



COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

LEASED PREMISES: **Day Care Facility
1494 Schilling Place
Salinas, California 93901**

LESSEE: **Early Development Services, Inc.
1450 Elm Avenue
Seaside, California 93955
(831)-393-2246**

LESSOR: **County of Monterey
c/o Contracts/Purchasing Division
1488 Schilling Place
Salinas, California 93901
(831) 755-4992**

**COUNTY OF MONTEREY
STANDARD LEASE AGREEMENT**

PREAMBLE

THIS LEASE ("Lease") is made by and between the **COUNTY OF MONTEREY**, a political subdivision of the State of California ("LESSOR"), and **Early Development Services, Inc.** ("LESSEE").

LESSEE was the successful bidder of the LESSOR'S Request for Proposal (RFP#10552) for Child Care Services.

LESSOR and LESSEE hereby agree as follows:

ARTICLE 1 - PREMISES

- 1.1 **Description:** LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, upon the terms and conditions herein set forth, that certain real property and its appurtenances, situated at **1494 Schilling Place, Salinas, California 93901** and described as follows: General Day Care Facility consisting of approximately **4,500** rentable square feet of space, as designated in **EXHIBIT A1,- DESCRIPTION OF PREMISES – Current Basic Floor Plan**, attached and incorporated by this reference (hereinafter, the "Premises"). The term "rentable square feet" shall mean the "Rentable Area" of the Premises as calculated pursuant to the Building Owners and Managers Association International's Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1, 2010).
- 1.2 **Non-Exclusive Use Areas:** LESSEE shall also have the non-exclusive right to use, loading and unloading areas, visitor parking areas, ramps, drives, platforms, and common walkways and sidewalks necessary for access to the Premises.
- 1.3 **Parking Areas:** Parking lot adjacent to the Premises includes random parking spaces, outlined with white striping and situated closest to the Premises, for use by LESSEE'S visitors and clients. Additional adjacent parking spaces located at Building 1488 Schilling Place, which are outlined with white striping, are available for use by LESSEE'S employees. Random parking areas to be further designated in **EXHIBIT A2 – PARKING PLAN**, attached hereto and incorporated by this reference.
- 1.4 **Compliance with the "Americans with Disabilities Act of 1990" (ADA):** LESSEE shall ensure that the Premises are in compliance with the Americans with Disabilities Act of 1990 ("ADA"), as amended from time to time, and, if necessary, prior to the Lease Commencement Date specified in ARTICLE 2.1 below, shall modify the Premises to comply with the Act and the regulations promulgated to implement the ADA requirement.

- 1.5 **Compliance with "No Smoking Law" (2003 Assembly Bill 846):** LESSEE shall ensure that the Premises are in compliance with Government Code Title 1, Division 7, Chapter 32 (commencing with section 7596), as may be amended from time to time, and, if necessary, prior to the Lease Commencement Date specified in ARTICLE 2.1 below, shall modify the Premises to comply with the law and the regulations promulgated to implement 2003 Assembly Bill 846.
- 1.6 **Evidence of Seismic Adequacy:** The building containing the Premises was constructed after January 1, 1973, as evidenced by official documentation from the City of Salinas Building Department. Copy of which is attached as **EXHIBIT B-EVIDENCE OF SEISMIC ADEQUACY**, and incorporated by this reference.

ARTICLE 2 - TERM

- 2.1 **Lease Term:** The term of this Lease (the "Lease Term") shall be **five (5) years**, commencing on **May, 2, 2016**, ("Lease Commencement Date") and ending **May, 2, 2021**, with such rights of termination and extension of the Lease Term as are hereinafter set forth.
- 2.2 **Extended Term:** Upon completion of the initial Lease Term, the LESSOR and LESSEE, upon mutual written consent, may renew the Lease for the **first extended five (5) year term** ("First Extended Term"), and upon the expiration of the First Extended Term, the LESSOR and LESSEE, upon mutual written consent, may renew the Lease for a **second extended five (5) year term** ("Second Extended Term"), in each case by LESSEE giving LESSOR advance written notice of its intent to renew **ninety (90) days** prior to expiration of the initial Lease Term or First Extended Term, as applicable.

LESSOR shall not be required to state a reason if it elects not to extend the Lease Term.

ARTICLE 3 – RENT

- 3.1 **Monthly Rent:** In consideration of the continuing right of use, quiet enjoyment and possession of the Premises, LESSEE shall pay to LESSOR as monthly rent for the Premises, the initial sum of One-Thousand Dollars (**\$1,000**) ("Monthly Rent"), payable on or before the first day of each month. LESSEE shall commence rental payments upon occupancy, ("Rent Commencement Date"). If the Rent Commencement Date is other than the first day of a calendar month, then the rent for that month shall be prorated on a daily basis, based on a thirty (30) day month. Monthly Rent shall be payable to LESSOR at the address specified in ARTICLE 5 or at such other address as LESSOR may from time to time designate in writing. In addition to Monthly Rent, LESSEE shall contract and pay directly to its vendors for its responsibilities as outlined in **EXHIBIT C – SUMMARY OF SERVICES AND UTILITIES** and **EXHIBIT D – SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES**, attached and incorporated by this reference.
- 3.2 **Annual Rent Adjustment:** At the end of each Year during the initial Lease Term or any Extended Term, the Monthly Rent shall be increased by the fixed amount of **five percent (5%)** (So that, for example, the Monthly Rent payable during the second Lease Year shall be equal to 105% of the Monthly Rent payable during the first Lease Year, and the Monthly

Rent payable during the third Lease Year shall be equal to 110%, and so on for each additional year). A "Lease Year" shall mean each consecutive twelve-month (12-month) period during the initial Lease Term or Extended Term, as applicable; provided, however, that (a) the first Lease Year commences on the Lease Commencement Date as provided in ARTICLE 2.1 above, or the first day of the Extended Term as provided in ARTICLE 2.2, above, as applicable, and ends on the last day of the twelfth calendar month thereafter; (b) the second and each succeeding Lease Year commences on the first day of the next calendar month; and (c) the last Lease Year ends on the Stated Expiration Date as provided in ARTICLE 2.1 above, or the last day of the Extended Term as provided in ARTICLE 2.2 above, as applicable, or earlier date of termination.

ARTICLE 4 - TERMINATION BY LESSOR AND LESSEE

Notwithstanding any other provisions of this Lease, LESSOR or LESSEE may terminate this Lease upon **ninety (90) days** written notice to either party, or LESSOR may immediately terminate Lease for cause at which time LESSEE will be required to vacate facility within twenty-four (24) hours of notification.

ARTICLE 5 - NOTICES

All notices or correspondence provided for herein shall be effective only when made in writing, personally delivered or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To LESSOR:	County of Monterey Contracts/Purchasing Division c/o Contracts/Purchasing Officer 1488 Schilling Place Salinas, California 93901 (831) 755-4992 Email: derrm@co.monterey.ca.us	To LESSEE:	Early Development Services, Inc. c/o Executive Director 1450 Elm Avenue Seaside, California 93955 (831) 393-2246 Email: shannan@earlydevelopmentsservice.com
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Rent payments shall be made to: **County of Monterey c/o Contracts/Purchasing Division at 1488 Schilling Place. Attention Contracts/Purchasing Officer.**

Any notice or correspondence shall be deemed delivered upon personal delivery or five (5) days after notice is given by certified mailed above. Correspondence other than notices may be given by regular mail, facsimile or email. Any correspondence sent by facsimile shall also be sent by United States mail. By written notice to the other, either party may change its own correspondence information.

LESSOR shall be available to LESSEE by phone during regular business hours and for emergencies after hours and weekends. Emergency phone number for LESSOR is 831-212-0378 (Public Works Facilities after hours "on call" staff).

LESSEE shall be available to LESSOR, by phone during regular business hours, and for emergencies after hours and on weekends. Emergency phone number for LESSEE is (831) 229-9969

ARTICLE 6 - USE

- 6.1 **Use:** LESSEE shall use the Premises to operate a childcare center and provide a comprehensive childcare program in accordance with **EXHIBIT E – CHILDCARE PROGRAM STRUCTURE AND FEES**, attached hereto and incorporated by this reference. LESSEE acknowledges that LESSOR is merely acting as the owner of real property being leased to LESSEE and that LESSOR has no control or oversight over LESSEE's operations on the Premises.
- 6.2 **Compliance with Laws:** LESSOR represents and warrants to LESSEE, that, to the best of LESSOR'S knowledge, the construction, the current uses, and the operation of the Premises are in full compliance with applicable building and seismic codes, environmental, zoning and land use laws, and other applicable local, state and federal laws, regulations and ordinances. LESSOR absolves LESSEE of legal or other responsibility for any code violations or other deviations from applicable local, state and federal laws, regulations and ordinances as may be listed above. Said absolution excludes LESSEE installed improvements to the Premises such as phone/data cabling, support equipment, trade fixtures, and any other equipment installed by LESSEE and used to meet LESSEE'S operational needs.
- 6.3 **Hazardous Substances:** LESSEE shall have no liability or responsibility for toxic or hazardous materials or substances in existence on the Premises prior to LESSEE'S occupancy of the Premises or which result from LESSOR'S acts or omissions or which occur on any portion of LESSOR'S property not occupied by LESSEE, unless caused by LESSEE, its agents, employees, invitees or guests. LESSOR warrants, to the best of LESSOR'S actual knowledge, that at the time of execution of this Lease there are no known areas on the Premises where hazardous or toxic materials or substances (including asbestos, leads, toxic mold spores or PCBs) have been present, used, stored, or deposited. LESSOR will comply with all applicable laws concerning the handling and removal of the above-mentioned hazardous or toxic materials. LESSEE, at its own expense, shall comply with all applicable laws concerning the handling and removal of hazardous material and medical wastes generated as a result of LESSEE'S use of the Premises under this Lease.
- 6.4 **Environmental Hazards – Remediation Contractor Specifications:** LESSOR hereby warrants and guarantees that the Premises and Common Areas will be maintained free of all Environmental Hazards (including hazards related to asbestos, leads, toxic mold spores or PCBs) and agrees to survey, test, and abate as applicable and in accordance with Environmental Protection Agency ("EPA") guidelines. A qualified industrial hygienist approved by LESSOR and LESSEE shall perform all testing and development of an abatement work plan as deemed necessary, with the test results/reports/plans forwarded to LESSOR and LESSEE upon completion. LESSOR further agrees to contract with a qualified remediation contractor to provide remediation services as specified in **EXHIBIT F REMEDIATION CONTRACTOR SPECIFICATIONS** on an as needed basis. LESSOR

specifically agrees that any costs related to abatement of Environmental Hazards shall be the LESSOR'S responsibility unless, and only to the extent, caused by LESSEE, its agents, employees, invitees or guests. LESSEE shall immediately notify LESSOR of any suspected appearance of toxic mold spores and of any conditions (such as excessive moisture) that may lead to the appearance of toxic mold spores, and LESSOR agrees to investigate same.

LESSEE may request that LESSOR hire a qualified industrial hygienist, approved by LESSOR and LESSEE, to perform indoor air quality testing/surveying for the Premises with the understanding that if test results reveal that unacceptable levels (as determined by EPA guidelines) of Environmental Hazards are not present, LESSEE will reimburse LESSOR the cost of the testing within thirty (30) day of receipt of invoice from LESSOR. By providing for and requesting air quality testing, LESSOR'S duties and obligations are not diminished and LESSEE does not assume or agree to share in LESSOR'S duties and obligations with respect to maintenance of the Premises.

6.5 **Acceptance of Premises:** By entry hereunder, LESSEE accepts the Premises as being in good and sanitary order, condition and repair.

ARTICLE 7 - SIGNS AND FIXTURES

LESSEE may place such signs and advertisements upon the Premises as LESSEE may desire, subject to approval by the LESSOR which consent shall not be unreasonably withheld provided, however, that at the expiration of the term hereof or any renewal or extension of this Lease, LESSEE will remove said signs and will restore the Premises to their original conditions. Any trade fixtures, equipment, furniture, demountable walls, and other property installed in the Premises by and at the expense of the LESSEE shall remain the property of the LESSEE, and the LESSOR agrees that the LESSEE shall have the right at any time, and from time to time, to remove any and all of its trade fixtures, equipment and other property which it may have stored or installed in the Premises, provided the Premises are restored to acceptable condition. The LESSOR agrees not to mortgage or pledge the LESSEE'S trade fixtures, equipment and other property.

ARTICLE 8 - SERVICES AND UTILITIES

Services and utilities shall be furnished and the reasonable cost borne as outlined in **EXHIBIT C**. In the event of failure by LESSOR to furnish, in a satisfactory manner, any of the services and utilities to the Premises for which LESSOR is responsible, LESSEE may furnish the same if LESSOR has not undertaken to correct such failure within fifteen (15) days after written notice, and, in addition to any other remedy LESSEE may have, may deduct the amount thereof, including LESSEE'S service costs, from rent or other remuneration due LESSOR hereunder.

As stated in **EXHIBIT C**, the term "adequate" shall mean sufficient enough to ensure the health, safety and general well-being of the occupants or invitees of the Premises; the term "deemed necessary" shall mean that LESSOR and LESSEE are in agreement that action needs to be taken to ensure the health, safety and general well-being of the occupants and or invitees of the Premises.

ARTICLE 9 - REPAIR AND MAINTENANCE

- 9.1 **LESSOR and LESSEE Obligations:** The respective repair and maintenance responsibilities of LESSOR and LESSEE are set forth in **EXHIBIT D**.
- 9.2 **Negligent Acts or Omissions of LESSEE:** Notwithstanding the foregoing, LESSEE will pay to LESSOR the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions of LESSEE, its agents, employees, invitees or guests.
- 9.3 **Failure of LESSOR to Make Repairs:** If LESSOR fails to maintain the Premises or to make the repairs required in this article within the time periods as specified in ARTICLE 17.1, LESSEE may perform such maintenance or make such repairs at its expense and deduct the reasonable cost thereof from the rent due hereunder.
- 9.4 **LESSOR and LESSEE Obligations in Applying Noxious Substances:** LESSOR and/or LESSEE, its officers, employees, and agents shall not apply any substance as part of any building maintenance or repair which would introduce irritating or noxious odors or any other hazardous condition to occupied spaces without prior coordination and approval of the **County's Facilities Manager**, who can be reached by telephone at **(831) 755-4869**. Prior notification and approval shall be made at least 48 hours prior to the desired application time. Also, a Product Safety Data Sheet shall be furnished by the proposed applicator to the **LESSEE'S onsite office manager**. Examples of such substances or materials include, but are not limited to, the following:
- Termite Control Materials
 - Pesticides
 - Paint
 - Water Treatment Chemicals
 - Any other substance that is or could be construed as hazardous

ARTICLE 10 - SERVICE COMPANIES

Within ten (10) days after occupancy of the Premises by LESSEE, LESSOR shall give LESSEE notice of the name, address and telephone number of an agency or person convenient to LESSEE as a local source of service with regard to LESSOR'S responsibilities under **EXHIBIT C** and **EXHIBIT D** of this Lease. If LESSOR fails to provide such notice, LESSEE may choose service companies as needed and without penalty from LESSOR.

ARTICLE 11 - ALTERATIONS, MECHANICS' LIENS

- 11.1 **Alterations:** No structural alterations or improvements shall be made to the Premises by LESSEE or at LESSEE'S request without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.
- 11.2 **Condition at Termination:** LESSEE may remove any fixtures, machinery and equipment installed in the Premises by LESSEE upon the termination of this Lease, if LESSEE is not then

in default under this Lease and if LESSEE repairs any damage to the Premises caused by such removal. Upon termination of this Lease, LESSEE shall return the Premises in the same condition as when delivered to LESSEE, reasonable wear and tear, and damage by casualty, and alterations approved by LESSOR excepted.

11.3 **Mechanic's Liens:** LESSOR and LESSEE shall keep the Premises free from any liens arising out of any work performed by, materials furnished to, or obligations incurred by the parties.

ARTICLE 12 - ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or sublet all or any portion of the Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

ARTICLE 13 - ENTRY BY LESSOR

LESSEE shall permit LESSOR and LESSOR'S agents to enter the Premises, with reasonable advance notice (except in the case of emergency), provided such entry is made in a reasonable manner and does not unreasonably interfere with the conduct of LESSEE'S business.

ARTICLE 14 - INSURANCE AND INDEMNIFICATION

14.1 As a condition of this LEASE, LESSEE must provide LESSOR with proof of insurance for the following and maintain in full force and effect, during the term of this LEASE, the following types of insurance:

14.1.1 **Commercial General Liability (occurrence coverage):** LESSEE shall maintain comprehensive commercial general liability coverage with liability limits of not less than \$2,000,000 for injury or death to one or more persons and property damage limits of not less than One Million Dollars (\$1,000,000) per occurrence insuring against all liability of LESSEE and its authorized representatives arising out of and in connection with LESSEE'S use or occupancy of the Premises. LESSOR, during the terms hereof, shall indemnify and save harmless the LESSEE from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, arising out of acts or omissions of the LESSOR.

With an Additional Insured Endorsement noted below:

Additional Insured Endorsement: shall name LESSOR and its officers, agents, and employees as Additional Insureds with respect to services being provided, including ongoing and completed operations. Additional insured endorsement shall be equivalent to ISO form CG 2010 11 85.

14.1.2 **Professional Liability:** if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$3,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If

professional liability insurance is written on a “claims-made” basis rather than an occurrence basis, CONTRACTOR shall, upon the expiration or earlier termination of this AGREEMENT, obtain extended reporting coverage (“tail coverage”) with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this AGREEMENT.

14.1.3 Directors and Officers Liability: Minimum Limit \$1,000,000

14.1.4 Sexual Abuse Liability: Minimum Limit \$1,000,000; and Sexual Harassment and Discrimination Liability: Minimum Limit \$1,000,000.

14.1.5 Workers’ Compensation: if CONTRACTOR employs others in the performance of this AGREEMENT, in accordance with California Labor Code section 3700 and with Employer’s Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

14.1.6 Business Automobile Liability Insurance: covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this AGREEMENT, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

14.2 Other Insurance Requirements:

14.2.1 All insurance required by this AGREEMENT shall be with a company acceptable to County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this AGREEMENT, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of five (5) years following the date CONTRACTOR completes its performance of services under this AGREEMENT.

14.2.2 Each liability policy shall provide that County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CONTRACTOR and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this AGREEMENT, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

14.2.3 Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds with respect to liability arising out of the CONTRACTOR’S work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self- insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR’S insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The

required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

- 14.2.4 Prior to the execution of this AGREEMENT by County, CONTRACTOR shall file certificates of insurance with County's contract administrator and County's Contracts/Purchasing Division, showing that CONTRACTOR has in effect the insurance required by this AGREEMENT. CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this AGREEMENT, which shall continue in full force and effect.
- 14.2.5 CONTRACTOR shall at all times during the term of this AGREEMENT maintain in force the insurance coverage required under this AGREEMENT and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this AGREEMENT, which entitles County, at its sole discretion, to terminate this AGREEMENT immediately.
- 14.2.6 INDEMNIFICATION: LESSEE agrees to indemnify, defend, and save harmless LESSOR and its officers, agents, and employees from and against any and all claims, liabilities or losses whatsoever arising out of or in any way related to LESSEE'S use, services or performance of this Lease, including but not limited to, claims for property damage, personal injury, death, injuries to reputation, economic losses, and emotional distress, and any legal expenses (such as attorney's fees, court costs, investigation costs, and expert fees); and including, but not limited to, any and all losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the LESSEE's use, services or performance of this Lease, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the LESSOR. "LESSEE'S use" includes LESSEE'S professional errors or omissions, negligent actions or inactions; and the professional errors or omissions, negligent actions or inactions of its officers, employees, agents, occupants, guests and business invitees.
- 14.2.7 SAVINGS CLAUSE: If any term, provision or application LESSEE'S indemnification to LESSOR is found to be invalid, in violation of public policy or unenforceable to any extent, such finding shall not invalidate any other term or provision of LESSEE'S indemnification to LESSOR and such other terms and provisions shall continue in full force and effect. If there is any conflict between the terms, provisions or application of LESSEE'S indemnification to LESSOR and California law, the broadest indemnity protection for the LESSOR under this Lease that is permitted by law shall be provided by LESSEE.

14.2.8 LESSOR agrees that it will keep insured against loss or damage by fire, to at least eighty percent (80%) of the full fair insurable value thereof, the building on the demised Premises or of which the demised Premises are a part.

14.2.9 LESSOR shall not be liable to LESSEE, or to anyone whatsoever for any damages caused by plumbing, gas, water, steam, sprinkler or other pipe and sewage system, or by the bursting, running or leaking of any tank, washstand, closet, or waste or other pipe, in and about the Premises of the building of which they are a part, or for any damage caused by water being upon or coming in through the roof, skylight, vent, trap door or otherwise; provided that LESSOR shall not be relieved from any of its obligations for maintenance and repair as otherwise set forth in this Lease.

ARTICLE 15 - WAIVERS OF SUBROGATION

LESSOR and LESSEE each hereby waive any right of recovery against the other due to loss of or damage to the property of either LESSOR or LESSEE when such loss of or damage to property arises out of the acts of God or any of the property perils whether or not such perils have been insured, self-insured or non-insured.

ARTICLE 16 - DESTRUCTION

16.1 If the Premises are totally destroyed by fire or other casualty, either party may terminate this Lease immediately by giving notice to the other party.

16.2 If such casualty shall render ten percent (10%) or less of the floor space of the Premises unusable for the purpose intended, LESSOR shall effect restoration of the Premises as quickly as is reasonably possible, but in any event restoration shall begin within thirty (30) days after such destruction.

16.3 If such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, LESSOR shall forthwith give notice to LESSEE of the specific number of days required to repair the same. If LESSOR under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from the date such notice is given, LESSEE, in either such event, at its option, may terminate this Lease.

16.4 In the event of any such destruction other than total, where LESSEE has not terminated the Lease as herein provided, LESSOR shall diligently prosecute the repair of the Premises and, in any event, if said repairs are not completed within sixty (60) calendar days from the work commencement date, for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified herein in connection with partial destruction aggregating more than ten percent (10%), LESSEE shall have the option to terminate this Lease.

16.5 If LESSEE remains in possession of the Premises though partially destroyed, the rent for said Premises as herein provided, during restoration, shall be reduced by the same ratio as the usable square feet LESSEE is thus precluded from occupying, bears to the total usable square feet in the Premises. "Usable square feet" shall mean actual inside dimensions and shall not

include public corridors, stairwells, elevators, and rest rooms.

ARTICLE 17 - DEFAULT BY LESSEE

17.1 **Default:** If any of the following events occur, each such event shall constitute a material breach of this Lease, and LESSOR may, at LESSOR'S option, exercise any or all rights available to a LESSOR under the laws of the State of California:

- a. A default in the payment of rent when such default continues for a period of thirty (30) days after written notice, or
- b. LESSEE fails to faithfully perform or observe any other covenant or undertaking required under this Lease and such failure continues for a period of thirty (30) days after written notice thereof, or
- c. LESSEE is adjudicated bankrupt, or
- d. LESSEE'S lease interest is sold under execution of judgment, or
- e. LESSEE fails to provide the required child care services consistent with Exhibit-E

17.2 **Remedies:** If LESSEE fails to cure a prospective default within the time frames outlined above, LESSOR shall have the option to cure the default or to terminate this Lease with proper ninety (90) days' notice, in addition to any other remedies at law not inconsistent herewith. Should LESSOR elect to cure the default itself, all costs associated with such cure shall be reimbursed by LESSEE to LESSOR, as Additional Rent, within thirty (30) days of receipt of LESSOR'S invoice for said costs.

ARTICLE 18 - DEFAULT BY LESSOR

18.1 **Default:** LESSOR shall not be in default unless LESSOR fails to perform its obligations under this Lease within a reasonable time, but in no event later than thirty (30) days after written notice by LESSEE to LESSOR specifying wherein LESSOR has failed to perform such obligations. If the nature of LESSOR'S obligation is such that more than thirty (30) days are required for performance, then LESSOR shall not be in default if LESSOR commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. LESSEE'S obligation to provide written notice to LESSOR of a default by LESSOR is limited to those instances where knowledge of LESSOR'S default is within the actual knowledge of LESSEE.

18.2 **Remedies:** If LESSOR fails to cure a prospective default within the time periods outlined above, LESSEE shall have the option to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. However, upon LESSOR'S failure to so reimburse or, at LESSEE'S option, said costs shall be held from rent due hereunder. If LESSOR'S default hereunder prevents LESSEE'S use of the Premises, there shall be an abatement of rental payments for the period of such non-use.

ARTICLE 19 - CONDEMNATION

If more than ten percent (10%) of the floor space area of the Premises is taken or condemned for a public or quasi-public use, or the part taken renders the entire Premises insufficient for the

conduct of LESSEE'S business and operations, then this Lease shall terminate at the option of LESSEE as of the date title shall vest in the condemner. If only part of the Premises is taken and the remainder of the Premises is sufficient for the conduct of LESSEE'S business and operations, then LESSOR shall restore the Premises to a single architectural unit and the Lease shall continue as to the part not taken, but the monthly rent shall be reduced in proportion that the usable area of the Premises taken bears to the usable area of the Premises before the taking.

ARTICLE 20 - HOLDING OVER

If LESSEE, with LESSOR'S consent, remains in possession of the Premises after the Lease Term, this Lease shall automatically be extended on a two (2) month-to-two (2) month basis at the monthly rent then applicable, except that if the monthly rent was otherwise scheduled to increase pursuant to Article 3.2, then the monthly rent shall so increase, subject to termination upon sixty (60) days' written notice by either party. All other terms and conditions shall remain in full force and effect.

ARTICLE 21 - WAIVER

The waiver by LESSOR or LESSEE of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition, nor shall either party's consent to any breach of any term, covenant or condition be deemed to constitute or imply its consent to any subsequent breach of the same or other term, covenant or condition herein contained.

ARTICLE 22 - QUIET POSSESSION

As long as LESSEE keeps and performs the covenants in this Lease, LESSEE shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Premises, without suit, trouble or hindrance from LESSOR or any person claiming under LESSOR.

ARTICLE 23 – SUBORDINATION AND NON-DISTURBANCE

This Lease shall be subject and subordinated to the lien of any mortgages and deeds of trust which are hereafter placed against the LESSOR'S interest or estate in the property provided that the mortgage or beneficiary under such mortgage or deed of trust shall agree in writing that, in the event of a foreclosure of same or of any other such action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be barred, terminated, cut off, or foreclosed, nor will the rights and possession of LESSEE hereunder be disturbed if LESSEE shall not then be in default under the terms of this Lease, and LESSEE shall attorn to the purchaser at such foreclosure, sale or other action or proceeding. The foregoing subordination shall be effective without the necessity of having any further instruments executed by LESSEE, but LESSEE shall nonetheless execute, upon demand, such further instruments evidencing such subordination as may be reasonably requested by LESSOR or any mortgagee or beneficiary.

ARTICLE 24 - ESTOPPEL CERTIFICATE

Within thirty (30) days of written notice by one party to the other, each will execute, acknowledge and deliver to the other an estoppel certificate in writing declaring any modifications, defaults or advance payments and whether the lease, as may be modified, is in full force and effect. Any such certificate may be conclusively relied upon for the intended transaction for which the statement was requested.

ARTICLE 25 - MISCELLANEOUS PROVISIONS

25.1 **Amendments:** No Amendment or Addendum of this Lease shall be valid unless made in writing and signed by the parties hereto, and no prior oral understanding or agreement not incorporated herein shall be binding on either party hereto.

25.2 **Time is of the Essence:** Time is of the essence of each term and provision of this Lease.

25.3 **Binding Effect:** Subject to any provision hereof restricting assignment or subletting by LESSEE, this Lease shall bind the parties, their personal representatives, successors, and assigns.

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

25.5 **Warranty of Authority:** If LESSEE is a corporation; the person executing this lease on behalf of LESSEE hereby covenants and warrants that LESSEE is a duly authorized and existing corporation and that he/she is duly authorized to execute this Lease.

25.6 **Conflict:** In the event of any conflict between this Lease and any Amendment, Addendum or Exhibit attached hereto, the provisions of such Addendum or Exhibit shall control.

25.7 **Dispute Resolution:** Disputes pertaining to this Lease between the LESSOR and LESSEE shall be brought to the attention of the LESSOR'S Contracts Purchasing Officer (the "County"). County shall discuss any written concerns or complaints with LESSEE'S Child Care Center Director (the "Director") immediately. If the dispute relates to the Director or the concern cannot be resolved with the Director, the County shall immediately contact LESSEE'S Executive Director at its Administrative Office. If disputes are not resolved, the LESSOR and LESSEE may request that the dispute be moved to a level of arbitration, mediation or informal dispute resolution service to be paid for equally by LESSOR and LESSEE.

25.8 **No Third Party Beneficiaries:** Nothing expressed or referred to in this Lease will be construed to give any Person other than the parties to this Lease any legal or equitable right, remedy, or claim under or with respect to this Lease or any provision of this agreement. This Lease and all of its provisions and conditions are for the sole and exclusive benefit of the parties thereto and their successors and assigns, if any.

ARTICLE 26 - MAJOR APPLIANCES

Installation of major appliances beyond those already existing at the Premises such as vending machines, refrigerators, stoves, etc., must be approved by LESSOR prior to installation. The LESSOR will grant installation approval for new appliances only. Such approval shall not be unreasonably withheld.

IN WITNESS WHEREOF, the LESSOR and LESSEE have executed this Lease on the date set forth beneath their respective signatures below.

MONTEREY COUNTY:

By: _____
Contracts/Purchasing Officer

Dated: _____

Approved as to Fiscal Provisions:

By: _____
Deputy Auditor/Controller

Dated: _____

Approved as to Liability Provisions:

By: _____
Risk Management

Dated: _____

Approved as to Form:

By: _____
Deputy County Counsel

Dated: _____

CONTRACTOR:

By: _____
Signature of Chair, President, or Vice-President

Shannan Watkins, CED
Printed Name and Title

Dated: 5/13/2016

By: _____
(Signature of Secretary, Asst. Secretary, CFO, Treasurer or Asst. Treasurer)*

Jeffery Watkins, CFO
Printed Name and Title

Dated: 5/13/2016

EXHIBIT A1- DESCRIPTION OF PREMISES

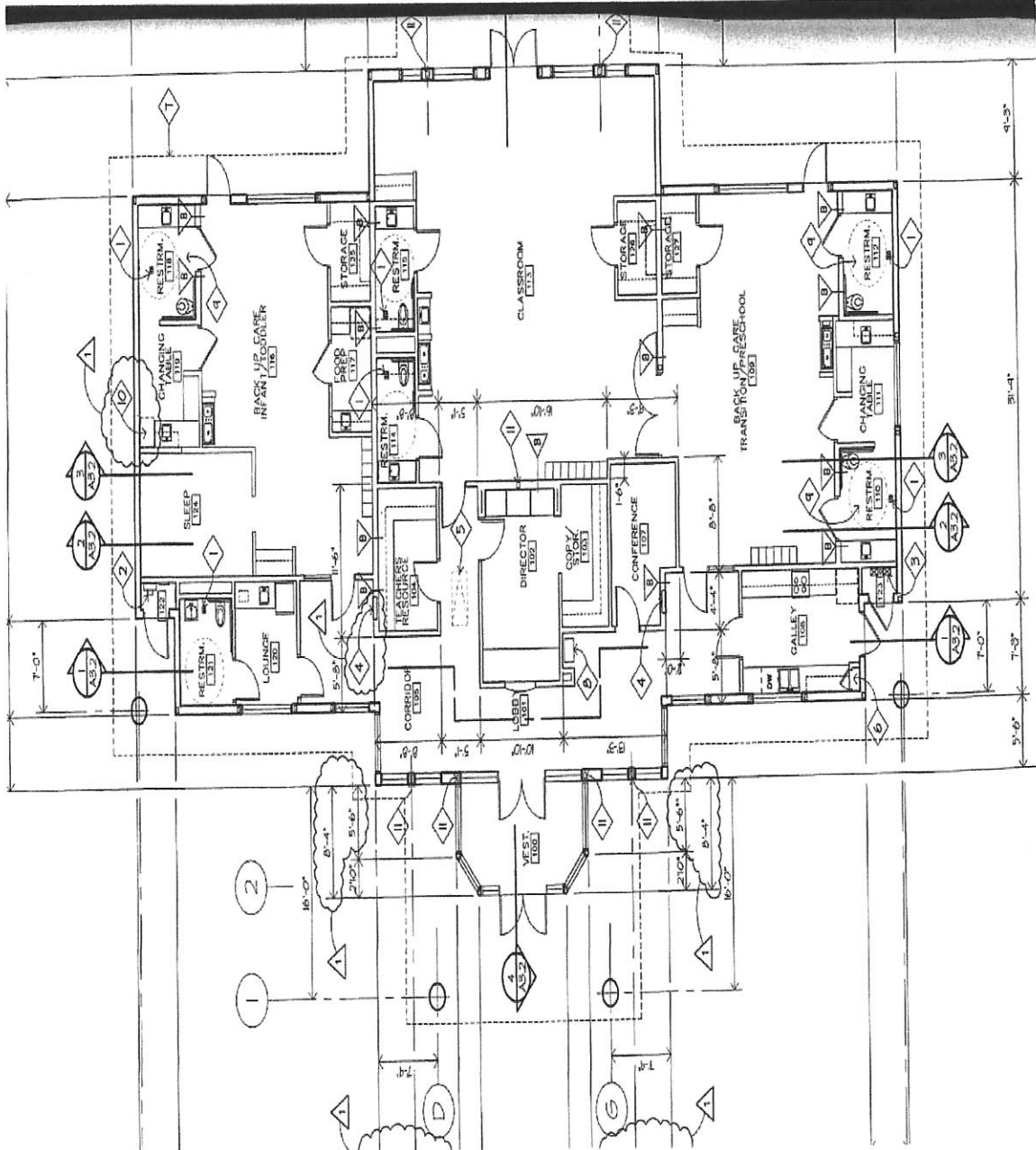


EXHIBIT A2- PARKING PLAN

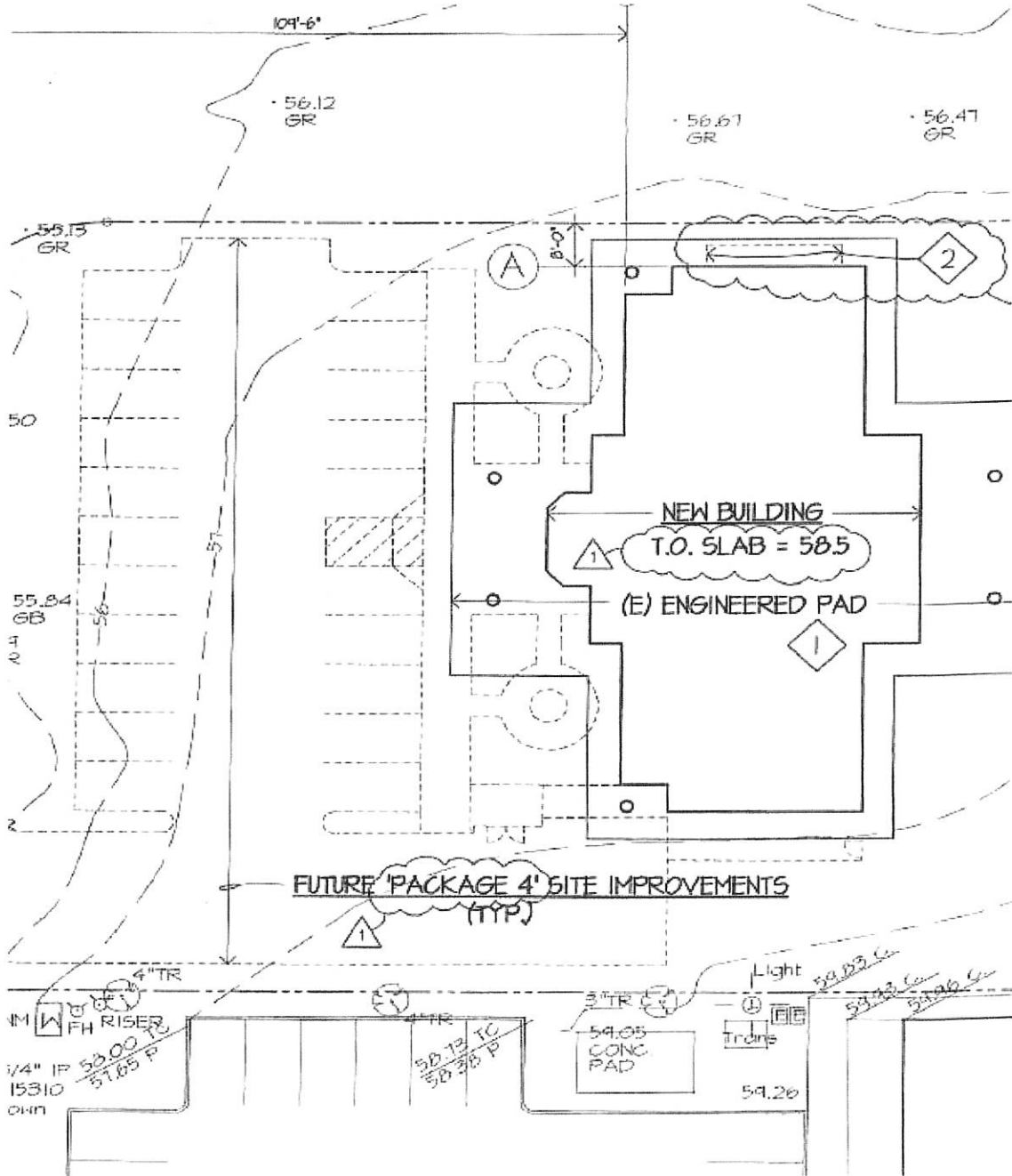


EXHIBIT B
EVIDENCE OF SEISMIC ADEQUACY



City of Salinas Commercial Permit Research
1494 SCHILLING PL
Issuance Date: 3/10/2016

Page 1

This is for informational purposes ONLY. This does not replace a
required Residential City Report

Assessor Parcel Number: 177181014000

Zoning IBP

Code Violations, State/City Mandated Annual Inspections (if any):
Date Description

CASE_NO

Building Permit(s) on Record:				Description
Permit No.	Issued	Finald	Expired	
43231				FIRE SPRINKLERS FOR HOUSEHOLD CREDIT DAYCARE CENTER
97-41068			01/06/1998	GRADING AND PREPARATION FOR DAYCARE CENTER AT HOUSEHOLD
98-41232	02/11/1998		11/23/1999	FOUNDATION AND UNDERGROUND UTILITIES FOR HOUSEHOLD CREDIT
98-41505	05/06/1998		11/23/1999	BLDG. SHELL TENANT IMPROVEMENT SITE IMPROVEMENTS FOR
98-42642	09/16/1998	10/01/1998		PLAYGROUND & PLAYGROUND EQUIPMENT; LANDSCAPE AND

EXHIBIT C

SUMMARY OF SERVICES AND UTILITIES

The following is a summary of services and utilities responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises and rest rooms			X
Provide adequate custodial service for interior of the Premises (dust, waste removal, recycling removal, vacuum, mop and general cleaning)			X
Provide adequate custodial service for exterior of the Premises		X	
Professionally clean carpets, rugs, tile and linoleum flooring as deemed necessary			X
Professionally clean existing drapes, blinds, and window shades as deemed necessary			X
Professionally clean interior windows as deemed necessary			X
Professionally clean exterior windows as deemed necessary			X
Provide adequate pest control for the interior of the Premises			X
Provide adequate pest control for exterior of Premises			X
Provide adequate landscape maintenance and gardening (including landscape irrigation system and associated water supply and service)		X	
Provide adequate playground equipment maintenance (to include playground sand and of soft ground material)			X
Provide adequate parking lot area sweeping		X	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum) disposal and pick up service			X
Provide adequate fire sprinkler systems testing		X	
Provide adequate fire alarm systems monitoring		X	
Provide adequate intrusion/security alarm systems monitoring			X
Provide patrolled security guard service at the sole discretion of LESSOR		X	
Provide adequate heating, ventilation & air conditioning (HVAC) systems filter replacements, unit inspections and unit lubrications		X	
Provide adequate servicing of uninterrupted power source (UPS)	X		
Provide adequate servicing of power backup generator	X		
Provide adequate gas utility service			X
Provide adequate electric utility service			X
Provide adequate water utility service		X	
Provide adequate telephone and data service (including connection charges)			X
OTHER:			

EXHIBIT D

SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of maintenance and repair responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Common Areas		X	
Foundations		X	
Floor Slabs		X	
Elevators and/or Dumb Waiters	X		
Exterior and Bearing Walls		X	
Exterior Doors and Hardware (excludes re-keying if deemed necessary)		X	
Exterior Windows and Window Frames		X	
Roofs		X	
Gutters, Drains and Downspouts		X	
Parking Lots		X	
Ceilings		X	
Fire Sprinkler Systems		X	
Fire Alarm Systems		X	
Intrusion/Security Alarm Systems			X
Uninterrupted Power Source (UPS)	X		
Power Back Up Generator	X		
Heating, Ventilation and Air Conditioning (HVAC) Systems (including replacement if deemed necessary)		X	
Heating, Ventilation and Air Conditioning (HVAC) control switches, sensors and thermostats		X	
Electrical Systems (including electrical outlets, panels, circuit breakers and wiring)		X	
Plumbing Systems and Fixtures (including sewer and drain stoppages)		X	
Lighting Systems (including starters, ballasts, transformers and light switches)		X	
Light Bulbs and Fluorescent Light Tubes (adequate replacement)			
Interior Walls		X	
Interior Wall Surfaces (including repainting if deemed necessary)			X
Interior Doors and Hardware		X	
Interior Windows and Window Frames		X	
Carpet, Tile, and Linoleum Flooring (including replacement if deemed necessary)			X
Base and/or Moldings			X
Appliances			X
Communication Systems (data/telephone cabling, connections and equipment)			X

***Notwithstanding the forgoing, LESSEE will pay to LESSOR the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions of LESSEE, its agents, employees, or invitees.**

EXHIBIT E

Childcare Program Structure and Fees

E.1 Program Structure

E.1.1 LESSEE shall provide for the following participants structure:

Center capacity & Classroom Configuration				
Age	Capacity	% of Total	Staff-Child Ratios	Group Sizes
Infants	8	19%	1:4	8
Toddlers	12	29%	1:6	12
Preschoolers	22	52%	1:11	22
Total	42	100%		

E.1.2 LESSEE shall provide for the following staffing structure in the timelines identified within the charts below: Transition in this section is to mean from the date of the executed Lease Agreement.

Age Group	Months Following Execution of Lease		
	Month 12	Month 24	Month 36
Infants			
Master Teacher	1	1	1
Associate Teacher	1	1	1
Toddlers			
Master Teacher	1	1	1
Associate Teacher	1	1	1
Preschoolers			
Master Teacher	1	1	1
Associate Teacher	1	1	1
Totals	6	6	6

Full Time Equivalent Staffing Configuration			
Position	Annual/Hourly Pay Rate (Year 1)	FTE Staff	Percentage in Ratio
Site Supervisor	\$41,445 per year	1.0	25%
Cook/Floater	\$11.80 per hour	1.0	25%
Master Teacher	\$14.61 per hour	3.0	100%
Associate Teacher	\$12.23 per hour	3.0	100%
	Total FTE's	8.0	

E.1.3 LESSEE shall provide the following enrollment structure:

- Priority 1: County Employees
- Priority 2: City of Salinas Employees
- Priority 3: Community Members

- E.1.4 As part of the initial operational plan, LESSEE shall enroll Priority 1 and Priority 2 participants only for the remainder of calendar year 2016. This will allow participants with Priority 1 and Priority 2 level access the appropriate time to become aware of the new services being provided by the LESSEE.
- E.1.5 LESSEE shall ensure that all participants no matter what level of priority access they have that they access to reduced rate fees based on income and family size, if they qualify under the LESSEE'S adopted operational guidelines. LESSEE shall provide the LESSOR with a current copy of the LESSEE'S approved and adopted operational guidelines at the time of the execution of said Lease
- E.1.6 LESSEE shall place all participants on a waiting list on a first come, first serve basis by the age of the participant, if space is not available at the time of the participant's application. LESSEE shall process all enrollments directly from the established waiting list.
- E.1.7 LESSEE shall use the Premises to operate a childcare center and provide a comprehensive childcare program for not more than the maximum number of children allowed in each age group as authorized by law or the licensed capacity of the facility and as specified in E.1.1. Hours shall not exceed 6:30 a.m. to 7:30 p.m., Monday through Friday unless it is needed for a special event and/or contracted purpose. LESSEE shall admit children ages six (6) weeks until entry into first grade.
- E.1.8 LESSEE shall hold all required licenses for the childcare center during the term of this Lease. To the extent applicable, LESSEE shall prepare and submit application(s) for appropriate state licenses and pay all of the required fees.
- E.1.9 LESSEE shall admit County employees' dependent children and those children referred by County and State Resource and Referral agencies to the childcare center according to the following priority: (1) children of County employees; (2) children of employees of the City of Salinas; (3) Local Community members.
- E1.10 LESSEE shall provide a child food program consisting of up to three (3) meals per day (breakfast, lunch and afternoon snack) for children enrolled in the program. LESSEE shall not prepare any type of food that requires deep fat frying of any kind.
- E1.11 LESSEE shall furnish a quarterly financial report to the LESSOR outlining the total monthly revenues and expenditures by program category. LESSEE shall also furnish quarterly operational reports to the County Contract Administrator, to include such information as: current enrollment including percentages of County employee, and community children, current staff roster, information on parent concerns, and other items as appropriate.

E.2 Program Fees

E.2.1 LESSEE agrees to the following tuition fees for County, City of Salinas and community participants, which may be modified based on the yearly Regional Market Rate:

E.2.1.1 Weekly Rates: Weekly County & City Rates

	Infant				Toddler				Preschool/Kindergarten			
	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days
Full Day	\$242	N/A	N/A	N/A	\$210	N/A	\$140	\$100	\$170	N/A	\$125	\$95
Half Day	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$130	N/A	\$85	\$65

*Half Day is from 8:30am – 11:30am

Weekly Community Rates

	Infant				Toddler				Preschool/Kindergarten			
	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days
Full Day	\$275	N/A	N/A	N/A	\$225	N/A	\$150	\$110	\$180	N/A	\$130	\$105
Half Day	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1145	N/A	\$105	\$75

*Half Day is from 8:30am – 11:30am

E.2.1.2 Monthly Rates: Monthly County & City Rates

	Infant				Toddler				Preschool/Kindergarten			
	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days
Full Day	\$1,020	N/A	N/A	N/A	\$875	N/A	\$590	\$415	\$710	N/A	\$520	\$385
Half Day	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$550	N/A	\$350	\$250

*Half Day is from 8:30am – 11:30am

Monthly Community Rates

	Infant				Toddler				Preschool/Kindergarten			
	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days	5 Days	4 Days	3 Days	2 Days
Full Day	\$1,150	N/A	N/A	N/A	\$925	N/A	\$625	\$450	\$750	N/A	\$535	\$410
Half Day	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$610	N/A	\$425	\$315

*Half Day is from 8:30am – 11:30am

E.2.1.3 Additional Fees:

One-Time Registration Fee: \$25.00 for waiting list entry

Late Pick-up Fee: \$1.00 per Each Minute Late

EXHIBIT F

REMEDIATION CONTRACTOR SPECIFICATIONS

A. Scope of Services

Remediation Contractor to provide treatment, cleanup, damage restoration and any other necessary remediation of:

- Water and/or sewage damage
- Mold, asbestos, lead, and polychlorinated biphenyl (PCB) contamination
- Fire and smoke damage
- Hazardous materials within the license and certification capabilities of the Remediation Contractor
- Human bodily fluids, including but not limited to blood, vomit, urine, feces, and saliva
- Routine sanitation cleanup

B. Work Standards

All work must be done in accordance with the California Health and Safety Code, California Occupational Safety and Health Act (OSHA), and other applicable laws and regulations as may be amended from time to time. The Remediation Contractor must take all care to ensure that work proceeds under the highest standards of safety and prudence, and in compliance with all applicable laws.