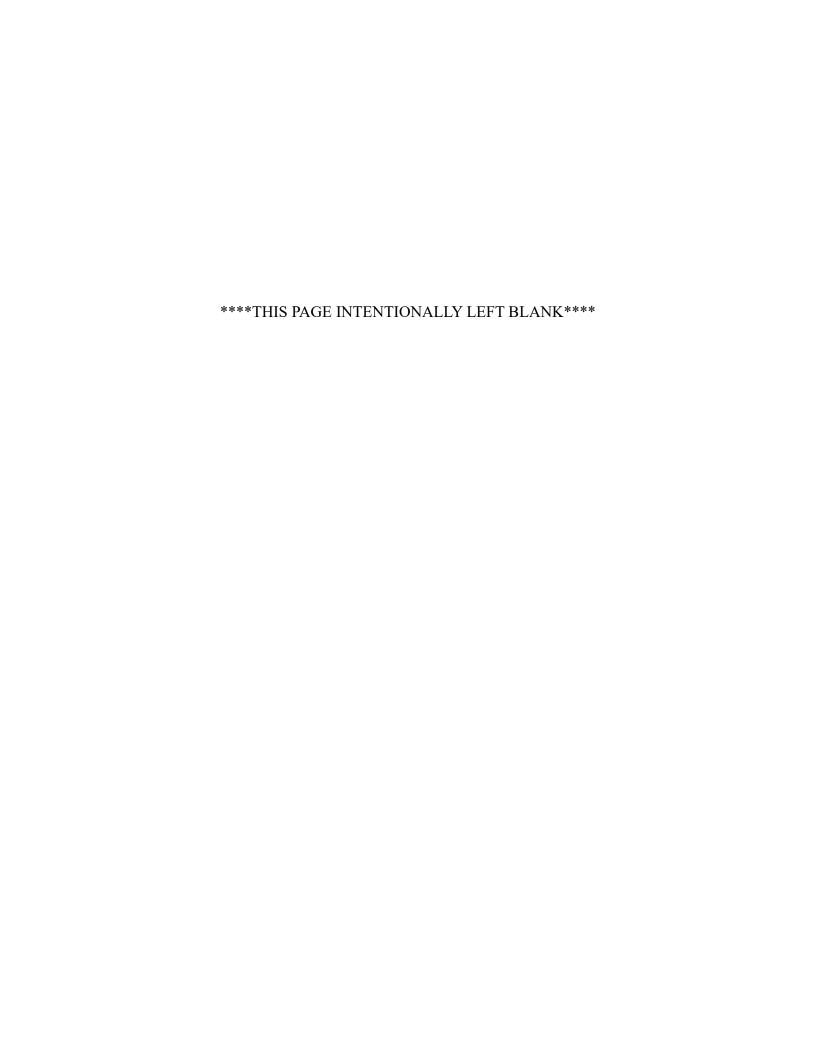
Attachment A

Draft Standard Agreement with Oliver Property Management



COUNTY OF MONTEREY STANDARD AGREEMENT

This **Agreement** is made by and between the County of Monterey, a political subdivision of the State of California ("County") and <u>Oliver Property Management</u>, a <u>Partnership</u> ("CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

1.0 GENERAL DESCRIPTION

The County hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of this Agreement. The goods and/or services to be provided are generally described as follows:

Provide: Property management services for the Kents Court Housing Development Complex in Pajaro.

2.0 PAYMENT PROVISIONS

County shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by County to CONTRACTOR under this Agreement shall not exceed the sum of \$700,000.

3.0 TERM OF AGREEMENT

- 3.01 The term of this Agreement is from <u>July 1, 2025</u>, to <u>June 30, 2028</u>, unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both the CONTRACTOR and the County with the County signing last, and **CONTRACTOR may not commence work before County signs this Agreement.**
- 3.02 The County reserves the right to cancel this Agreement, or any extension of this Agreement, without cause, with thirty (30) day written notice, or with cause immediately.

4.0 SCOPE OF SERVICES AND ADDITIONAL PROVISIONS

The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A – Scope of Services/Payment Provisions

5.0 PERFORMANCE STANDARDS

5.01 CONTRACTOR warrants that CONTRACTOR and CONTRACTOR's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of the County, or immediate family of an employee of the County.

- 5.02 CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 5.03 CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6.0 PAYMENT CONDITIONS

- 6.01 Prices shall remain firm for the initial term of the Agreement and, thereafter, may be adjusted annually as provided in this paragraph. The County does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement.
- 6.02 Negotiations for rate changes shall be commenced, by CONTRACTOR, a minimum of ninety (90) days prior to the expiration of the Agreement. Rate changes are not binding unless mutually agreed upon in writing by the County and the CONTRACTOR.
- 6.03 Invoice amounts shall be billed directly to the ordering department.
- 6.04 CONTRACTOR shall submit such invoice periodically or at the completion of services, but in any event, not later than thirty (30) days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within thirty (30) days of receiving the certified invoice.
- 6.05 CONTRACTOR shall not receive reimbursement for mileage or travel expenses set forth in this Agreement.

7.0 TERMINATION

- 7.01 During the term of this Agreement, the County may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
- 7.02 The County may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If County terminates this Agreement for good cause, the County may be relieved of the payment of any consideration to CONTRACTOR, and the County may proceed with the work in any manner which County deems proper. The cost to the County shall be deducted from any sum due the CONTRACTOR under this Agreement.

7.03 The County's payments to CONTRACTOR under this Agreement are funded by local, state and federal governments. If funds from local, state and federal sources are not obtained and continued at a level sufficient to allow for the County's purchase of the indicated quantity of services, then the County may give written notice of this fact to CONTRACTOR, and the obligations of the parties under this Agreement shall terminate immediately, or on such date thereafter, as the County may specify in its notice, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.

8.0 INDEMNIFICATION

CONTRACTOR shall indemnify, defend, and hold harmless the County, its officers, agents and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

9.0 INSURANCE REQUIREMENTS

9.01 Evidence of Coverage: Prior to commencement of this Agreement, the Contractor shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the Contractor upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to the County's Contracts/Purchasing Department, unless otherwise directed. The CONTRACTOR shall <u>not</u> receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and the County has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

- 9.02 **Qualifying Insurers**: All coverages, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current A.M. Best's Rating Guide or a company of equal financial stability that is approved by the County's Purchasing Agent.
- 9.03 <u>Insurance Coverage Requirements</u>: Without limiting CONTRACTOR's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

<u>Commercial General Liability Insurance</u>: Including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products

and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate.

(Note: Any proposed modifications to these general liability insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)

<u>Auto Liability Coverage</u>: Must include motor vehicles, including scheduled, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit or Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

(Note: Any proposed modifications to these auto insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)

Workers' Compensation Insurance: 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.

(Note: Any proposed modifications to these workers' compensation insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)

<u>Professional Liability Insurance</u>: 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 \$2,000,000 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, the 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 (3) years following the expiration or earlier termination of this Agreement.

(Note: Professional liability insurance coverage is required if the contractor is providing a professional service regulated by the state. Examples of service providers regulated by the state are insurance agents, professional architects and engineers, doctors, certified public accountants, lawyers, etc. However, other professional contractors, such as computer or software designers, technology services, and service providers such as claims administrators, should also have professional liability. If in doubt, consult with your risk or contract manager.)

If the CONTRACTOR maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained by the CONTRACTOR.

9.04 Other Requirements: All insurance required by this Agreement shall be with a company acceptable to the 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 three (3) years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that the County shall be given notice in writing at least thirty (30) 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 insured 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.

Additional Insured Status: The County of Monterey, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds on the auto liability policy for liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the CONTRACTOR. Auto liability coverage shall be provided in the form of an endorsement to the CONTRACTOR's insurance.

The County of Monterey, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds on the commercial general liability policy with respect to liability arising out of work or operations performed by or on behalf of the CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage shall be provided in the form of an endorsement to the CONTRACTOR's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38, and CG 20 37 if a later edition is used).

<u>Primary Coverage</u>: For any claims related to this contract, the CONTRACTOR's insurance coverage shall be primary and non-contributory and at least as broad as ISO CG 20 01 04 13 as respects the County, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, agents, or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Workers' Compensation Waiver of Subrogation: The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against County, its officers, officials, employees, agents, or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by CONTRACTOR. Should CONTRACTOR be self-insured for workers' compensation, CONTRACTOR hereby agrees to waive its right of subrogation against County, its officers, officials, employees, agents, or volunteers.

Prior to the execution of this Agreement by the County, CONTRACTOR shall file certificates of insurance and endorsements with the County's Contract Administrator and County's Contracts/Purchasing Division, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five (5) calendar days after any change is made to 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. CONTRACTOR shall always during the term of this Agreement maintain in force the insurance coverage

required under this Agreement and shall send, without demand by the County, annual certificates to the County's Contract Administrator and the County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five (5) 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 the County, at its sole discretion, to terminate this Agreement immediately.

10.0 RECORDS AND CONFIDENTIALITY

- 10.01 <u>Confidentiality</u>: CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this Agreement, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out CONTRACTOR's obligations under this Agreement.
- 10.02 <u>County Records</u>: When this Agreement expires or terminates, CONTRACTOR shall return to the County any County records which CONTRACTOR used or received from the County to perform services under this Agreement.
- 10.03 <u>Maintenance of Records</u>: CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three (3) years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three (3) year period, then CONTRACTOR shall retain said records until such action is resolved.
- 10.04 Access to and Audit of Records: The County shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of the County or as part of any audit of the County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three (3) years after final payment under the Agreement.
- 10.05 **Royalties and Inventions**: The County shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of the County.

10.06 Format of Deliverables: For this section, "Deliverables" shall mean all electronic documents CONTRACTOR provides to the County under this Agreement. CONTRACTOR shall ensure all Deliverables comply with the requirements of the Web Content Accessibility Guidelines ("WCAG") 2.1, pursuant to the Americans with Disabilities Act ("ADA"). CONTRACTOR bears the burden to deliver Deliverables, such as Adobe Acrobat Portable Document Forman ("PDF") and Microsoft Office files, complying with WCAG 2.1. CONTRACTOR shall defend and indemnify the County against any breach of this Section. This Section shall survive the termination of the Accessibility Agreement. Find more on at this State website: https://webstandards.ca.gov/accessibility.

11.0 NON-DISCRIMMINATION

During the performance of this Agreement, CONTRACTOR, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), sexual orientation, or any other characteristic set forth in California Government code § 12940(a), either in CONTRACTOR's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated to this Agreement shall not be deemed to be prohibited discrimination.

12.0 COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANTS

If this Agreement has been or will be funded with monies received by the County pursuant to a contract with the state or federal government in which the County is the grantee, CONTRACTOR will comply with all the provisions of said contract, to the extent applicable to CONTRACTOR as a subgrantee under said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, the County will deliver a copy of said contract to the CONTRACTOR, at no cost to CONTRACTOR.

13.0 <u>COMPLIANCE WITH APPLICABLE LAWS</u>

- 13.01 CONTRACTOR shall keep itself informed of and in compliance with all federal, state, and local laws, ordinances, regulations, and orders, including but not limited to all state and federal tax laws that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement as well as any privacy laws including, if applicable, HIPPA. CONTRACTOR shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.
- 13.02 CONTRACTOR shall report immediately to the County's Contracts/Purchasing Officer, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.

13.03 All documentation prepared by CONTRACTOR shall provide for a completed project that conforms to all applicable codes, rules, regulations, and guidelines that are in force at the time such documentation is prepared.

14.0 INDEPENDENT CONTRACTOR

In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is always acting and performing as an independent contractor and not as an employee of the County. No offer or obligation of permanent employment with the County or County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from County any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of CONTRACTOR's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold County harmless from any and all liability which the County may incur because of CONTRACTOR's failure to pay such taxes.

15.0 NOTICES

Notices required under this Agreement shall be delivered personally or by first-class, postage prepaid mail to the County and CONTRACTOR's contract administrators at the addresses listed below:

FOR COUNTY:	FOR CONTRACTOR:
Kathy Nielsen	
Management Analyst II	Kathy Oliver, Broker/Owner
Name and Title	Name and Title
1441 Schilling Place, South 2 nd Floor	723 E Lake Avenue
Salinas, CA 93901	Watsonville, Ca 95076
Address	Address
(831) 755-4832	(831) 722-4694
194-HCD-contracts@countyofmonterey.gov	kathy@oliverpm.com
Phone / Email	Phone / Email

16.0 MISCELLANEOUS PROVISIONS

- 16.01 <u>Conflict of Interest</u>: CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly or indirectly conflict in any manner or to any degree with the full and complete performance of the services required to be rendered under this Agreement.
- 16.02 <u>Amendment</u>: This Agreement may be amended or modified only by an instrument in writing signed by the County and the CONTRACTOR.

- 16.03 <u>Waiver</u>: Any waiver of any terms and conditions of this Agreement must be in writing and signed by the County and the CONTRACTOR. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 16.04 <u>Contractor</u>: The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR's officers, agents, and employees acting on CONTRACTOR's behalf in the performance of this Agreement.
- 16.05 <u>Disputes</u>: CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 16.06 Assignment and Subcontracting: The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the County. None of the services covered by this Agreement shall be subcontracted without the prior written approval of the County. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 16.07 <u>Successors and Assigns</u>: This Agreement and the rights, privileges, duties, and obligations of the County and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 16.08 **<u>Headings</u>**: The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 16.09 <u>Time is of the Essence</u>: Time is of the essence in each and all of the provisions of this Agreement.
- 16.10 **Governing Law**: This Agreement shall be governed by and interpreted under the laws of the State of California; venue shall be Monterey County.
- 16.11 <u>Non-exclusive Agreement</u>: This Agreement is non-exclusive and both the County and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.
- 16.12 <u>Construction of Agreement</u>: The County and CONTRACTOR agree that each party has fully participated in the review and revisions of this Agreement and that any rule of construction to the effect that ambiguities are to be revolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.
- 16.13 <u>Counterparts</u>: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

- 16.14 <u>Authority</u>: Any individual executing this Agreement on behalf of the County, or the CONTRACTOR represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such party and bind the party to the terms and conditions of this Agreement.
- 16.15 <u>Integration</u>: This Agreement, including the exhibits, represent the entire Agreement between the County and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the County and the CONTRACTOR as of the effective date of this Agreement, which is the date that the County signs the Agreement.
- 16.16 <u>Interpretation of Conflicting Provisions</u>: In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions or any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

17.0 CONSENT TO USE OF ELECTRONIC SIGNATURES

- 17.01 The parties to this Agreement consent to the use of electronic signatures via DocuSign to execute this Agreement. The parties understand and agree that the legality of electronic signatures is governed by state and federal law, 15 U.S.C. section 7001 *et seq.*; California Government Code section 16.5; and, California Civil Code section 1633.1 *et. seq.* Pursuant to said state and federal law as may be amended from time to time, the parties to this Agreement hereby authenticate and execute this Agreement, and any and all Exhibits to this Agreement, with their respective electronic signatures, including any and all scanned signatures in portable document format (PDF).
- 17.02 <u>Counterparts</u>: The parties to this Agreement understand and agree that this Agreement can be executed in two (2) or more counterparts and transmitted electronically via facsimile transmission or by delivery of a scanned counterpart in PDF via email transmittal.
- 17.03 Form: Delivery by E-Mail or Facsimile: Executed counterparts of this Agreement may be delivered by facsimile transmission or by delivery of a scanned counterpart in PDF by email transmittal, in either case with delivery confirmed. On such confirmed delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart or counterparts had been delivered to the other part in person.

****THIS SECTION INTENTIONALY LEFT BLANK****

18.0 SIGNATURE PAGE

IN WITNESS WHEREOF, County and CONTRACTOR have executed this Agreement as of the day and year written below.

	COUNTY OF MONTEREY		CONTRACTOR
By:			OLIVER PROPERTY MANAGEMENT
	Contracts/Purchasing Officer		Contractor/Business Name* DocuSigned by:
Date:		By:	kathy Oliver
By:	N/A		39D11E08A59A4D8
	Department Head (if applicable)		Kathleen Oliver, Partner
			Name and Title
Date:		Date:	6/25/2025
	Approved as to Form Office of the County Counsel Susan K. Blitch, County Counsel		
By:	Reed Gallogly		
	Reed Ganogro, Deputy County Counsel		
Date:	6/26/2025		
	Approved as to Fiscal Provisions ² DocuSigned by:		
By:	Patricia Ruiy		
2).	E79EF6AFfiditor/Controller		
Date:	6/26/2025		
Office	Reviewed as to Liability Provisions of the County Counsel-Risk Management ³		
By:	N/A		
	David Bolton, Risk Manager		

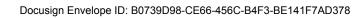
County Board of Supervisors' Agreement No. _____ approved on ____

^{*}INSTRUCTIONS: If CONTRACTOR is a corporation, including non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two (2) specified officers (California Corporations Code §313). If CONTRACTOR is a Limited Liability Corporation (LLC), the full legal name of the LLC shall be set forth above together with the signatures of either 1) any member, or 2) two (2) managers (Code, §17703.01, subds. (a) and (d)). If CONTRACTOR is a partnership, the full legal name of the partnership shall be set forth above together with the signature of a partner who has authority to execute on behalf of the partnership (Corporations Code, §§16301 and 15904.02). If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign.

¹ Approval by the Office of the County Counsel is required.

² Approval by Auditor-Controller is required.

³ Review by Risk Management is necessary only if changes are made in the Indemnification or Insurance paragraphs.



****THIS PAGE LEFT BLANK INTENTIONALLY****

To Agreement by and between County of Monterey, hereinafter referred to as "County" and

Oliver Property Management, hereinafter referred to as "CONTRACTOR"

A. SCOPE OF SERVICES

A.1 CONTRACTOR shall provide services and staff, and otherwise do all things necessary for or incidental to the performance of work as set forth below:

CONTRACTOR shall provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Provide property management services (Services) at Kents Court Housing Development (Property). The Property consists of nineteen manufactured homes located at 9, 11, and 14 Kents Court and 77, 85 and 87 Railroad Avenue, Pajaro, CA: Assessor Parcel Number (APN) 117-281-001, 117-281-002, 117-281-003, 117-281-005, 117-281-006, and 117-281-017. Eighteen units were restricted at occupancy by households earning 80% or less of the Area Median Income ("AMI"). One unit is reserved for an on-site employee.

A.1.1 General Responsibilities of CONTRACTOR. CONTRACTOR shall manage, operate and lease the Property in accordance with the standards of practice of professional managers of affordable properties and provide other customary management services at the Property for the ordinary and usual business and affairs of the Property as are consistent with the management, operation, leasing, and maintenance of similar properties. "Customary management services" means the proper leasing of the Property, including verification of tenant incomequalifications for affordable housing, the collection of rents, the preparation of budgets and reports, the payment of appropriate bills, and the proper maintenance of the Property.

A.1.2 Specific Duties and Responsibilities of CONTRACTOR. CONTRACTOR agrees and is hereby granted authority to do the following:

- 1. <u>Implementation of Business Plan/Budget</u>. CONTRACTOR shall implement a business plan and/or budget set in collaboration with County on an annual basis. If County requests CONTRACTOR to perform services beyond the ordinary and usual business and affairs of the Property, CONTRACTOR shall be entitled to additional compensation for same, which compensation shall be negotiated by the parties.
- 2. <u>Collection and Disbursement of Funds.</u> CONTRACTOR shall use commercially reasonable and lawful efforts and means to collect the rents and other charges due from tenants and all other revenues originated by the operations of the Property. When deemed appropriate by CONTRACTOR,

CONTRACTOR shall institute legal proceedings as a CONTRACTOR for County for collection in connection with the operation of the Property. County authorizes CONTRACTOR to request, demand, collect, and receive funds for collection thereof in accordance with all applicable laws, regulations, ordinances or administrative grievance procedures and for the lawful dispossession of tenants, guests, and other persons from the Property. Counsel shall not be used for actions taken in small claims court. Expenditures for these actions shall be approved in advance. For purposes hereof, email notification of approval by County to CONTRACTOR is acceptable. Amounts as approved and expended by CONTRACTOR for use of non-employee consultants or experts, including attorneys, in the performance of these duties are the responsibility of County and shall be billed as set forth below. See Section B.1 Payment Provisions.

- 3. <u>Financial Accounts</u>. CONTRACTOR shall establish the following accounts, which shall be fully insured by the Federal Deposit Insurance Corporation and shall be in the CONTRACTOR's name as Acting Agent for Kents Court.
 - a. <u>General Operating Accounts</u>. CONTRACTOR shall establish a separate, preferably interest-bearing, deposit account for the Property funds. This account shall be maintained solely for the operation of the Property and shall not be commingled with the CONTRACTOR's funds. Upon commencement of the term of the agreement, the CONTRACTOR shall be issued an initial deposit of Ten Thousand Dollars (\$10,000) for use to open the deposit account, and to initially cover for utilities and other regular operating expenses, excluding fees and compensation to the CONTRACTOR. CONTRACTOR shall ensure to send timely billing to the County to reimburse these operating expenses to be able to replenish the account and ensure availability of operating funds.

An advance payment of Five Thousand Dollars (\$5,000) shall also be paid at the beginning of the term of this agreement. Every month thereafter, the CONTRACTOR shall send an invoice to the County to bill the fees included in Section B, Payment Provisions, by the 20th of the following month, beginning after the first month of the term. The advance payment shall be applied to the first invoice. Invoices shall be billed to Housing and Community Development, County of Monterey. All expenses or charges not covered in the Payment Provisions and/or not originally included in the Annual Operating Budget shall require prior approval in writing from the County before invoices shall be processed for reimbursement or payment to the CONTRACTOR.

Monthly rent payments from individual tenants shall be deposited to this account, for which the CONTRACTOR shall send an electronic payment to the County for the total rent amount collected. The payment

to the County shall be accompanied with a report showing amount collected from each property unit and shall be made no later than the 10th of each month.

Monthly reconciliation of this account shall be provided to the County, together with all other reports as mentioned in the Financial Reporting section A.1.2.5.

- b. <u>Security Deposit Account</u>. As necessary, CONTRACTOR shall establish a separate account to hold all tenant security deposits in the Security deposit account. If applicable, all interest or other income earned by the Security Deposit Account shall be applied solely for the purposes of the account or as otherwise directed by the County or local law if no regulatory requirements apply. In the absence of local ordinances, state law or instructions from the County, interest on the Security Deposit Account shall be transferred to the General Operating account on a monthly or quarterly basis, whichever is applicable. Disbursements of the security deposit will only be made to pay back tenant according to the term in the related lease agreement, in accordance with applicable laws and regulatory restrictions, if any.
- Books, Records and Documentation. CONTRACTOR shall maintain, either 4. at its principal office or the Property as determined by CONTRACTOR in its sole discretion, complete and separate books, records and documents relating to the management and operation of the Property, including without limitation all contracts, original leases, amendments and other agreements relating to contracts and leases, tenant files, correspondence with tenants and prospective tenants, computations of rental adjustments, maintenance and preventive maintenance programs, construction records, inventories of personal property equipment, correspondence with vendors, job descriptions, correspondence with federal, state and local authorities, brochures, and accounts held or maintained by CONTRACTOR ("Books, Records, and Documents"). For such purposes, Contractor may use a hosted accounting software service or similar remote access recordkeeping service, and by use of such service is deemed to maintain the books of the Property at CONTRACTOR's principal office.
 - a. Unless otherwise instructed by County in writing, books and records of account shall be maintained in conformity with Generally Accepted Accounting Principles consistently applied at CONTRACTOR's sole expense. Except as approved in writing by County, all accounting functions shall be performed by employees of CONTRACTOR whose compensation is payable solely by CONTRACTOR without reimbursement by County. Except as otherwise provided herein, County shall have the right to examine, audit and make copies of said Books, Records and Documents at CONTRACTOR's principal office and with

prior notice. County acknowledges that all software systems created and/or maintained by Contractor shall be the sole and exclusive property of Contractor. However, CONTRACTOR shall cooperate with the County in providing electronic versions of records required to be maintained by this Agreement in a software format compatible with County software systems and/or online data systems utilized by the County. CONTRACTOR shall also produce usable hard copy data upon request of County.

b. Upon request, and with prior reasonable notice, CONTRACTOR shall make all Books, Records and Documents available for examination, audit, inspection and copying by duly authorized representatives of the County.

5. Financial Reporting. On or before:

- a. the twentieth (20th) day after the end of each month, CONTRACTOR shall submit a Monthly Property Management report to County. The Monthly Report shall consist of Income Statement (or Revenue and Expense Report), Balance Sheet, Cash Flow Statement, Bank Reconciliation, Budget Comparison for the month and year to date, Payable Summary, Payment Summary, Gross Potential Rent Schedule, Receivable Summary, and Bank Statement
- b. the sixtieth (60th) day after the end of each fiscal year of the Property, a preliminary annual report.
- c. the ninetieth (90th) day after the end of each fiscal year, a final annual report and annual financial statements.

At the request of County and with prior reasonable notice, CONTRACTOR also shall furnish such further accounting and fiscal information in a manner sufficient to respond to County's financial information requirements.

6. Repairs and Maintenance. CONTRACTOR shall use due professional care to maintain the condition of the Property in the condition prescribed by County, shall regularly inspect the readily accessible areas of the Property, shall take ordinarily prudent precautions against fire, vandalism, burglary and trespass on the Property, and shall arrange to make all necessary repairs. CONTRACTOR shall make no expenditures for repairs in excess of \$2,500 without the prior written consent of County, unless the expenditure for such repairs has been approved by the annual budget or such repairs are emergency repairs to the Property immediately necessary for the preservation or safety of the Property or for the safety of other persons or required to avoid suspension of necessary services to the Property. For purposes hereof, email notification of consent by County to CONTRACTOR is acceptable.

CONTRACTOR shall notify County immediately of any emergency repairs. CONTRACTOR shall notify County and provide a recommendation for any proposed expenditure for repairs in excess of \$2,500, if not deemed an emergency repair as outlined above or approved in the annual budget.

- 7. Unless CONTRACTOR has County's prior approval, Capital Assets. CONTRACTOR shall make no expenditures in excess of \$2,500 for alterations, capital improvements, renovations or replacements of furniture, fixtures or equipment, unless such expenditure is contained in the annual budget or deemed an emergency replacement immediately necessary for the preservation or safety of the Property or for the safety of other persons or required to avoid suspension of necessary services to the Property. Notwithstanding the above, the approved annual budget with proper documentation shall be deemed authorization for CONTRACTOR to make budgeted expenditures without prior approval by County, provided that (a) the amount of the expenditure is within fifteen percent (15%) or \$2,500 of the originally approved amount, whichever is less; and (b) CONTRACTOR submits evidence of expenditure satisfactory to County. Other than replacements, CONTRACTOR shall make no disposition of fixed assets, as determined in accordance with County's Chart of Accounts, with a value in excess of \$2,500 without County's prior written approval. For purposes hereof, email notification of approval by County to CONTRACTOR is acceptable. CONTRACTOR shall notify County and provide recommendation for any proposed capital improvement, renovation or replacement expenditure in excess of \$2,500.
- 8. Contracts, Equipment Leases and Credit Accounts. County hereby authorizes CONTRACTOR to make and enter contracts for budgeted services and supplies, equipment leases and credit accounts on behalf of County, as necessary in the ordinary course of business for the operation, maintenance and service of the Property. County also hereby authorizes CONTRACTOR to pay amounts due under such contracts, leases and accounts on County's behalf. CONTRACTOR shall be authorized to enter into unbudgeted contracts and leases in amounts up to \$2,500 without the prior approval of County if CONTRACTOR is faced with circumstances that reasonably constitute an emergency and CONTRACTOR has attempted but is unable to contact and secure County's prior approval.
- 9. <u>Supplies and Inventory.</u> Within the approved budget, CONTRACTOR shall, on behalf of County, purchase such supplies and expendable items as are necessary to operate the Property. When taking bids or issuing purchase orders, CONTRACTOR shall use its commercially reasonable and prudent efforts to secure for County's benefit any discounts, commissions, or rebates obtainable in connection with such purchases.

- 10. <u>Taxes and Assessments.</u> For and on behalf of County, CONTRACTOR shall pay taxes, impositions, fees, or assessments relating to the ownership or operation of the Property, including, without limitation, improvement assessments, real estate taxes, personal property taxes, taxes on income or rents, or any charges similar to or in lieu of any of the foregoing. Upon request by County, CONTRACTOR shall:
 - a. Verify bills for real estate, personal property or other taxes, improvement assessments, and other similar charges which are or may become liens against the Property or which may be levied based on ownership or operation of the Property; and
 - b. Make an annual review of and/or submit a report on all real estate, personal property and other taxes and all assessments affecting the Property.
- Compliance with Legal Requirements. CONTRACTOR shall use reasonable means to become aware of, and shall take such actions as CONTRACTOR deems prudent and necessary to comply with any laws, orders, or requirements affecting the use or operation of the Property by any federal, state, county, or municipal agency or authority, including but not limited to compliance with and participation in administrative grievance procedures, provided that, if the cost of compliance in any instance exceeds the amount budgeted heretofore, CONTRACTOR shall not expend funds for compliance without County's prior written consent. For purposes hereof, email notification of consent by County to CONTRACTOR is acceptable. County shall provide CONTRACTOR with all information necessary for CONTRACTOR to be fully informed as to the nature and extent of all programs applicable to the Property, including but not limited to providing copies of regulatory agreements, use permits, restrictive covenants or other instruments, whether or not recorded against the Property, which contain operating covenants or restrictions. CONTRACTOR shall promptly notify County in writing of any orders, notices, plans or requirements requiring expenditure of non-budgeted amounts. CONTRACTOR, however, shall not take any action as long as County is contesting, or has affirmed its intention to contest and promptly institutes proceedings contesting any law, order, or requirement. CONTRACTOR shall prepare, execute, and, after obtaining the written approval of County, thereby file any customary and standard reports and documents required by an applicable governmental authority. CONTRACTOR covenants and agrees to obtain and maintain all licenses and permits necessary for the conduct of its business as CONTRACTOR of the Property. Amounts expended by CONTRACTOR for use of non-employee consultants or experts, including attorneys, in the performance of these duties shall be reimbursed by County only if budgeted or pre-approved.

- 12. Tenant Compliance. CONTRACTOR shall attempt to secure full compliance by each tenant with the terms of the tenant's lease. Mandatory compliance shall be emphasized. CONTRACTOR may lawfully terminate any tenancy when, in CONTRACTOR's judgment, sufficient cause (including but not limited to non-payment of rent) for such termination occurs under the terms of the tenant's lease. CONTRACTOR is authorized to consult with and retain legal counsel of its choosing for such legal actions as CONTRACTOR reasonably believes to be necessary, including, but not limited to bringing actions for eviction and executing notices to vacate and judicial pleading incident to such actions. Such actions may be brought in the name of CONTRACTOR as a CONTRACTOR for County. CONTRACTOR shall notify County immediately in regard to any claims relating to the Property in any way and shall cooperate with County in providing a defense but shall receive prior authorization from County before engaging legal counsel for a defense of a claim unrelated to eviction. For purposes hereof, email notification by County to CONTRACTOR, or by CONTRACTOR to County, is acceptable. Attorney's fees and other necessary costs incurred in connection with the prosecution or defense of any claims related to the Property, including attorneys' fees and, where necessary, the retention of experts, shall be reimbursed by County only if budgeted or pre-approved.
- 13. <u>Energy Conservation</u>. CONTRACTOR shall use prudent and customary means to use and control utilities at the Property in a manner designed to minimize total costs and satisfy County's obligations to tenants.
- 14. <u>Advertising</u>. CONTRACTOR shall advertise the Property for rent at such times and by use of such media as it deems necessary and in compliance with fair housing laws and regulations, subject to the annual budget approved by County or County's prior written approval.
- 15. On-Site Management. CONTRACTOR shall maintain a management office off-site and at least one on-site employee will reside in one of the dwelling units in the Property.
 - The on-site employee may or may not pay rent pursuant to the terms of the employment agreement with the CONTRACTOR. The County shall execute a lease agreement with CONTRACTOR free of charge as required by this Agreement, with express permission for the CONTRACTOR to sublet the unit to the on-site employee; it shall be the responsibility of the CONTRACTOR to provide appropriate legal notice to the on-site employee to terminate the sublease when necessary due to termination of employment or termination of this Agreement.
- 16. <u>Employment of Personnel</u>. CONTRACTOR shall hire, train, supervise, direct the work of, pay, and discharge all personnel necessary for operation of the Property, subject to the following terms and conditions:

- Such personnel shall in every instance be employees of CONTRACTOR a. and not of County. County shall have no right to supervise or direct such employees. All costs associated with the employment of personnel necessary for the on-site operation of the Property, including, but not limited to, the proportional amount of salaries, wages, other compensation and fringe benefits (including, without limitation social security, taxes, worker's compensation insurance, unemployment insurance and the like), shall be the subject of an approved annual budget. Any litigation costs or expenses, including attorney's fees and costs and wage penalties relating to the employment of on-site personnel are the responsibility of CONTRACTOR and not County, unless a court or arbitrator determines County to be responsible by reason of non-payment for legitimate services. The terms "employees" or "personnel" shall be deemed to mean and include employment of a casual, temporary, or parttime nature.
- b. The salaries, wages, other compensation, and benefits (including but not limited to social security, taxes, worker's compensation insurance, funding of annuity benefits, payroll processing fees and the like), of all on-site, field, or maintenance employees of CONTRACTOR working on or with respect to the Property shall be reimbursable to CONTRACTOR by County. Reimbursements shall not include entertainment or training, but can include travel for property manager supervisors, equipment and other expenses if approved as part of the budget process. Travel expense may not exceed the amounts allowed under Monterey County's travel policy:

https://www.countyofmonterey.gov/home/showpublisheddocument/69364/636728660019670000controller/disbursements.

- c. The salaries, wages, other compensation, benefits, travel, and other expenses with respect to the following people working on or in respect to the Property shall be non-reimbursable expenses of CONTRACTOR:
 - i. Executive personnel of CONTRACTOR charged with general administration of CONTRACTOR's performance of this Agreement; and
 - ii. Off-site recordkeeping personnel.
- 17. <u>Leasing</u>. CONTRACTOR shall make diligent efforts to secure and/or retain tenants for the Property consistent with the character and status of the Property as outlined in Section A.2 Resident Selection Criteria of this Exhibit A. The form of lease will be submitted by CONTRACTOR to County and be mutually approved. CONTRACTOR shall make diligent efforts to assure that all leases and leasing practices conform to all laws, ordinances and regulations applicable to the Property and approved by County. The costs of customary

financial responsibility, criminal background, or general reputation investigations of prospective residents shall be charged to the Property's Operating Account.

Within the first four (4) months of this Agreement, CONTRACTOR shall establish new Lease Agreements with tenants. The form of Lease Agreements must be approved by the County prior to execution.

A.2 RESIDENT SELECTION CRITERIA

1. Eighteen (18) units shall be designated for occupancy by low-income tenants whose annual income does not exceed 80% of the Annual Median Income (AMI). Based on the County's 2025 Income Certification of the tenant households, the actual occupancy on July 1, 2025, was:

30% AMI	3 households
50% AMI	5 households
60% AMI	4 households
70% AMI	3 households
110% AMI	1 household
120% AMI	1 household
180% AMI	1 household

- 2. One (1) unit shall be designated for occupancy by an on-site property manager.
- 3. Initial rents (based upon rents in effect as of July 1, 2025) shall be as follows:

Unit Size	Gross Rent
2 Bedroom	\$951
3 Bedroom	\$1,089

- 4. CONTRACTOR shall determine and set new rents that meet affordability requirements consistent with California Health and Safety Code Section 50053 (b):
 - (1) For acutely low-income households, as defined in Section 50063.5, the product of 30 percent times 15 percent of the area median income adjusted for family size appropriate for the unit.
 - (2) For extremely low-income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit
 - (3) For very low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
 - (4) For lower-income households, whose gross incomes exceed the maximum income for very low-income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit.
 - (5) For moderate-income households, the product of 30 percent times 110 percent of area median income adjusted for family size.

Page 9 of 12 Oliver Property Management
Kents Court Property Management Services
Housing and Community Development

- (6) For those households whose gross income exceeds 110 percent of area median income, the product of 30 percent times the actual household income as a percent of area median income adjusted for family size.
- (7) For those households whose gross income exceeds 120 percent of area median income, the product of 35% percent times the actual household income as a percent of area median income adjusted for family size.
- 5. CONTRACTOR shall collect and review all tenant applications; contact previous and current employers; verify applicant's income; perform a national credit check and an Unlawful Detainer search for any court eviction; make an exterior inspection of applicant's current residence.

A.3 DELIVERY OF SCHEDULED DOCUMENTS AND REPORTS

All written reports required under this Agreement must be delivered to:

Rosa Camacho-Chavez, Redevelopment & Housing Analyst II County of Monterey Housing and Community Development 1441 Schilling Place, South 2nd Floor Salinas, CA 93901

Email: Camacho-ChavezRM@countyofmonterey.gov

Phone: (831) 755-5859

B. PAYMENT PROVISIONS

B.1 COMPENSATION/PAYMENT

County shall pay an amount not to exceed \$700,000 for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of Work. CONTRACTOR'S compensation for services rendered shall be based on the following rates or in accordance with the following terms:

Fees	Frequency	Amount
Management Services	Fee per unit/month	The greater of 8% of gross rental annual income or \$75 per unit for the 18 rented units.
Payroll Processing	Per Month	6.25% of gross payroll expense
Bookkeeping	Per Month	\$9 per unit

Reimbursements	Frequency	Amount
Software Hosting	Annual	\$2,000
Cmaga Daymall	Monthly	100% of cost for approved on-site,
Gross Payroll		part-time resident employee
Payroll Taxes	Monthly	100% of cost for approved on-site
Taylon Taxes	Widitilly	staffing
Workers	Monthly	100% of cost for approved on-site
Compensation		staffing

Reimbursements	Frequency	Amount
Health Insurance & Other Employee Benefits	Monthly	Maximum of \$340 for approved on-site staffing

Operating Expenses Limit	
Estimated not to exceed amount per year:	\$233,333.03
Total Agreement not to exceed amount:	\$700,000.00

County and CONTRACTOR agree that CONTRACTOR shall be reimbursed for travel expenses during this Agreement. CONTRACTOR shall receive compensation for travel expenses as per the "County Travel Policy". A copy of the policy is available online at

https://www.countyofmonterey.gov/home/showpublisheddocument/69364/63672 8660019670000controller/disbursements. To receive reimbursement, CONTRACTOR must provide a detailed breakdown of authorized expenses, identifying what was expended and when.

CONTRACTOR warrants that the cost charged for services under the terms of this contract are not in excess of those charged any other client for the same services performed by the same individuals.

B.2 CONTRACTOR'S BILLING PROCEDURES

Invoices under this Agreement shall be submitted monthly and promptly, and in accordance with Paragraph 6, "Payment Conditions," of the Agreement. All invoices shall reference the Multiyear Agreement (MYA) number, Project name, and/or services, and associated Delivery Order number, and an original hardcopy shall be sent to the following address or via email to 194-HCD-Finance@countyofmonterey.gov:

County of Monterey
Housing and Community Development (HCD) – Finance
1441 Schilling Place, South 2nd Floor
Salinas, California 93901-4527

Any questions pertaining to invoices under this Agreement should be directed to HCD Finance at (831) 755-4800 or via email to 194-HCD-Finance@countyofmonterey.gov.

County may, in its sole discretion, terminate this Agreement or withhold payments claimed by CONTRACTOR for services rendered if CONTRACTOR fails to satisfactorily comply with any term or condition of this Agreement.

The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement and shall

Page 11 of 12

promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

No payments in advance or in anticipation of services to be provided under this Agreement shall be made by the County.

The County shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were completed.

DISALLOWED COSTS: CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

****THIS SECTION LEFT BLANK INTENTIONALLY****