlord"), in consideration of the premises, and the agreements, terms and conditions set forth, below.

- Premises:** Landlord leases to Tenant, and Tenant hires from Landlord, those certain premises in the County of Stanislaus, more particularly described as 2101 Geer Road, Suites 120, 123, 123A, 124, 125, 132 and 132A, Turlock, California.
- Payment:** Tenant agrees to pay to Landlord for the premises above-described, during the term designated below as set forth in the table below. Payment is due and payable on the first day of the month following the month for which the obligation accrues.

Month	Price per Sq. Ft.	Fiscal Year
\$ 9,555.00	\$1.24	FY 18/19
\$ 9,845.00	\$1.27	FY 19/20
\$10,140.00	\$1.31	FY 20/21

3. Term: The term of this Lease shall be for a period of one (1) year beginning at 12:01 A.M. on November 1, 2018 and terminating at 11:59 P.M. on October 31, 2019.
4. Option to Renew: Tenant has the option to renew this Lease Agreement for two one-year terms after the expiration of the original term. Tenant shall exercise these options in writing at least one (1) month prior to the termination of the existing lease period. Renewal rental rates shall be at the rates agreed to in Section 2 above.
5. Utilities:
 - 5.1 Landlord shall pay for the furnishing of water, sewer and garbage which may be used in or upon the premises during the term of this Lease or any extension or holdover period
 - 5.2 Tenant shall pay for the furnishing of gas, electric and telephone which may be used in or upon the premises during the term of this Lease, or any extension or holdover period, provided that Tenant has contracted directly with the utility companies.
6. Use of the Premises: Tenant may use the premises for the purpose of client counseling. Tenant shall not use or permit the premises to be used for any other purpose or purposes without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably.
7. Maintenance:
 - 7.1. Landlord Representations: Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonably good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
 - 7.2. Landlord Obligations: Landlord shall, at Landlord's own expense, keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear

excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years); and (5) signage.

7.2.1 Landlord to provide HVAC: Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease Agreement and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

7.2.2. Excluding normal wear and tear, and, excluding heating and cooling equipment, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

7.3. Entry: Tenant shall permit Landlord, or an authorized agent of landlord, free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

7.4. Tenant's Right to Repair: If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant, at its sole option, may either proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities) or may surrender the Premises and shall not be liable for any further lease payments under this Lease Agreement. Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease Agreement to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having

taken such action. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease Agreement the amount set forth in its invoice for such work.

8. **Asbestos Notification:** In September, 1989, the Governor of California signed AB-1564, an Asbestos Notification law, codified in Section 25915 et seq. of the Health and Safety Code. Health and Safety Code Section 25915(a) states:

Notwithstanding any other provisions of the law, the owner of any building constructed prior to 1979, who knows that the building contains asbestos-containing construction materials, shall provide notice to all employees of that owner working within the building.

Should the Landlord know of any asbestos-containing material, Landlord will notify Tenant within ten (10) days.

If Tenant suspects or has reason to believe that the Premises contains asbestos-containing material, Landlord shall within ten (10) days of Tenant's request supply Tenant with an Asbestos Survey Report done by a qualified hazardous material specialist. If Landlord fails to have requested testing done, Tenant shall have the required testing done and all related costs shall be deducted from the lease payment. If test is positive and abatement is necessary, Landlord shall provide the Tenant an Asbestos Abatement Plan within thirty (30) days.

9. **Building Ventilation:** Premises shall comply with Title 8, Section 5142, California Code of Regulations, "Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems" to provide minimum building ventilation. Provided, however, that Landlord may terminate this Lease Agreement should it decide that repair expenses, do not merit the continuance of this Lease Agreement. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.

10. **CAL/OSHA Inspections:** If the Premises is cited by CAL/OSHA, Landlord shall be required to abate said citations. Provided, however, that Landlord may terminate this Lease Agreement should it decide that abatement cost, do not merit the continuance of this Lease Agreement. Tenant shall be given notice by Landlord of said decision and notice shall provide Tenant adequate time to make other arrangements.

11. **CASP Inspection:** [Reserved].

12. **Confidentiality of Protected Health Information:** _____ **CHECK IF APPLICABLE**
For purposes of this section of this Agreement, "protected health information" or "PHI" shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 (the "Privacy Standards") as promulgated by the Department of Health and Human Services ("HHS") pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), any applicable amendments pursuant to the Health Information Technology for Economic and Clinical Health (HITECH) Act, (Pub. L No. 111-5), and California law. Tenant agrees to reasonably safeguard PHI from any intentional or unintentional disclosure in violation of the Privacy Standards by implementing appropriate administrative, technical, and physical safeguards to protect the privacy of PHI. Tenant further agrees to implement appropriate administrative, technical and physical safeguards to limit incidental disclosures of PHI, including disclosures to Landlord, its contractors, subcontractors and agents.

The parties agree that neither the Landlord, its contractors, subcontractors or agents shall need access to, nor shall they use or disclose, any PHI of Tenant. In the event, however, PHI is disclosed by Tenant or its agents to Landlord, its contractors, subcontractors or agents, regardless as to whether the disclosure is inadvertent or otherwise, Landlord agrees to take reasonable steps to maintain – and to require its contractors, subcontractors and agents to maintain – the privacy and confidentiality of such PHI. Landlord agrees to promptly notify Tenant upon learning of any disclosure of PHI to Landlord or Landlord’s contractors, subcontractors and agents.

The parties agree that the foregoing does not create, and is not intended to create, a “business associate” relationship between the parties as that term is defined by the Privacy Standards.

Landlord has read and understands specifically those terms contained in paragraph number 12 listed directly above.

**Landlord's Initials (required only
if paragraph 12 is applicable)**

13. Holding Over: In case Tenant holds over beyond the end of the term of this Lease Agreement, with the consent expressed or implied of Landlord, such tenancy shall be from month to month only, subject to the terms and conditions of this Lease Agreement, but shall not be deemed to be a renewal. The rent to be paid in a hold over situation shall be at the rate provided in the terms of this Lease Agreement.
14. Janitorial Services: Tenant shall furnish janitorial service as is necessary for the Premises, including all light tubes and bulbs.
15. Alterations: The parties agree not to make any alterations in or on the Premises without first securing the written consent of the other party, and further agree to make such alterations only at such time that is agreeable to the other party.
16. Notices: Notices desired or required to be given by this Lease Agreement or by any law now in effect, or later enacted, may be given by enclosing the Notice in a sealed envelope addressed to the party for whom intended and by depositing such envelope, with postage prepaid, in United States mail. The envelope containing the Notice shall be addressed to Landlord as follows:

**Turlock Professional Park
c/o RPM Rushing Property Management & Real Estate
2111 Geer Road, Suite 208
Turlock, CA 95381**

or other place as may be designated in writing by Landlord and the envelopes containing the Notices to the Tenant shall be addressed as follows:

**Stanislaus County Purchasing Agent
1010 10th Street Place Suite #5400
Modesto, CA 95354**

17. Loss: Landlord agrees that should the demised Premises be so badly damaged by fire, incidents of war, earthquake, or other violent action of the elements as to render them wholly unfit for Tenant’s occupancy, then this Lease Agreement shall be terminated immediately upon

the happening of any such event whereupon Tenant shall surrender the Premises and shall not be liable for any further payments. In the event of any lesser damage by any such cause, Landlord shall restore the Premises to the condition it was in immediately prior to the event causing the damage, and the lease payment shall abate in proportion to the area not used by Tenant during the period of restoration. If Landlord should fail to pursue restoration work with reasonable diligence to completion, Tenant, at its sole option may surrender the Premises and shall not be liable for any further lease payments under this Lease Agreement.

18. **Successors:** Each and all of the terms and agreements contained in this Lease Agreement shall be binding upon and shall inure to the benefit of the successors in interest of Landlord, and wherever the context permits or requires, the successors in interest to Tenant.
19. **Trade Fixtures:** Tenant shall install such fixtures, equipment, and personal property as may be necessary and convenient for its operation. Such furniture, equipment, and personal property may be removed at any time during Tenant's tenancy or within a reasonable time thereafter, and shall not be considered part of the Premises. Removal of the same shall not damage or deface the Premises, and if the Premises shall be so damaged, Tenant shall repair such damage at its own expense.
20. **Fire and Other Perils Insurance:** The parties agree to be responsible for damage by the perils of fire, extended coverage, and vandalism to those items of real and personal property for which they hold title or for which they have assumed liability to others.
21. **Waiver of Rights of Subrogation:** Landlord and Tenant agree that in the event of loss due to any of the perils for which they have agreed to provide insurance, each party shall look solely to its insurance for recovery. Landlord and Tenant grant to each other on behalf of any insurer providing insurance to either of them with respect to the Premises, a waiver of any right of subrogation which any insurer of one party may acquire against the other by virtue of payment of any loss under such insurance.
22. **Liability Insurance:** Tenant agrees to hold Landlord harmless from loss occurring on the Premises and arising out of Tenant's occupancy of the Premises. Tenant assumes no liability for any loss caused by the sole negligence of Landlord.
23. **Lack of Funding:** If, during the term of this Lease Agreement, Tenant, Stanislaus County, in its sole discretion, determines that sufficient funds are not available to allow for continuation of this Lease Agreement or current County owned space becomes available, Tenant may terminate this Lease Agreement upon one hundred twenty (120) days written notice to Landlord without further obligation to Landlord.

Landlord has read and understands specifically those terms contained in paragraph 23 listed directly above.



Landlord's Initials

24. **Surrender:** Tenant shall surrender the Premises to Landlord at the expiration of this Lease Agreement in as good a condition as at the commencement of it, excepting reasonable wear and tear, damages and destruction by the elements, or other persons.
25. **Subordination and Mortgages:**
 - 25.1. **Subordination and Non-Disturbance.** Tenant agrees, at Landlord's option, to subordinate this Lease Agreement to the lien of any mortgages or deeds of trust now

or hereafter in force against the building; provided, however, Tenant's obligation to subordinate this Lease Agreement is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement and provided further that no such subordination shall affect any option to extend the Term of this Lease Agreement, right of first offer to lease additional Premises, option to purchase or right of first offer to purchase the property which may be included in this Lease Agreement.

- 25.2 **Existing Deeds of Trust.** The beneficiary under any existing deed of trust affecting the building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement within thirty (30) days after the execution of this Lease Agreement.
- 25.3 **Request for Notice.** Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the property in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement.
- 25.4 **Notice of Default.** If any mortgagee or beneficiary under a deed of trust affecting the property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord which could permit Tenant to terminate this Lease Agreement and an additional ten (10) days within which to cure such default.
26. **Estoppel Certificate:** Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document III in the Supplemental Lease Documents delivered to Landlord concurrently with this Lease Agreement (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.
27. **Entire Agreement:** This Lease Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Lease Agreement shall be valid or binding.
28. **Duplicate Counterparts:** This Lease Agreement may be executed in duplicate counterparts, each of which shall be deemed a duplicate original.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF Landlord has executed this Lease Agreement and Tenant, County of Stanislaus, by order of the Board of Supervisors, has caused this Lease Agreement to be executed on its behalf by the County Purchasing Agent on the day, month and year above written.

**TENANT
COUNTY OF STANISLAUS**

By: _____
Keith D. Boggs, Assistant Executive Officer,
GSA Director/Purchasing Agent

**LANDLORD
TURLOCK PROFESSIONAL PARK**

By: Tim Rushing
Tim Rushing, Broker Landlord's Representative
RPM Rushing Property Management & Real
Estate

**APPROVED AS TO CONTENT:
COUNTY OF STANISLAUS
Behavioral Health & Recovery Services**

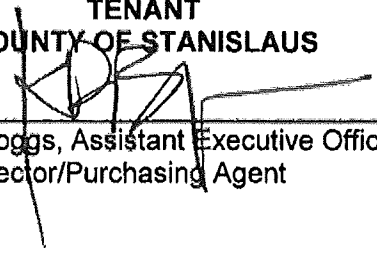
By: Rick DeGette
Rick DeGette, MA, MFT
Director

**APPROVED AS TO FORM
John P. Doering, County Counsel**


By: Marc Hartley
Marc Hartley, Deputy County Counsel

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