

L-281 (SelmaRegional)
McCallVillage/DSS5610

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LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter "LEASE") is made and entered into this ____day of _____, 2012, by and between the MCCALL VILLAGE INVESTORS CORP., 23133 Hawthorne Blvd., Suite 110, Torrance, CA 90505 (hereinafter "LESSOR"), and the COUNTY OF FRESNO, a Political Subdivision of the State of California, 2220 Tulare Street, Suite 2100, Fresno, CA 93721-2106 (hereinafter "LESSEE").

WITNESSETH

WHEREAS, LESSEE entered into a lease agreement with McCall Village Investors, a California Limited Partnership dated March 16, 1999 (L-181) for the location known as 3800 and 3810 McCall Avenue, Selma, CA 93662 with a termination date of October 26, 2014; and

WHEREAS, LESSOR purchased the location leased by LESSEE on March 1, 2010, thereby assuming the original Lessor's rights and obligations under lease L-181; and

WHEREAS, LESSOR and LESSEE (hereinafter collectively, the "Parties") desire to terminate lease L-181 effective October 31, 2012, and enter into this new LEASE described herein, which shall replace and supersede lease L-181.

1. LEASED PREMISES - LESSOR leases to LESSEE the location commonly known as the Selma Regional Center, located at 3800 and 3810 McCall Avenue, Selma, CA 93662 and consisting of approximately 23,540 square feet of office space and fifteen (15) fenced-in parking stalls located at the rear of the building (hereinafter "Premises").

2. TERM - this LEASE shall be for ten (10) years, commencing on November 1, 2012 and ending on October 31, 2022.

3. RENT - LESSEE shall pay rent to the LESSOR for the Premises beginning on November 1, 2012 and the rent shall be paid monthly in advance according to the following schedule:

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Rent Increase	Date	Rent/Month
	November 1, 2012	\$ 15,555.58
No Rent Increase	November 1, 2013	\$ 15,555.58
2% Annual Rent	November 1, 2014	\$ 15,866.69
Increase Effective	November 1, 2015	\$ 16,184.03
Nov 1, 2014 and	November 1, 2016	\$ 16,507.71
each year thereafter	November 1, 2017	\$ 16,837.86
	November 1, 2018	\$ 17,174.62
	November 1, 2019	\$ 17,518.11
	November 1, 2020	\$ 17,868.47
	November 1, 2021	\$ 18,225.84

4. UTILITIES – LESSEE shall pay water, garbage and sewer fees and those metered costs associated with its use of natural gas and electricity, which costs are in addition to the rent. LESSEE shall also pay all costs associated with its use of telephone service.

5. USE - LESSEE shall use the Premises as office space for the Departments of Social Services, Behavioral Health and Public Health or for any other County of Fresno department, office, or agency. LESSEE agrees to comply with all applicable laws, ordinances and regulations in connection with such use.

LESSOR covenants that the Premises are suitable for the intended use. LESSOR further covenants that the Premises shall be in compliance with all applicable laws, ordinances and regulations, including but not limited to safety regulations and health and building codes, and that the Premises shall remain in such compliance throughout the entire term of this LEASE .

6. MAINTENANCE - All exterior and interior maintenance, and repair of air conditioning, heating units, plumbing systems, electrical systems, roof, landscape, parking and other common area maintenance is to be the responsibility of the LESSOR. LESSOR is also responsible for the structural condition of the building and agrees that the building will always be maintained in a condition acceptable for the LESSEE'S intended use of the Premises. This will include exterior and interior painting as needed due to normal wear and tear.

LESSEE shall be responsible for janitorial service. In addition, LESSEE shall be responsible to set heating and cooling thermostats to adjust the temperature of the Premises.

1 LESSOR has installed a device to secure the thermostats and provided a key to LESSEE.

2 7. TENANT IMPROVEMENTS - Upon execution of this LEASE by the Parties,
3 LESSOR shall construct at no cost to LESSEE, tenant improvements (hereinafter "Tenant
4 Improvements") for LESSEE as described in Exhibit A, attached hereto and by this reference
5 incorporated herein. All drawings, plans and specifications for such improvements and any
6 modifications to the improvements set forth in Exhibit "A" must be approved in writing by both
7 LESSOR and the Director of Social Services or his designee. LESSOR and LESSEE shall
8 exercise reasonable diligence and effort to ensure that Tenant Improvements are completed in
9 a timely manner.

10 LESSOR shall provide all labor, material and equipment for the completion of the
11 Tenant Improvements in strict accordance with Exhibit A, and any Tenant Improvement
12 drawings, plans and specifications. LESSOR shall complete the Tenant Improvements within
13 one hundred twenty (120) days of the commencement of the LEASE Term.

14 In the construction of these Tenant Improvements, LESSOR shall comply with, and
15 shall ensure compliance by all contractors and subcontractors with, all applicable laws and
16 regulations, including the payment of prevailing wages pursuant to Section 1770 et. seq. of the
17 Labor Code. LESSOR and LESSEE agree that the approved Plans and/or Permits will be in
18 place prior to the commencement of construction of these Tenant Improvements.

19 8. BREACH OF OBLIGATION TO MAINTAIN - In the event LESSOR breaches its
20 obligation to maintain the Premises as herein provided, LESSEE shall give written notice to
21 LESSOR within fifteen (15) days of the discovery of such breach. LESSOR shall then have
22 thirty (30) days from the date of notice to cure its breach, provided, however, that if the item of
23 maintenance is of such a nature that it requires more than thirty (30) days to complete, then
24 LESSOR shall have such additional time as is necessary to complete such maintenance as
25 long as LESSOR commences work on such maintenance within said thirty (30) day period and
26 diligently prosecutes such maintenance to completion. Subject to the foregoing, if the period
27 for cure expires and if, in LESSEE'S sole determination, LESSOR has failed to cure, then
28 LESSEE may, at its election:

- 1 A. Terminate this LEASE as hereinafter provided. In such case, LESSEE shall
2 have the right to demand LESSOR refund any monies which were paid to
3 LESSOR pursuant to the LEASE but which were not earned by LESSOR by
4 consequence of its breach. Upon receipt of such demand, LESSOR shall
5 promptly refund all such monies; or
- 6 B. Cure LESSOR'S breach and deduct the cost of such cure, together with
7 reasonable administrative costs, from LESSEE'S future rent obligation.
8 LESSEE'S decision to cure LESSOR'S breach shall not constitute a waiver
9 of any rights or remedies that LESSEE may have arising from this LEASE
10 or by operation of law.

11 9. DESTRUCTION OR DAMAGE FROM CASUALTY - If the Premises are damaged
12 or destroyed as a result of fire, earthquake, act of God, or any other identifiable event of a
13 sudden, unexpected, or unusual nature (hereinafter referred to as "Casualty"), then LESSOR
14 shall either promptly and diligently repair the damage at is own cost, or terminate this LEASE
15 as hereinafter provided.

16 (A) LESSOR'S Election to Repair: If LESSOR elects to repair the Casualty damage
17 to the Premises, then it shall within thirty (30) days after the date of Casualty
18 provide written notice (hereinafter "Notice of Repair") to LESSEE indicating the
19 anticipated time required to repair. LESSOR shall bear the cost of all repairs to
20 the Premises, including the cost to repair any alterations or fixtures installed or
21 attached thereto by LESSEE. Such repairs shall restore the Premises to
22 substantially the same condition as that existing at the commencement of this
23 LEASE; such repairs shall also be made in compliance with all applicable state
24 and local building codes. LESSOR shall not be liable to LESSEE for
25 compensation for any loss of business, or any inconvenience or annoyance
26 arising from repair of the Premises as a result of the Casualty except for rent
27 reduction as hereinafter provided. LESSEE shall be responsible at its sole cost
28 and expense for the replacement of its personal property.

1 (B) LESSOR'S Election to Terminate Due to Casualty: LESSOR may only elect
2 to terminate the LEASE due to Casualty if: the Premises have been destroyed or
3 substantially destroyed by said Casualty and the estimated time to repair the
4 Premises exceeds one hundred eighty (180) days from the date of the Casualty.
5 LESSOR shall provide LESSEE with written notice of its election to terminate
6 within thirty (30) days after the date of Casualty.

7 (C) Rent Reduction Due to Casualty: In the event of Casualty, LESSEE'S
8 obligation to pay rent shall be reduced beginning on the date of the Casualty.
9 Such reduction shall be proportional to the damage caused to the Premises by
10 the Casualty as determined by LESSEE. If LESSOR elects to repair the
11 Premises pursuant to the terms of this LEASE, then the rent reduction shall
12 continue until the date of substantial completion of repair and it will revert to the
13 then current rent once the damage has been repaired.

14 (D) LESSEE'S Election to Terminate Due to Casualty: If LESSEE does not receive a
15 Notice of Repair from LESSOR within thirty (30) days after a Casualty, or if the
16 anticipated period of repair contained in the Notice of Repair exceeds one
17 hundred eighty (180) days, then LESSEE may elect to terminate this LEASE as
18 hereinafter provided. In such case, LESSEE shall have the right to demand that
19 LESSOR refund any monies which, in the judgment of LESSEE, were paid to
20 LESSOR pursuant to the LEASE but which were not earned by LESSOR by
21 consequence of the Casualty. Upon receipt of such demand, LESSOR shall
22 promptly refund all such monies.

23 10. TERMINATION - If, pursuant to the terms provided in Section 9 and Section 10,
24 either LESSOR or LESSEE has an election to terminate the LEASE and so elects, then notice
25 of such termination shall be made in writing to the non-terminating party. Such notice shall
26 specify a date of termination not less than thirty (30) days from the date of said notice, after
27 which this LEASE shall convert to a month-to-month tenancy with all of its remaining
28 provisions in full force and effect. In the case of LESSEE, the Director of Internal Services or

1 the Director of Social Services, or one of their designees, shall have the power to provide such
2 termination notice for this LEASE.

3 11. HOLD HARMLESS - LESSOR agrees to indemnify, save, hold harmless, and at
4 LESSEE'S request, defend the LESSEE, its officers, agents, and employees from any and all
5 costs and expenses, damages, liabilities, claims, and losses occurring or resulting to LESSEE
6 in connection with the performance, or failure to perform, by LESSOR, its officers, agents, or
7 employees under this LEASE, and from any and all costs and expenses, damages, liabilities,
8 claims, and losses occurring or resulting to any person, firm, or corporation who may be
9 injured or damaged by the performance, or failure to perform of LESSOR, its officers, agents,
10 or employees under the LEASE. This LEASE is made upon the expressed condition that the
11 LESSEE is to be free of all liability, damages or injury arising from structural failures of the
12 Premises including external walls, doors, roof and floor, unless caused by the negligence or
13 willful misconduct of LESSEE, its officers, agents or employees.

14 The parties acknowledge that as between LESSOR and LESSEE, each is responsible
15 for the negligence of its own employees and invitees.

16 12. INSURANCE - LESSOR shall, at its sole expense, maintain in full force and effect
17 during the term of this LEASE the following policies of insurance:

- 18 A. Commercial General Liability insurance with limits of not less than One
19 Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit of
20 not less than Two Million Dollars (\$2,000,000). This policy shall be issued
21 on an occurrence basis; and
- 22 B. Fire insurance and extended coverage. LESSOR shall add LESSEE as an
23 additional insured thereon.
- 24 C. Automobile Liability - Comprehensive Automobile Liability Insurance with
25 limits for bodily injury of not less than Two Hundred Fifty Thousand Dollars
26 (\$250,000.00) per person, Five Hundred Thousand Dollars (\$500,000.00)
27 per accident and for property damages of not less than Fifty Thousand
28 Dollars (\$50,000.00), or such coverage with a combined single limit of Five

1 Hundred Thousand Dollars (\$500,000.00). Coverage should include owned
2 and non-owned vehicles used in connection with this LEASE.

3 D. LESSOR shall maintain Worker's Compensation Insurance as required by
4 the provisions of the Labor Code of the State of California.

5 Such Commercial General Liability Insurance shall name the LESSEE, its officers,
6 agents and employees, individually and collectively, as additional insured, but only insofar as
7 the operations under this LEASE are concerned. Such coverage for additional insured shall
8 apply as primary insurance and any other insurance, or self-insurance, maintained by
9 LESSEE, it officers, agents and employees shall be excess only and not contributing with
10 insurance provided under LESSOR'S policies herein. This insurance shall not be cancelled or
11 changed without a minimum of thirty (30) days prior written notice given to LESSEE. LESSOR
12 shall obtain endorsements to the Commercial General Liability insurance policy naming
13 LESSEE as an additional insured and providing for a thirty (30) day prior written notice of
14 cancellation or change in terms or coverage.

15 Prior to the commencement of performing its obligations under this LEASE, LESSOR
16 shall provide certificates of insurance, and upon request from LESSEE formal endorsement for
17 the foregoing policies, as required herein, to the County of Fresno, Internal Services
18 Department, ATTN: ISD Lease Services (L-281), 2220 Tulare Street, Suite 2100, Fresno, CA
19 93721-2106, stating that such insurance coverages have been obtained and are in full force;
20 that the County of Fresno, its officers, agents and employees will not be responsible for any
21 premiums on the policies; that such Commercial General Liability insurance names the County
22 of Fresno, its officers, agents and employees, individually and collectively, as additional
23 insured, but only insofar as the operations under this LEASE are concerned; that such
24 coverages for additional insured shall apply as primary insurance and any other insurance, or
25 self-insurance, maintained by LESSEE, its officers, agents and employees, shall be excess
26 only and not contributing with insurance provided under LESSOR'S policies herein; and that
27 LESSOR'S insurance shall not be cancelled or changed without a minimum of thirty (30) days
28 prior written notice given to LESSEE.

1 In the event LESSOR fails to keep in effect at all times insurance coverages as
2 herein provided, LESSEE may, in addition to other remedies it may have, suspend or
3 terminate this LEASE upon the occurrence of such event.

4 All policies shall be with admitted insurers licensed to do business in the State of
5 California. Insurance purchased shall be purchased from companies possessing a current
6 A. M. Best, Inc. rating of A, FSC VII or better.

7 LESSEE shall maintain during the term of this LEASE the following policies of
8 insurance, which coverages may be provided in whole or in part through one or more
9 programs of self-insurance:

10 A. Commercial General liability insurance with limits of not less than One
11 Million Dollars (\$1,000,000) per occurrence and an annual aggregate of not
12 less than Two Million Dollars (\$2,000,000). This policy shall be issued on
13 an occurrence basis.

14 B. All-Risk property insurance covering the personal property of LESSEE.

15 13. NON-FUNDING TERMINATION - This LEASE is contingent on the allocation of
16 funds by a governmental agency. Should funds not be allocated, this LEASE may be
17 terminated by the Board of Supervisors by giving at least thirty (30) days prior written notice to
18 LESSOR.

19 14. SURRENDER OF POSSESSION - Upon the expiration or termination of this
20 LEASE, LESSEE will surrender Premises to LESSOR in such condition as existing at the
21 commencement of this LEASE less reasonable wear and tear, less the effects of any Casualty
22 as herein defined, and less the effects of any breach of LESSOR'S covenant to maintain.
23 LESSEE will not be responsible for any damage which LESSEE was not obligated hereunder
24 to repair.

25 15. FIXTURES - LESSOR agrees that any equipment, fixtures or apparatus installed
26 in or on the Premises by LESSEE shall continue to be the property of LESSEE and may be
27 removed by LESSEE at any time. LESSEE shall pay for the repair of any damage caused by
28 the removal of fixtures. Any fixtures not removed when LESSEE surrenders possession shall

1 become the property of LESSOR. Notwithstanding anything to the contrary in this Paragraph
2 15, LESSEE has no right to make any alterations, improvements or additions to the Premises
3 without LESSOR'S prior written consent.

4 16. RIGHT OF ENTRY - LESSOR, or its representative(s), upon twenty-four (24)
5 hours notice, shall have the right to enter the Premises at any time during business hours, or
6 at such other time as LESSEE deems appropriate, to make alterations, repairs or
7 improvements to the Premises. The normal business of LESSEE or its invitees shall not be
8 unnecessarily inconvenienced.

9 17. AMENDMENT - This LEASE may be amended in writing by the mutual consent of
10 the Parties without in any way affecting the remainder.

11 18. NON-ASSIGNMENT - LESSEE shall not assign or transfer its rights or obligations
12 under this LEASE, or sub-lease said Premises or any portion thereof, without the prior written
13 consent of the LESSOR, which shall not be unreasonably withheld.

14 19. GOVERNING LAW - Venue for any action arising out of or relating to this LEASE
15 shall be in Fresno County, California. This LEASE shall be governed by the laws of the State
16 of California.

17 20. NOTICES – All notices to be given under this LEASE by either Party to the other
18 Party shall be in writing, and given by any one of the following methods:

19 (i) Personal delivery;

20 (ii) Sent by certified United States mail, first class postage prepaid, with
21 return receipt requested, to the applicable addresses as set forth below, in which case such notice
22 shall be deemed given three (3) business days if LESSOR is the recipient, or three (3) business
23 days if LESSEE is the recipient, after such deposit and postmark with the United States Postal
24 Service;

25 (iii) Sent by a reputable overnight commercial courier, in which case
26 such notice shall be deemed given one (1) business day if LESSOR is the recipient, or one (1)
27 LESSEE business day if LESSEE is the recipient, after such deposit with that courier to the
28 applicable addresses as set forth below; or

1 (iv) Sent by facsimile to the applicable telephone number set forth
2 below, provided that the Party sending such notice retains a legible written copy of documents
3 transmitted and a legible, accurate, written confirmation of the time and date that such facsimile
4 was transmitted (it being agreed that the burden of proving timely receipt will be on the Party
5 sending such notice, and that if such sending Party's confirming document contains an inaccurate
6 time or date, it shall be deemed to have been received by the other Party at 9:00 a.m. on the next
7 succeeding business day if LESSOR is the recipient, or on the next succeeding day if LESSEE is
8 the recipient, after transmission), and provided further that if such transmission is otherwise
9 completed in compliance with this Section 20 after 5:00 p.m. on any day, it shall not be deemed
10 given until the next succeeding business day of the recipient of such notice. The addresses and
11 telephone numbers of the Parties for purposes of giving receiving notices under this LEASE are
12 as follows:

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14 LESSEE:
County of Fresno
15 Gary M. Osmondson (L-281)
Director of Internal Services
2220 Tulare Street, Suite 2100
16 Fresno, CA 93721-2106
Facsimile: (559) 600-1708

13
14 LESSOR:
McCall Village Investors Corp.
ATTN: Jessie Wright
23133 Hawthorne Blvd., Suite 110
16 Torrance, CA 90505
Facsimile: (310) 465-0311

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18 Provided however, such notices may be given to such person or at such other place as
19 either of the Parties may from time to time designate by giving written notice to the other Party,
20 and provided further however, in any event notices of changes of address, facsimile numbers, or
21 termination of this LEASE shall not be effective until actual delivery of such notice. Notices given
22 hereunder shall not be amendments or modifications to this LEASE.

23 21. INDEPENDENT CONTRACTOR - In performance of the work, duties and obligations
24 assumed by LESSOR under this Agreement, it is mutually understood and agreed that LESSOR,
25 including any and all of the LESSOR'S officers, agents, and employees will at all times be acting and
26 performing as an independent contractor, and shall act in an independent capacity and not as an
27 officer, agent, servant, employee, joint venturer, partner, or associate of the LESSEE. Furthermore,
28 LESSEE shall have no right to control or supervise or direct the manner or method by which LESSOR

1 shall perform its work and function. However, LESSEE shall retain the right to administer this LEASE
2 so as to verify that LESSOR is performing its obligations in accordance with the terms and conditions
3 thereof.

4 LESSOR shall comply with all applicable provisions of law and the rules and
5 regulations, if any, of governmental authorities having jurisdiction over matters the subject
6 thereof. Because of its status as an independent contractor, LESSOR shall have absolutely
7 no right to employment rights and benefits available to LESSEE'S employees. LESSOR shall
8 be solely liable and responsible for providing to, or on behalf of, its employees all
9 legally-required employee benefits. In addition, LESSOR shall be solely responsible and save
10 LESSEE harmless from all matters relating to payment of LESSOR'S employees, including
11 compliance with Social Security withholding and all other regulations governing such matters.
12 It is acknowledged that during the term of this LEASE, LESSOR may be providing services to
13 others unrelated to the LESSEE or to this LEASE.

14 22. DISCLOSURE OF SELF DEALING TRANSACTIONS – This provision is only
15 applicable if the LESSOR is operating as a corporation (a for-profit or non-profit corporation) or
16 if during the term of this LEASE, the LESSOR changes its status to operate as a corporation.

17 Members of LESSOR'S Board of Directors shall disclose any self-dealing
18 transactions that they are a party to while LESSOR is providing goods or performing services
19 under this LEASE. A self-dealing transaction shall mean a transaction to which the LESSOR is
20 a party and in which one or more of its directors has a material financial interest. Members of
21 the Board of Directors shall disclose any self-dealing transactions that they are a party to by
22 completing and signing a Self-Dealing Transaction Disclosure Form Exhibit "B", attached
23 hereto and by this reference incorporated herein, and submitting it to the County of Fresno
24 prior to commencing with the self-dealing transaction or immediately thereafter.

25 23. ENTIRE LEASE - This LEASE constitutes the entire LEASE between the
26 LESSOR and LESSEE with respect to the subject matter hereof and supersedes all prior
27 leases, negotiations, proposals, commitments, writings, advertisements, publications, and
28 understandings of any nature whatsoever unless expressly referenced in this LEASE. This

1 LEASE shall be binding on and inure to the benefit of LESSOR'S heirs, successors and
2 assigns. EXECUTED as of the date first herein written.

3 LESSEE:
4 COUNTY OF FRESNO

LESSOR:
McCALL VILLAGE INVESTORS, CORP.

5 By _____
6 Deborah A, Poochigian, Chairman
Board of Supervisors

By _____
Jessie Wright, President

7 ATTEST: BERNICE E. SIEDEL, CLERK
8 BOARD OF SUPERVISORS

By _____
Jessie Wright, Secretary/Treasurer

9 By _____
Deputy

10 APPROVED AS TO LEGAL FORM:
11 KEVIN B. BRIGGS, COUNTY COUNSEL

12 By _____
Deputy

13 APPROVED AS TO ACCOUNTING FORM:
14 VICKI CROW, C.P.A.
AUDITOR-CONTROLLER/TREASURER-
TAX COLLECTOR

15 By _____

16 RECOMMENDED FOR APPROVAL:

17 By _____
18 Gary M. Osmondson, Director of Internal
Services/Chief Information Officer

19 RECOMMENDED FOR APPROVAL:

20 By _____
21 Howard K. Himes, Director
Department of Social Services

22 RECOMMENDED FOR APPROVAL:

23 By _____
24 Donna Taylor, R.N., Director
Department of Behavioral Health

25 RECOMMENDED FOR APPROVAL

26 By _____
27 Edward R. Moreno, MD, M.P.H.,
Director-Health Officer
28 Department of Public Health

L-281 (SelmaRegional)
McCallVillage/DSS5610

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Fund	0001	0001	0001
Subclass	10000	10000	10000
Org No.	5610	5620	5630
Acct. No.	7340	7340	7340

L-281Property/McCallInvestors/DSS-DBH-DPH