

LEASE

THIS LEASE is made between the CITY OF GONZALES, a municipal corporation of the State of California, hereinafter called "LANDLORD," and the County of Monterey (County Health Department Behavioral Health Bureau), hereinafter called "TENANT" as follows:

1. DESCRIPTION OF PREMISES

The LANDLORD hereby leases to TENANT, and TENANT hires from LANDLORD, on the terms and conditions hereinafter set forth, in a nonexclusive grant lease, those certain premises (Premises) situated in the City of Gonzales, and located at 411 Center Street in the City of Gonzales, Monterey County, California 93926 consisting of general offices of approximately 400 usable square feet.,

2. TERM

The term of this Lease shall be for two years commencing on February 25, 2014 unless terminated as herein provided. Upon completion of the initial lease term, the LANDLORD and TENANT may renew the lease for one additional two (2) year term. TENANT shall give LANDLORD advance written notice of its intent to renew ninety (90) days prior to expiration of initial lease term. Said advance written notice may be modified by mutual written agreement.

3. USE

The Premises shall be used nonexclusively by TENANT in accordance with the rules, regulations, and licensing requirements of the State of California. It is a condition of this Lease that the TENANT shall at all times operate and maintain upon the premises the services described in Exhibit A, in full compliance with State accreditation and licensing standards. TENANT may make other related public uses on the premises as coordinated with LANDLORD. TENANT acknowledges that the LANDLORD may allow other uses of Premises during times not scheduled for TENANT.

4. RENTAL

As and for the rental cost of said premises, on the date of commencement of this Lease, TENANT agrees to schedule office hours to provide Behavioral Health Services to the residents of the County within the City of Gonzales, as specified in Exhibit A to this lease agreement in lieu of cash payments to LANDLORD.

5. MAINTENANCE AND REPAIR

TENANT shall, at its own expense, keep and maintain the Premises in good condition at all times during the term of this Lease to the extent of TENANT use or our associates with oversight. With the exception below, TENANT acknowledges that said premises and all improvements thereon which are included in this Lease are now in good order and condition, and TENANT hereby covenants and agrees to keep the same in good order and condition at all times during the term hereof, and upon the expiration of said term to surrender and yield up the said premises and improvements to the LANDLORD in as good condition as when received, loss or damage by fire or inevitable accident and reasonable use and wear excepted. TENANT further agrees to perform all routine maintenance and repair resulting from occupancy

at its own cost, necessary to comply with federal, state, county, municipal and other governmental agencies having or claiming jurisdiction. Such maintenance includes repairs and/or damage including, but not limited to, minor plumbing, broken windows, and painting touch-ups. (Exhibit B).

LANDLORD at its own cost shall be responsible for general building maintenance, including but not limited to maintenance of the structural portions of the building (foundations bearing and exterior walls, subflooring and roof), and plumbing, electrical, heating and air conditioning systems.

Compliance with "No Smoking Law" (2003 Assembly Bill 846): LANDLORD shall ensure that the Premises and the non-exclusive areas of the building are in compliance with Government Code Title 1, Division 7, Chapter 32 (commencing with section 7596), as amended, and, if necessary, prior to the Commencement Date, shall modify the same to comply with the law and the regulations promulgated to implement 2003 Assembly Bill 846.

6. IMPROVEMENTS AND ALTERATIONS

TENANT shall not commit, nor permit to be committed, any waste of, in or about the said premises, and shall not make, nor permit to be made, any alterations or improvements of the said premises, to the extent of TENANT use, without first obtaining written consent from LANDLORD. TENANT, at its own cost, agrees to pay for improvements to the Premises and grounds, including repairs and replacements that result from normal use including, but not limited to new floor coverings, paint, and window coverings. All additions to and improvements of said premises, including locks, bolts and other fixtures, whether made by the TENANT or any other person, save and except movable furniture, fixtures and equipment installed by the TENANT upon the said premises and which can be removed therefrom without injury to the said premises, immediately when made shall become and be the property of the LANDLORD and shall not be removed from or changed in the said premises without first obtaining the written consent of LANDLORD.

TENANT may place such signs and advertisements upon the Premises as TENANT may desire, subject to approval by the LANDLORD, 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, TENANT will remove said signs and will restore the Premises to their original conditions.

7. UTILITIES

TENANT shall reimburse LANDLORD \$50 per month for TENANT'S share of the electric utilities. LANDLORD will make all arrangements with other TENANT for reimbursing electricity used in the Premises. TENANT shall be responsible for establishing and maintaining natural gas and phone service, and computer internet access to the Premises.

LANDLORD shall provide water, sewer, and garbage collection services at no cost to TENANT.

8. JANITORIAL SERVICE

TENANT agrees to provide its own janitorial services for the Premises, including vacuuming, emptying waste, dusting and window washing to the extent of TENANT's use, all at TENANT's cost.

9. DISPOSAL OF HAZARDOUS MATERIAL AND WASTES

LANDLORD and TENANT recognize that TENANT's use of the Premises may include the use of toxic and/or hazardous materials requiring special care in both handling and disposal. TENANT hereby

agrees that it has the sole and exclusive responsibility for proper handling and disposal of such materials in accordance with local, state and federal regulations.

10. DESTRUCTION OF PREMISES

If, during the term of this Lease, the premises or the building and other improvements in which the premises are located are totally or partially destroyed from any cause, rendering the premises totally or partially inaccessible or unusable, LANDLORD shall restore the premises or the building and other improvements in which the premises are located to substantially the same condition as they were in immediately before destruction, if the restoration can be made and completed within 30 (thirty) working days after the date of destruction. Such destruction shall not terminate this Lease. However, TENANT shall be entitled to an adjustment of rent based on the extent to which the destruction interferes with TENANT's recognized use of the premises.

If the restoration cannot be made within 30 (thirty) working days, then within 15 (fifteen) days after LANDLORD determines that the restoration cannot be made, TENANT can terminate this Lease immediately by giving notice to LANDLORD. If TENANT fails to terminate this Lease and if restoration is viable, LANDLORD, at its election, can either terminate this Lease or restore the premises or the building and other improvements in which the premises are located within a reasonable time and this Lease shall continue in full force and effect.

11. EXCULPATION OF LANDLORD

Except as provided in this agreement or as required by law, LANDLORD shall not be liable to TENANT for any damage to TENANT or TENANT's property from any cause to the extent of TENANT use. TENANT waives all claims against LANDLORD for damage to person or property, for any reason, except that LANDLORD shall be liable to TENANT for damage to TENANT resulting from the acts or omissions of LANDLORD or its authorized representatives.

Hazardous Substances: TENANT shall have no liability or responsibility for toxic or hazardous materials or substances in existence on the Premises prior to TENANT's occupancy of the Premises or which result from LANDLORD'S acts or omissions or which occur on any portion of Landlord's property not occupied by TENANT, unless caused by TENANT, its agents, employees, invitees or guests. LANDLORD will comply with all applicable laws concerning the handling and removal of any hazardous materials, including asbestos or polychlorinated biphenyl (PCB) containing materials. LANDLORD warrants, to the best of LANDLORD'S actual knowledge, that at the time of execution of this Lease, there are no known areas on LANDLORD'S property where hazardous or toxic materials or substances (including asbestos or PCBs) have been used, stored, or deposited. Nothing in this Lease shall be taken as TENANT'S assumption of any duty or liability not otherwise imposed by law. TENANT warrants that during TENANT'S occupancy of the Premises, TENANT will comply with all applicable laws concerning the handling and removal of any hazardous materials introduced by TENANT.

Environmental Hazards: LANDLORD hereby warrants and guarantees that the Premises and the non-exclusive areas of the building as described in Article 1 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 LANDLORD and TENANT shall perform all testing and development of an abatement work plan as deemed necessary, with the test results/reports/plans forwarded to LANDLORD and TENANT upon completion. LANDLORD further agrees to contract with a qualified remediation contractor to provide remediation services on an as needed basis. LANDLORD

specifically agrees that any costs related to abatement of Environmental Hazards shall be the LANDLORD'S responsibility unless caused by TENANT, its agents, employees, invitees or guests.

TENANT shall immediately notify LANDLORD 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 LANDLORD agrees to investigate same.

TENANT may request that LANDLORD hire a qualified industrial hygienist, approved by LANDLORD and TENANT, 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, TENANT will reimburse LANDLORD the cost of the testing within thirty (30) day of receipt of invoice from LANDLORD. By providing for and requesting air quality testing, LANDLORD'S duties and obligations are not diminished and TENANT does not assume or agree to share in LANDLORD'S duties and obligations in respect of maintenance of the Premises.

12. INDEMNITY

TENANT expressly agrees to indemnify LANDLORD, its officials, officers, employees and agents from and against any and all claims, damages, causes of action, suits or damages (including costs and expenses incurred in connection therewith) on account of death or injury to persons and/or loss of or damage to property of third persons on or about the said premises, arising from TENANT's occupancy or use of said premises to the extent of TENANT use. Said indemnification specifically includes any injury, damage or death related to the hazardous materials referenced in Section 9.

In the event of any claims made or suits filed, LANDLORD shall give TENANT notice thereof and TENANT shall have the right to defend or to settle the same to the extent of its interest hereunder.

13. INSURANCE REQUIREMENTS

TENANT, during the term hereof, shall indemnify and hold harmless the LANDLORD from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, occurring within the Premises and arising out of the use of the Premises by the TENANT, excepting however, such claims and demands whether for injuries to persons or loss of life, or damage to property, caused by acts or omissions of the LANDLORD.

TENANT shall maintain public liability and property damage coverage with a carrier rated A++ (Superior) by A.M. Best or program of self insurance with liability limits of not less than **\$3,000,000** for injury or death to one or more persons and property damage limits of not less than \$1000,000 per occurrence insuring against all liability of TENANT and its authorized representatives arising out of and in connection with TENANT'S use or occupancy of the Premises. LANDLORD, during the terms hereof, shall indemnify, defend and save harmless the TENANT 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 LANDLORD.

LANDLORD 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 Premises or of which the Premises are a part.

Additionally, all insurance required under this Lease shall:

- a. (1) Be issued by insurance companies authorized to do business in the State of California and meeting with the approval of the City of Gonzales; Or,

(2) Satisfied by a certificate of the County Risk Manager that the County is permissibly self-insured within the limits and coverages required by this agreement.

b. Be issued as a primary policy.

c. Contain an endorsement requiring thirty (30) day written notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy. Each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the LANDLORD at the commencement of the term, and on renewal of the policy not less than thirty (30) days before expiration of the term of the policy.

14. LIENS

TENANT agrees to keep said premises free from liens of every character, and in the event that any liens for labor or materials should arise during the term hereof on account of any act or omission by TENANT to the extent of TENANT use, TENANT agrees forthwith to discharge and pay the same.

15. COMPLIANCE WITH LAWS

The TENANT shall not do, or permit to be done, or keep, or permit to be kept, in or about the said premises, anything which shall be a nuisance or which shall be in violation of any law, ordinance, rule or regulation of any governmental authority, or of any rule or regulation of the, relating to the said premises, or which shall increase, or tend to increase, the existing rates of insurance of the said premises.

16. TERMINATION

This Lease may be terminated by either party as of the last day of any calendar month by giving sixty (60) day prior written notice thereof to the other party.

17. DEFAULT

The occurrence of any of the following, to the extent of TENANT use, shall constitute a default by TENANT:

1. Failure to pay share of utilities when due, if failure continues for 10 days after notice has been given to TENANT.
2. Abandonment and vacation of premises for 30 days.
3. Failure to perform any other provision of this Lease if the failure to perform is not cured within 30 days after notice has been given to TENANT. If the default cannot be reasonably cured within 30 days, TENANT shall not be in default of this Lease if TENANT commences to cure the default within the 30 day period and diligently and in good faith continues to cure the default.

Upon default, LANDLORD shall have the right to terminate this Lease and take possession of the premises. Said remedy is not exclusive, and is cumulative in addition to my other remedy now or later allowed by law.

The occurrence of any of the following shall constitute default by the LANDLORD:

Default: LANDLORD shall not be in default unless LANDLORD 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 TENANT to LANDLORD specifying wherein LANDLORD has failed to perform such obligations. If the nature of LANDLORD'S obligation is such that more than thirty (30) days are required for performance, then LANDLORD shall not be in default if LANDLORD commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. TENANT'S obligation to provide written notice to LANDLORD of a default by LANDLORD is limited to those instances where knowledge of LANDLORD'S default is within the actual knowledge of TENANT.

Remedies: If LANDLORD fails to cure a prospective default within the time periods outlined above, TENANT shall have the option to cure the default or to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. Should TENANT elect to cure the default itself, all reasonable costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by LANDLORD to TENANT within thirty (30) days of receipt of TENANT'S invoice for said costs. However, upon LANDLORD'S failure to so reimburse, at TENANT'S option, said costs shall be held from rent due hereunder. If LANDLORD'S default hereunder prevents TENANT'S use of the Premises, there shall be an abatement of rental payments for the period of such non-use.

18. ASSIGNMENT AND SUBLETTING

TENANT may not assign this Lease, or any interest herein, or underlet the said premises, or any part thereof, without the prior written consent of the LANDLORD subject to those uses else ware stated in this agreement.

19. COORDINATION

The parties to this Lease agree that, unless otherwise indicated in writing, the following persons have primary responsibility for liaison and coordination of activities required to carry out this agreement: For LANDLORD - City Manager; For TENANT – Health Department Facilities Manager.

20. WAIVER OF RIGHT OF ACTION FOR INSURED LOSSES

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

21. INSPECTION

LANDLORD shall have the right to enter said premises, or any part thereof, at all reasonable times for the purpose of inspecting the same or for any other lawful purpose.

22. NOTICE

Any notice required to be given under this Agreement is sufficient if personally served or deposited in the United States mail, First Class postage fully prepaid, and addressed as follows:

Any written notice to TENANT:
County of Monterey Health Department

Health Administration
Attn: Chris LeVenton, Facilities Manager
1270 Natividad Road
Salinas, CA 93906

Any written notice to City:

City Manager
City of Gonzales
P.O Box 647
Gonzales, CA 93926

23. NONDISCRIMINATION

The TENANT herein covenants by and for itself, administrators and assigns, and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry or sexual preference in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the TENANT itself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of TENANTS, subTENANTS or vendees on the land herein leased.

24. ATTORNEYS FEES ON DEFAULT

In case suit shall be brought for an unlawful detainer of the said premises, or because of the breach of any other covenant herein contained on the part of either party. The party prevailing in proceedings brought in a court of competent jurisdiction shall receive, from the other party, reasonable attorney's fees which shall be fixed by court.

25. SUCCESSORS AND ASSIGNS

Subject to the restriction on assignment hereinabove written, this Lease, and all of the terms, covenants and conditions hereof, shall be binding upon and shall ensure to the benefit of the heirs, legal representatives, successors and assigns of the respective parties hereto.

26. QUIET POSSESSION

As long as TENANT keeps and performs the covenants in this Lease, TENANT 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 LANDLORD or any person claiming under LANDLORD. LANDLORD, to the best of LANDLORD'S ability, shall also be responsible for ensuring that all other TENANTS in the building or complex do not interfere with the quiet enjoyment of the TENANT.

27. MODIFICATION

This Lease contains the full agreement of the parties and may not be amended or modified except by written agreement.

This LEASE contains

- Exhibit A – Behavioral Health Services
- Exhibit B – Description of Premises
- Exhibit C – Statement of Seismic Adequacy
- Exhibit D – Summary of Services and Utilities
- Exhibit E – Summary of Repair and Maintenance Responsibilities

29. SIGNATURES

IN WITNESS WHEREOF, the said parties have hereunto set their hands this 18th day of March, 2014.

LANDLORD

CITY OF GONZALES, a municipal corporation


René L. Mendez, City Manager

TENANT

County of Monterey, Health Department

By: 
Michael R., Derr, Contracts/Purchasing Director

EXHIBIT A

Behavioral Health Services In the City of Gonzales

Services Provided by TENANT:

Behavioral health services will be provided to County residents residing in the City of Gonzales at least eight (8) hours weekly, averaged monthly, within the City of Gonzales. The Premises shall be used as part of this service delivery system.

LANDLORD understands there may be a startup period for TENANT. Services may not meet the times referenced above at the start of this LEASE. LANDLORD expects the startup period to last no longer than 4 months. By April 1, 2014, there should be at least eight (8) hours of services provided within the City of Gonzales.

Other LANDLORD Uses:

TENANT shall have priority Nonexclusive use for up to four (4) days per week of premises. TENANT may schedule other day uses as regular or occasional uses with the City Manager's office.

LANDLORD encourages TENANT to allow other service providers to use premises to provide services and programs to Gonzales residents.

LANDLORD may allow other programs to use the premises when not used by TENANT.

EXHIBIT B

DESCRIPTION OF PREMISES AND PARKING

Current Basic Floor Plan

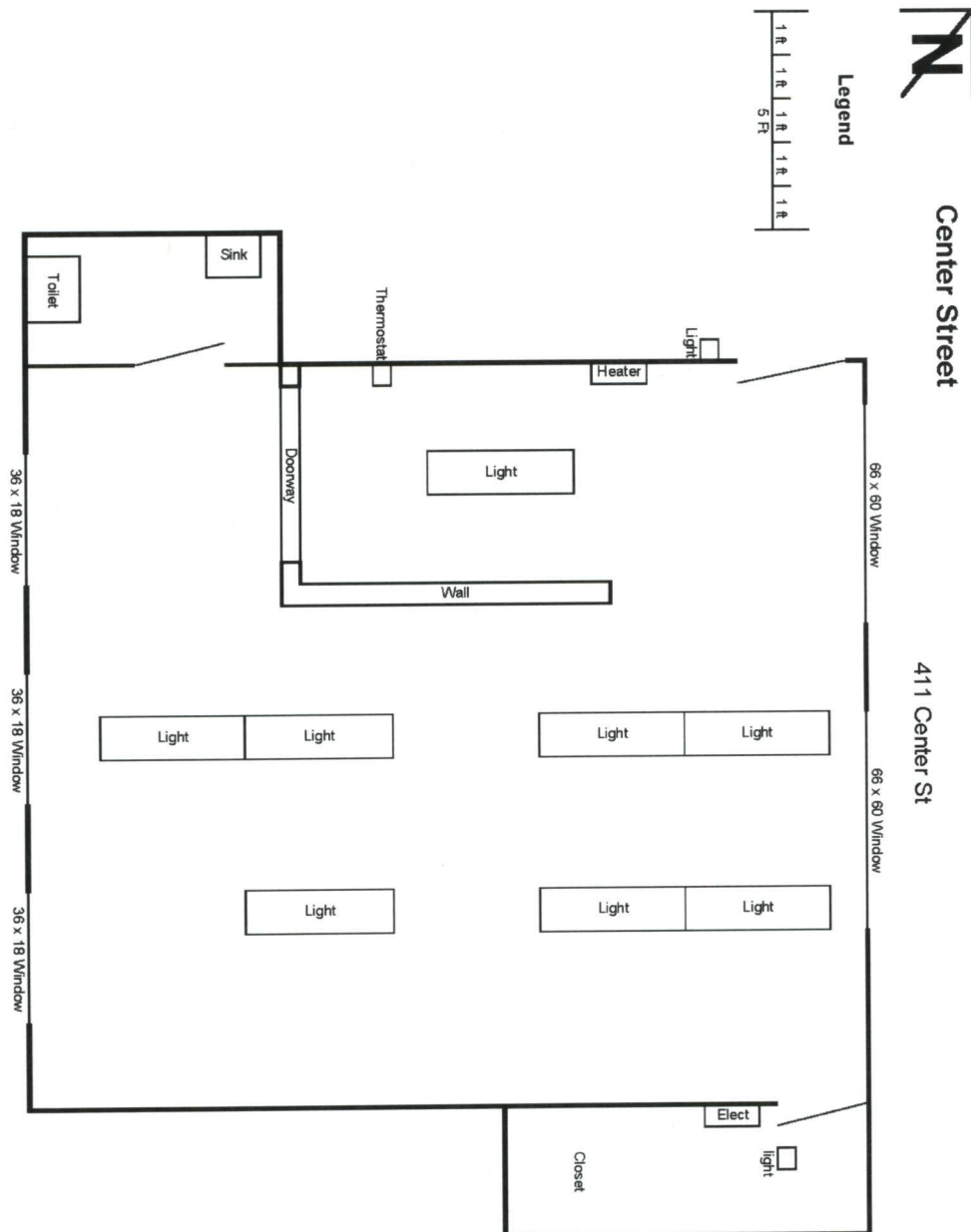


EXHIBIT C

STATEMENT OF SEISMIC ADEQUACY

If the Premises are contained in a building constructed after 1973, or one of which has undergone major structural renovation since 1973, the LANDLORD shall obtain from its design engineer a warranty, which contains the following:

Construction/renovation of the Building containing the Premises occurred prior to 1970.
Construction/renovation plans have been determined to be in compliance with all building codes applicable to seismic safety.

EXHIBIT D

SUMMARY OF SERVICES AND UTILITIES

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

	N/A	LANDLORD	TENANT
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises and restrooms within Premises			X
Provide adequate custodial service for the interior of the Premises			X
Provide adequate custodial service for exterior of the Premises and the non-exclusive areas of the building as described in Article 1.2 (including steam cleaning or pressure washing sidewalks)	X		
Professionally clean carpets, rugs, tile and linoleum flooring as indicated in			X
Professionally clean existing drapes, blinds, and window shades			X
Professionally clean interior windows			X
Professionally clean exterior windows			X
Provide adequate pest control for the interior of the Premises			X
Provide adequate pest control for the exterior of the Premises			X
Provide adequate landscape maintenance (including tree pruning and removal, landscape irrigation system and associated water supply and service)		X	
Provide adequate parking lot area sweeping, striping, repair, maintenance and signage	X		
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service (excluding any and all medical waste)			X
Provide adequate fire sprinkler systems testing per National Fire Protection Association (NFPA) standards	X		
Provide adequate fire alarm systems monitoring per NFPA standards	X		
Provide adequate fire extinguishers and respective certification			X
Provide adequate intrusion/security alarm systems monitoring			X
Provide adequate patrolled security guard service			X
Provide adequate heating, ventilation & air conditioning (HVAC) systems filter replacements, unit inspections, unit lubrications and record keeping pursuant to the California Code of Regulations, Title 8, Section 5142		X	
Provide adequate servicing of uninterrupted power source (UPS)	X		
Provide adequate servicing of backup generator for immunization vaccine storage and emergency exit signs of building	X		
Provide adequate gas utility service			X
Provide adequate electric utility service according to terms of Article 7		X	
Provide adequate water utility service			X
Provide adequate telephone and data service (including connection charges)			X

EXHIBIT E

SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

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

	N/A	LANDLORD	TENANT
Common Areas	X		
Foundations, Floor Slabs and Sub-Floors		X	
Elevators and/or Dumb Waiters (including annual State certification)	X		
Exterior and Bearing Walls (including wood destroying pest infestation)		X	
Exterior Doors and Hardware		X	
Exterior Windows and Window Frames		X	
Roofs (including replacement if deemed necessary)		X	
Gutters, Drains and Downspouts		X	
Parking Lots (including adequate lighting)	X		
Ceilings (including damage due to roof leaks)		X	
Fire Sprinkler Systems	X		
Fire Alarm Systems	X		
Intrusion/Security Alarm Systems (excluding common areas)			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 (including defective plumbing, tree roots, acts of nature or which are declared to have been the cause by plumber or other person called to clear stoppage)		X	
Plumbing Stoppage and Fixtures (including clearing sewer drains of all stoppages, routing maintenance and replacement of fixtures that do not penetrate the structure.			X
Exterior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Light Bulbs and Fluorescent Light Tubes (replacement)			X
Interior Walls			X
Interior Wall Surfaces			X
Interior Doors and Hardware			X
Interior Windows and Window Frames			X
Carpet, VCT, and Linoleum Flooring			X
Base and/or Moldings			X
Appliances (excluding common area)			X
Communication Systems (data/telephone cabling, connections and equipment)			X

***Notwithstanding the forgoing, TENANT will pay to LANDLORD the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions, or which is otherwise the fault, of TENANT, its agents, employees, or invitees. TENANT will also pay to LANDLORD the reasonable cost of any repair or maintenance required for TENANT installed improvements to the Premises, such as phone/data cabling, support equipment, trade fixtures, special door locks, and any other equipment used to meet TENANT's operational needs, that are considered above normal general office space improvements.**