

County of Monterey

Board of Supervisors Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901



Meeting Agenda - Final

Friday, January 30, 2026

12:00 PM

**50+ page Advance Reports for the Board of Supervisors meeting on Tuesday,
February 10, 2026.**

Advance Reports Over 50 Pages

The following reports are scheduled for the Board of Supervisors meeting on Tuesday, February 10, 2026. The reports are being distributed 11 + days prior to the Board of Supervisors meeting due to the large volume of information. These reports are not numbered at this time.

Natividad Medical Center - Consent

- a. Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or a designee to execute a Nonstandard Master Agreement with Data Innovations LLC for laboratory middleware software SD2 maintenance and support services at NMC for a maximum County obligation of \$120,570 for the term effective on date last executed through January 13, 2029.
- b. Approve the NMC's Chief Executive Officer's recommendation to accept non-standard confidentiality, insurance, and limitations on liability provisions within the agreement.
- c. Approve the NMC's Chief Executive Officer's recommendation to accept and execute a non-standard Business Associate Agreement associated with the Master Agreement, attached as an exhibit to the Agreement.
- d. Authorize the Chief Executive Officer for Natividad Medical Center or his designee to execute up to three (3) future amendments that do not exceed 10% (\$12,057) of the original agreement, do not significantly change the scope of services, and do not increase the total not to exceed amount over \$132,627.

Attachments: [Board Report](#)
 [Data Innovations LLC Master Agreement](#)

Criminal Justice - Consent

- a. Authorize the Monterey County Sheriff's Office to accept \$341,165 from the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG) on behalf of the County of Monterey; and
- b. Authorize and approve an increase in appropriations of the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- c. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- d. Approve and authorize the Sheriff or Sheriff's designee to execute a retroactive non-standard agreement with the State of California Board of State and Community Corrections (BSCC), for the Edward Byrne Memorial Justice Assistance Grant Program, to support a broad range of activities to prevent and control crime, in the amount of \$341,165 for the period of October 1, 2025 to September 30, 2026; and
- e. Approve and authorize the Sheriff or Sheriff's designee to amend the agreement as necessary if requested by the State of California Board of State and Community Corrections (BSCC).

Attachments: [Board Report](#)
 [Resolution](#)
 [Grant Award Email.pdf](#)
 [Non-Standard Agreement with Exhibits.pdf](#)

General Government - Consent

- a. Adopt a Resolution approving the forms of and authorizing the execution and delivery of a Site Lease, Lease Agreement, Trust Agreement, Escrow Agreement, Certificate Purchase Agreement, and a Continuing Disclosure Certificate in connection with the offering and sale of the County of Monterey 2026 Refunding Certificates of Participation (Public Facilities Refinancing) (the “2026 COPs”), and authorizing the distribution of an Official Statement and an Official Notice of Sale in connection therewith and authorizing execution of necessary documents, certificates, and certain other related actions; and
- b. Direct the Authorized Officers and the officers and employees of the County the authority to amend and execute documents, determine appropriateness of bond terms and conditions, and to carry out, give effect to, and comply with the terms and intent of this Resolution.

Attachments: [Board Report](#)
 [County Resolution](#)
 [Site Lease](#)
 [Lease Agreement](#)
 [Assignment Agreement](#)
 [Trust Agreement](#)
 [Escrow Agreement](#)
 [Official Notice of Sale](#)
 [Certificate Purchase Agreement](#)
 [Preliminary Official Statement, including Continuing Disclosure](#)
 [Certificate](#)



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 26-019

February 10, 2026

Introduced: 1/13/2026

Current Status: Natividad Medical Center -
Consent

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or a designee to execute a Nonstandard Master Agreement with Data Innovations LLC for laboratory middleware software SD2 maintenance and support services at NMC for a maximum County obligation of \$120,570 for the term effective on date last executed through January 13, 2029.
- b. Approve the NMC's Chief Executive Officer's recommendation to accept non-standard confidentiality, insurance, and limitations on liability provisions within the agreement.
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RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or a designee to execute a Nonstandard Master Agreement with Data Innovations LLC for laboratory middleware software SD2 maintenance and support services at NMC for a maximum County obligation of \$120,570 for the term effective on date last executed through January 13, 2029.
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SUMMARY:

Natividad Medical Center (NMC) seeks to enter into a master agreement for software maintenance and support services with Data Innovations to ensure that support is available to its SD2 middleware software which has been in use since 2018 in Natividad's laboratory. NMC's lab processes over 1.5 million lab tests annually. A licensed Clinical Laboratory Scientist reviews every test prior to sending a validated result to a provider. This process includes the use of this SD2 intelligence software. The SD2 software receives all laboratory data from various instrumentation at use by NMC's lab which the scientist then accesses to approve or reject a result. The software is customizable to create laboratory rules to auto verify results that are normal results.

DISCUSSION:

NMC originally purchased the SD2 software from another vendor, McKesson Medical-Surgical (McKesson), via an agreement that was approved by the Board of Supervisors on February 27, 2018. That agreement expired in January of 2022, however, in 2021, prior to the agreement expiration, McKesson stopped supporting the SD2 software and transferred the ownership of the SD2 software licenses to its customers. In 2022 the Board of Supervisors approved the Transfer Letter of Agreement between NMC and Data Innovations to acknowledge the transfer of ownership of the SD2 software from McKesson to Natividad.

Use of this software does improve efficiency and safety to patients by allowing the clinical laboratory scientist to focus on results that are abnormal or problematic. By turning the attention to critical results away from normal results, the scientists have improved efficiencies to be able to get the critical results to the providers faster.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed and approved this master agreement as to form, and the Auditor-Controller has reviewed and approved as to payment provisions. The agreement has also been reviewed and approved by NMC's Finance Committee and by its Board of Trustees on November 7, 2025.

FINANCING:

The cost for this agreement is \$120,570 of which \$54,270 was included in the FY 2025-26 Adopted budget. Amounts for remaining years of the agreement will be included in those budgets as appropriate. There is no impact to the General Fund with this action.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Use of the SD2 middleware software enables more efficient data analysis for lab scientists during lab tests which ultimately improve the quality of patients at NMC.

- ☒ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for Present and Future
- ☐ Safe and Resilient Communities

☐ Diverse and Thriving Economy
☐ Administrative

Prepared by: Arthur Tiongson, Laboratory Clinical Manager, 772-7660

Approved by: Charles R. Harris, Chief Executive Officer, 783-2553

Attachments:

Board Report

Data Innovations, LLC Master Agreement

Attachments on file with the Clerk of the Board



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___ Administrative

Prepared by: Arthur Tiongson, Laboratory Clinical Manager, 772-7660

Approved by: Charles R. Harris, Chief Executive Officer, 783-2553

Attachments:

Board Report

Data Innovations, LLC Master Agreement

Attachments on file with the Clerk of the Board

**DATA INNOVATIONS LLC
MASTER AGREEMENT**

Customer Name ("Customer"):	County of Monterey for the provision of services for Natividad Medical Center
Address:	1441 Constitution Boulevard
City:	Salinas
State:	California
Zip or Province/Postal Code:	93906
Country:	US
Type of Corporation:	County Hospital

This agreement for the provision of software, maintenance and support, professional services, and/or subscription services, effective on the last date of signature below which is _____ (the "Effective Date") is by and between the Data Innovations entity indicated below ("DI"):

- ☒ Data Innovations LLC, a Delaware limited liability company with principal offices at 463 Mountain View Drive, Suite 3, Colchester, VT 05446

and Customer listed above. Each of DI or Customer may be referred to as a "Party" or together the "Parties".

This agreement consists of (i) this signature page; (ii) the following General Terms and Conditions; (iii) any number of Schedules and Exhibits attached hereto; and (iv) any Quote, Statement of Work, or other written agreement entered into by the Parties (the "Master Agreement").

This Master Agreement governs each Quote or Statement of Work, and other written agreement entered into by the Parties at any time.

SCHEDULES AND EXHIBITS TO MASTER AGREEMENT	
On-Premises Software Schedule	
- Exhibit to On-Premises Software Schedule; Perpetual License - Exhibit to On-Premises Software Schedule; Subscription License - Exhibit to On-Premises Software Schedule; InterSystems Corporation End User License & Services Agreement	
Cloud-Based Solution Schedule	
Exhibit to Cloud-Based Solution Schedule; Lab GPS™	
Maintenance and Support Services Terms and Conditions Schedule	
- Exhibit to Maintenance and Support Services Terms and Conditions Schedule; On-Premises Software – Perpetual License - Exhibit to Maintenance and Support Services Terms and Conditions Schedule; On-Premises Software – Subscription License - Exhibit to Maintenance and Support Services Terms and Conditions Schedule; Cloud-Based Solution - Appendix to Exhibit to Maintenance and Support Services Terms and Conditions Schedule; Cloud-Based Solution; Lab GPS™	
Professional Services Terms and Conditions Schedule	
Exhibit to Professional Services Terms and Condition Schedule; Monterey County Travel and Business Expense Policy	
Business Associate Agreement Schedule	
Notice and Contact Information Schedule	
Quote Schedule – Quote #O-00153199	

Existing License:

- Customer entered into a written sublicense agreement with approved DI reseller, McKesson Medical-Surgical, Inc., (the "Prior Agreement") for the license and support of DI Software: IM-344861 production license ("Previously Licensed Instrument Manager Software"); and
- Customer now desires to: a) terminate the existing license for the Previously Licensed Instrument Manager Software, and b) re-license the Previously Licensed Instrument Manager Software directly from DI, and receive Maintenance and Support Services from DI for such Software under this Master Agreement; and
- DI is willing to grant a license to Customer for the Previously Licensed Instrument Manager Software and provide Maintenance and Support Services to Customer under the terms and conditions of this Master Agreement, as well as provide other DI Software and Services that Customer may request from time to time.
- NOW THEREFORE**, the Parties hereto, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, agree to the following general terms and conditions.

Master Agreement

IN WITNESS WHEREOF, Customer and DI have executed this Master Agreement as of the dates of signature below.

DI

(Authorized Signature)

Matt King

(Printed Name)

Chief Financial Officer

(Title)

December 18, 2025

(Date)

CUSTOMER

(Authorized Signature)

(Printed Name)

(Title)

(Date)

APPROVED AS TO LEGAL PROVISIONS

DI

(Authorized Signature)

Matthew Wilcox

(Printed Name)

VP, Finance

(Title)

December 18, 2025

(Date)

Signed by:

696D21D44C4341D...

Stacy Saetta

Chief Deputy County Counsel. Reviewed as to form.

1/13/2026 | 8:21 AM PST

APPROVED AS TO FISCAL PROVISIONS

DocuSigned by:

E79EF64E57454F6...

Patricia Ruiz

Auditor Controller Analyst I

1/14/2026 | 3:12 PM PST

**GENERAL TERMS AND CONDITIONS**

NOTE: Some of the following definitions may not be applicable, depending on the Software or Service licensed. The attached Schedules, Exhibits, and Appendices should be referenced for additional definitions which are specific to the Software and Service as may be applicable.

1) DEFINITIONS.

- a) **"Acceptable Use Policy"** means the acceptable use terms and conditions set forth in Part B of the Cloud-Based Solution Schedule.
- b) **"Additional Software"** means third-party vendor software, licensed directly by Customer through its own suppliers and not sold or distributed by DI, whether or not it was recommended for use in connection with installation and Use of the Software.
- c) **"Affiliate(s)"** means any company controlling, controlled by or under common control with Customer.
- d) **"Aggregated and Statistical Data"** means the aggregated and statistical data derived from the operation of DI's Lab GPS™ Software, including, without limitation, the usage history, statistics, telemetry, number of records in the Lab GPS™ Software, the number and types of transactions processed using the Lab GPS™ Software and the performance results for the Lab GPS™ Software.
- e) **"APIs"** mean any application programming interfaces.
- f) **"Applicable Taxes"** means all value-added, sales, use, import, duties, customs or other taxes applicable to the Software licensed to Customer and/or Services performed, under this Master Agreement, except for any taxes based upon DI's net income.
- g) **"ARRA"** means Title XIII of the American Recovery and Reinvestment Act of 2009.
- h) **"Authorized User"** means the employees and authorized agents of Customer granted the right to access the Cloud Platform and Use the Subscription Services.
- i) **"Bank Fees"** means any form of payment fees (including wire transfer fees, bank fees, and credit card fees) assessed by Customer's A/P processor or bank, or DI's processor or bank, to DI related to payments made by Customer to DI hereunder.
- j) **"Billable Expenses"** means all actual, out-of-pocket expenses incurred by DI while delivering the Software and/or performing the Services under this Master Agreement, as further described in the Professional Services Schedule.
- k) **"Bundled Software"** means software licensed by DI from a third party to be distributed to Customer with the Software that has its own separate install process.
- l) **"Reserved"**.
- m) **"Change Management Process"** means the process set forth in the Professional Services Schedule for changing a previously agreed upon scope of Professional Services as detailed in a PS Agreement.
- n) **"Change Order"** means a written, mutually agreed upon change to the Customer's requirements and/or the scope of the Professional Services, delivery schedule, and/or Professional Services Fees.
- o) **"Claims and Losses"** means any and all third-party claims, demands, liabilities, actions, suits, judgments, decrees, proceedings, (including reasonable attorneys' fees incurred in connection therewith), losses, damages, and expenses.
- p) **"Cloud-Based Solution"** means a combined reference to the Software located in the cloud and the related Maintenance and Support Services that are provided and licensed together to the Customer as Subscription Services.
- q) **"Cloud Platform"** means the proprietary computer software applications, tools, APIs, connectors, programs, networks and equipment used to make the Subscription Services, and individual Software, available to Customer on an internet-hosted platform.
- r) **"Computer"** means an electronic device, owned by Customer that accepts information in digital or similar form and manipulates it for a specific result based on a sequence of instructions.
- s) **"Completed Project"** means a Professional Services project has been through the Project Closure process and has been closed as completed.
- t) **"Confidential Information"** means all non-public data or information regarding the Parties' business or technical operations including, but not limited to, (i) all designs, models, documentation, reports, data, specifications, technical process, any device, technique, or compilation of information, formula, source code, object code, flow charts, file record layouts, databases, inventions, technical data or information know-how, patents, and Trade Secrets (as defined by the Uniform Trade Secret Act), improvements, concepts and discoveries, whether or not patentable or copyrightable, relating to the Software, Work Product, and Services, (ii) information with respect to either Party's existing or contemplated products, product development, services, marketing plans, suppliers, business data or information, partner relationships, business opportunities, finances (including, without limitation, revenues, expenses, taxes, and contracts), operations, pricing and, customers or personnel, processes, techniques or know-how, sales data, internal performance results, validation reports, or any information or data developed pursuant to the performance of the Services contemplated hereunder, (iii) any other information that is specifically designated by a Party as confidential or proprietary, (iv) information that, due to its character or nature,



a reasonable person would treat as confidential. DI hereby designates the DI Property, including any permitted copies, as DI's Confidential Information. Customer Data, including permitted copies, shall be deemed "Customer Confidential Information". Confidential Information shall not include information that (A) is in or enters the public domain without breach of this Master Agreement by the Receiving Party, (B) was demonstrably in the possession of the Receiving Party prior to first receiving it from the Disclosing Party without restrictions on disclosure, (C) the Receiving Party can demonstrate was developed by the Receiving Party independently and without use of or reference to the Disclosing Party's Confidential Information, or (D) the Receiving Party receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation, or the terms and conditions of this Master Agreement and any amendments hereto.

- u) Confidential Information shall not be deemed to be in the public domain or generally known or available to the public merely because any part of said information is embodied in general disclosures or because individual features, components or combinations thereof are known or become known to the public.
- v) **"Critical Priority Software Error"** means a Software Error that renders the Software inoperable and causes a significant, time-dependent stoppage of Customer's business operations.
- w) **"Customer Data"** means all Customer data entered into, or coming in from an outside source, and captured by, the Software, including if applicable any Protected Health Information, if either are applicable, forming part of such data. Customer Data shall include Affiliate data.
- x) **"Customer Web Portal"** means the DI web portal used by customers outside of North America for logging Maintenance and Support Services Software Errors, for viewing the status of outstanding Software Errors incidents, for downloading Drivers and Documentation, for accessing a Knowledgebase of known issues and resolutions, for troubleshooting assistance and to update contact information.
- y) **"DI Property"** means the Software, Cloud Platform, Aggregated and Statistical Data, Work Product, Feedback, DI Tools, and DI's Confidential Information, including any future derivative works, enhancements or modifications thereto.
- z) **"Delivery"** means the date upon which DI has delivered the Software to a third-party shipper addressed to Customer or when DI has made the Software electronically available to Customer.
- aa) **"DI Tools"** means any tools, databases, ideas, and methodologies used by DI in providing the Professional Services and the Work Products.
- bb) **"Disclosing Party"** means the Party providing Confidential Information to the Receiving Party.
- cc) **"Discontinued Project"** means a Professional Services project that has been discontinued and closed out due to action or non-action from the Customer.
- dd) **"Disputed Fee(s)"** means an invoiced Fee that is the subject of a good faith dispute between the Parties.
- ee) **"Dispute(s)"** mean any and all disputes, controversies, differences or claims arising from or related to this Master Agreement, or the interpretation, making, performance, breach or termination thereof or transactions conducted pursuant to the rights and duties granted by this Master Agreement.
- ff) **"Dispute Notice"** means written notice given by one Party to the other Party setting forth the details of a Dispute.
- gg) **"Documentation"** means all guides, related explanatory written materials, manuals, files or on-line help, provided to Customer, for the Software, Cloud Platform and any modifications thereto.
- hh) **"Driver"** means the software developed by DI to connect laboratory devices and information systems or Additional Software to the Software.
- ii) **"Driver Update"** means updates to Drivers to correct defects, improve Software operation, add features, or provide functional corrections to the Driver that DI chooses to develop solely at its own discretion.
- jj) **"Due Date"** means thirty (30) days from the date of invoice on which all amounts billed by DI will be due and payable.
- kk) **"Embedded Software"** means software licensed by DI from a third party to be distributed to Customer with the Software that is automatically installed with the Software.
- ll) **"Emergency Maintenance and Support Services"** is defined as Critical and/or High Priority Software Errors.
- mm) **"End of Life or EoL"** means Software that has reached EoM and EoS and for which there is no successor Software. End of Life for a Software version is when DI will no longer provide Maintenance and Support Services for that Software version.
- nn) **"End of Maintenance or EoM"** defines Software or a specific Software version for which DI will no longer provide Updates.
- oo) **"End of Sale or EoS"** defines Software and Software specific versions that DI will no longer license or distribute.
- pp) **"Export Laws"** means the collective reference to the United States Export Administration Act or any other export laws, restrictions or regulations that apply to the access and Use of the Software and Services.
- qq) **"Feedback"** means all ideas, suggestions, improvements, reports, corrections and other contributions



- that Customer provides to DI, or otherwise makes with respect to the Software, Cloud Platform, and Services.
- rr) **"Fees"** means a reference to any or all of the fees due under this Master Agreement including the fees for the Software, Professional Services, Maintenance and Support Services, Subscription Services, Renewals, Bank Fees, and any Applicable Taxes.
 - ss) **"Force Majeure"** means any act or condition whatsoever beyond the reasonable control of and not occasioned by the fault or negligence of the affected Party, including, without limitation, acts of God, acts of terrorism, acts of nature or of a public enemy, acts of a federal government or any state or political subdivision thereof, internet brownouts, fires, floods, explosions, wars, pandemics, or other catastrophes; freight embargoes; or delays of a supplier or subcontractor due to such causes.
 - tt) **"Reserved"**.
 - uu) **"Hardware"** means any third-party hardware purchased from DI by Customer.
 - vv) **"High Priority Software Error"** means a Software Error that causes the Software to fail resulting in significant revenue or operational impact on Customer's business, although certain functions of Customer's business remain in operation.
 - ww) **"HIPAA"** means the Health Insurance Portability and Accountability Act of 1996.
 - xx) **"Identity Provider" or "IdP"** means a compatible third-party online service or website that authenticates users on the Internet by means of publicly available APIs, such as Google, LinkedIn or Facebook.
 - yy) **"Intellectual Property Rights"** means all patents, improvements, concepts and discoveries (whether patentable or not), copyrights, models, designs, trademarks, trade secret rights, service marks, trade names, brand names, trade dress, and other proprietary rights or applications thereof which pertain to the Software, DI Tools, Work Product, Cloud Platform and Services whether registered or not, including any future release, update, modifications, new version, release, compilation, and translation of the DI Property and Services.
 - zz) **"Internal Resolution"** means the resolution of a Dispute by the assigned representatives of each Party.
 - aaa) **"Low Priority Software Error"** means a Software Error incident opened when Customer has general Software questions or needs that do not impact day-to-day functionality.
 - bbb) **"Maintenance and Support Services"** means DI's standard technical support and maintenance services to diagnose and address a Software Error when the Software has been properly installed, if applicable, and is being Used to perform in accordance with the specifications set forth in the applicable Documentation. Maintenance and Support Services do not include training of Customer's personnel, consulting, or other available Professional Services.
 - ccc) **"Maintenance and Support Services Fees"** means all fees for the performance of Maintenance and Support Services, including all actual Billable Expenses.
 - ddd) **"Major Release"** means a release with significant new or improved functionality within the same Software bearing the same name that DI in its sole discretion determines to release as a new Major Release.
 - eee) **"Malware"** means unauthorized programming (code, scripts, active content, and other software) that is designed to, disable, erase, or otherwise harm, impede disrupt or deny Customer's Use of the Software or Services, gather information that leads to loss of privacy or exploitation, or gain unauthorized access to system resources or the Software, or that otherwise exhibits abusive behavior, including computer viruses, worms, trojan horses, spyware, dishonest adware, scareware, crimeware, most rootkits, or other malicious or unwanted software or programs. Malware does not include the Temporary SSK delivered with On-Premises Software.
 - fff) **"Mediation"** means the attempt to settle a Dispute that cannot be settled by Internal Resolution through the use of third-party mediation.
 - ggg) **"Mediator"** means an independent third party trained as a mediator to act fairly and impartially, who has been nominated by the Parties to oversee Mediation.
 - hhh) **"Medium Priority Software Error"** means a Software Error that causes a feature of the Software to fail resulting in a non-critical situation which allows the Customer's business to remain in operation. A Medium Priority incident may include issues only impacting a single user or issues where the business impact under a Critical Priority or High Priority is resolved, but there is ongoing research needed to determine the root cause of the failure.
 - iii) **"Modification"** means any change to the terms and conditions of this Master Agreement including any of its Schedules, applicable to Customer and affecting the Subscription Services.
 - jjj) **"My DI Community"** means the DI web portal used by customers located within North America, for logging Maintenance and Support Services Software Errors, for viewing the status of outstanding Software Errors incidents, for downloading Drivers and Documentation, for accessing a knowledgebase of known issues and resolutions, for troubleshooting assistance, and to update contact information.
 - kkk) **"Non-Compliance"** means any Use of the Subscription Services or of any IdP by Customer or any of its Authorized Users' that (i) does not comply with applicable law or with the Acceptable Use Policy; (ii)



subjects DI to liability to any third party; (iii) or infringes or is alleged to infringe any third-party intellectual property rights.

- lll) **"On-Premises Software"** means Software licensed to Customer for installation on Customer's hardware at Customer's site.
- mmm) **"Open-Source Software"** means software distributed to Customer with the Software that is automatically installed with the Software that meets the definition of "Open-Source" as set forth at <https://opensource.org/osd>.
- nnn) **"Period of Performance"** means the total amount of time during which a Professional Services project shall be performed.
- ooo) **"Reserved"**.
- ppp) **"Personally Identifiable Information"** means any data that could potentially be used to identify a particular person (e.g. full name, Social Security number, driver's license number, bank account number, passport number, and email address), including Protected Health Information. For purposes of clarity, Customer's login information, such as business email addresses, is not deemed Personally Identifiable Information.
- qqq) **"Privacy Regulations"** means HIPAA and ARRA, as applicable to Customer and DI.
- rrr) **"Professional Services"** means training, implementation, installation, and/or consulting services provided by DI to Customer pursuant to this Master Agreement, and as more specifically described in a PS Agreement.
- sss) **"Professional Services Fees"** means all fees for the performance of Professional Services, including all actual Billable Expenses.
- ttt) **"Prohibited Content"** means any Customer Data that DI reasonably believes violates the law, infringes or misappropriates the rights of any third party, or otherwise violates a material term of this Master Agreement, including the Acceptable Use Policy and any Personally Identifiable Information.
- uuu) **"Project Closure"** means the process DI will follow to transition a Professional Service project from an "in-process" status to a Completed Project, which includes the handoff of the Customer environment to DI Customer Support Team.
- vvv) **"Project Closure Date"** means the date a Professional Services project is closed as either a Completed Project or a Discontinued Project.
- www) **"Protected Health Information"** means individually identifiable health information that is transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium that is protected under an applicable Privacy Regulation.
- xxx) **"PS Agreement"** means the applicable Quote or SOW executed by both Parties, setting forth the Professional Services that DI shall perform for the Customer.
- yyy) **"PS Appendix"** means an appendix to a Quote setting forth the specific details and additional terms and conditions regarding the Professional Services that DI shall perform for the Customer.
- zzz) **"Quote"** means the specific proposal prepared by DI and provided to Customer, which may include a PS Appendix, if applicable, setting forth the details of the Software and Services the Customer is purchasing.
- aaaa) **"Receiving Party"** means the Party receiving the Confidential Information of the Disclosing Party.
- bbbb) **"Renewal Fees"** means the fees charged by DI to Customer to renew Maintenance and Support Services and/or Subscription Services for an additional set term.
- cccc) **"Renewal Notice"** means the written notice provided by DI to Customer with the terms and conditions, including the applicable Fees, for renewing of Maintenance and Support Services and/or for renewing Subscription Services.
- dddd) **"Renewal Term"** means any renewal term of a Maintenance and Support Services Term or a Subscription Term.
- eeee) **"Requested Enhancement"** means new functionality or enhancements to existing functionality of the Software.
- ffff) **"Scheduled Date"** means the specific date set by the Parties to commence the Professional Services.
- gggg) **"Services"** means a reference to any of the Maintenance and Support Services, Professional Services, and/or Subscription Services provided under this Master Agreement.
- hhhh) **"Software"** means (i) all application(s), (ii) Documentation, (iii) Drivers (iv) Driver Updates, (v) Requested Enhancements, and all (vi) Updates, licensed by DI to Customer pursuant to this Master Agreement.
- iiii) **"Software Error"** means a failure of the Software, licensed hereunder to Customer, when properly installed, if applicable, and being Used to perform in accordance with the specifications set forth in the applicable Documentation.
- jjjj) **"Software Fees"** means all fees for the Software licensed by Customer under this Master Agreement.
- kkkk) **"SSK"** means the Software security activation key (a unique code, specific to the Computer the On-Premises Software is installed on), with either a perpetual term or a set term that expires at the end of

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each Subscription Term, that allows Customer to activate the Software license.

llll) **"Statement of Work" or "SOW"** means the written form executed by both Parties, setting forth the specific details and additional terms and conditions regarding the Professional Services that DI shall perform for the Customer.

mmmm) **"Reserved"**.

nnnn) **"Subscription Fees"** means the fees due for Subscription Services.

oooo) **"Subscription Services"** means the license of Software and the provision of related Maintenance and Support Services to Customer on a subscription term basis.

pppp) **"Subscription Services Start Date"** shall have the meaning set forth in the applicable Schedule.

qqqq) **"Subscription Term"** means the term of Subscription Services, as set forth in the applicable Schedule or Quote.

rrrr) **"Support Hours"** mean the hours Maintenance and Support Services are available, as set forth in Maintenance and Support Services Schedule.

ssss) **"Supported Version"** is a version of Software that has not reached the state of EoS, or EoM.

tttt) **"Temporary SSK"** means a temporary ninety (90) day SSK provided as part of the initial Delivery of On-Premises Software licensed on a perpetual basis.

uuuu) **"Third-Party Software"** means a collective reference to Bundled Software, Embedded Software, or Open-Source Software.

vvvv) **"Update(s)"** means a Software Error correction, bug fix, modification, enhancement, improvement, new feature, functional corrections, upgrade, modified version, addition, Driver Updates, Requested Enhancements or other new releases, generally made available to purchasers of Maintenance and Support Services at no additional charge. Updates shall not include any major modifications, options or future products, Driver Updates or Requested Enhancements, that DI, in its sole discretion, determines to license separately and charge a separate license fee.

wwwv) **"Use", "Used," or "Using"** means to access, install, download, execute, display or otherwise benefit from using the functionality of the Software in accordance with the Documentation.

xxxx) **"Work Product"** means any implementation artifacts, interfaces, or other items delivered to Customer under a SOW.

2) **CONSTRUCTION.** Quotes, Statements of Work, or other written agreements entered into by Customer and DI after the Effective Date ("Addenda"), will be subject to this Master Agreement. The provisions of the various Addenda and Schedules will, to the extent possible, be interpreted so as to supplement each other and avoid any conflict between them. In the event of a conflict between the terms and conditions of these General Terms and Conditions, a Schedule, Exhibit, or Addenda, the conflict will be resolved by giving precedence in the following order: (i) the General Terms and Conditions, (ii) the Schedule, (iii) the Exhibit, and then (iii) the Addenda, unless explicitly stated otherwise in the Schedule, Exhibit, or Addenda, and in that case the conflicting terms and conditions in such Schedule, Exhibit or Addenda will apply only to that Schedule, Exhibit or Addenda.

3) AFFILIATES.

a) DI grants Customer the following rights related to its Affiliates, subject to the terms and conditions of this Master Agreement. Affiliate may, pursuant to a purchase order issued directly by the Affiliate to DI or a SOW entered into between Affiliate and DI:

i) connect to, access and Use the Software licensed by the Customer and installed at the Customer's site, and/or

ii) license Software and Work Product, and purchase Services and/or Hardware for:

i) connection to the Software at Customer's site, or

ii) installation at the Affiliate's site.

b) Prior to an Affiliate's i) connection, access and Use or ii) license and/or purchase, Customer agrees that it shall require each of its Affiliates to comply with the terms, conditions and restrictions contained in this Master Agreement, including, but not limited to, the use restrictions and confidentiality obligations, and that Customer remains responsible for all of the actions of the Affiliates, including a breach by Affiliate, and the actions of the Affiliates shall be deemed the actions of Customer.

c) In the event of termination of this Master Agreement, all **"Effects of Termination"**, as set forth in Section 12.e, that apply to Customer, shall apply in the same manner to each Affiliate.

4) **SOFTWARE AND SERVICES.** DI shall provide Customer the Software and Services, pursuant to the terms and conditions contained in this Master Agreement. DI's performance is dependent on Customer carrying out its obligations as set forth in this Master Agreement, and the applicable PS Agreement, and Customer acknowledges that the Professional Services Fees take into account these obligations. DI shall not be responsible for any delay in the performance of, or an inability to perform, any of its obligations contained in this Master Agreement that result from any failure or delay by Customer in the performance of its obligations contained in this Master Agreement.

5) FEES, PAYMENT, AND TAXES.

Master Agreement

- a) In consideration of the Software and Services and any accompanying licenses provided to Customer by DI under this Master Agreement, Customer or a third party on Customer's behalf, shall pay DI the Fees and Billable Expenses set forth on each applicable Quote, SOW, or Schedule, plus all Applicable Taxes. All Fees and Billable Expenses are quoted in, and Customer shall pay in, the currency indicated below.
 - ☒ Data Innovations LLC – US Dollars
 - b) DI shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by DI for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. Customer shall certify the invoice, either in the requested amount or in such other amount as Customer 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 30 days of receiving the certified invoice.
 - c) A Quote will be deemed to have been accepted and agreed to by Customer, either by Customer i) signing and returning an executed copy of the Quote to DI; or ii) submitting a purchase order to DI for the Software or Services detailed on the Quote, provided the purchase order specifically references the Quote number, and the value on the purchase order matches the value on the Quote.
 - d) Customer agrees that it will not now, nor at any point in the future, utilize a credit card for any payments due to DI.
 - e) All discounts, if any, provided under this Master Agreement are intended to comply with the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b). To the extent required by 42 C.F.R. § 1001.952(h) (the Anti-Kickback Statute discount safe harbor regulations) or other applicable laws and regulations, Customer must fully and accurately reflect in cost reports or other submissions to federal healthcare programs all discounts provided under this Master Agreement and, upon request by the Secretary of the U.S. Department of Health and Human Services or a state agency, must make available information provided to Customer by DI concerning the discounts.
 - f) Except for a Disputed Fee, any payments not received by DI by the Due Date will be considered past due.
 - g) In the event of a Disputed Fee, Customer shall pay the undisputed amount and notify DI of the Disputed Fee in writing within thirty (30) business days of Customer's receipt of the invoice. Customer shall not be required to pay interest on any reasonable and documented Disputed Fees. If the Parties are unable to resolve the dispute themselves, the Parties agree to submit this Dispute to resolution pursuant to Section 13.o) ("Disputes").
 - h) If Customer is not subject to any or all Applicable Taxes, then Customer is responsible for submitting the applicable documentation to DI. If this document is not provided prior to Delivery of the Software or completion of the Services, Applicable California Sales Tax will be calculated and included on the Customer's invoice.
- 6) **TERM.** The term of this Master Agreement shall begin on the Effective Date and shall continue until terminated by either Party as set forth in this Master Agreement.
- 7) **INTELLECTUAL PROPERTY.** The Parties acknowledge and agree that:
- a) DI, or its licensors, own all exclusive right, title, and interest in and to the Intellectual Property Rights in the DI Property. Customer shall not take any action inconsistent with such title and ownership. All title rights and Intellectual Property Rights may be protected by applicable copyright or other intellectual property laws and treaties.
 - b) This Master Agreement is not a sale of the DI Property, and Customer does not acquire any ownership rights or title or any Intellectual Property Rights in the DI Property. Customer acquires only the restricted right to Use the DI Property subject to the license grants herein.
 - c) DI may utilize all Feedback without any obligation to Customer.
 - d) Customer shall notify DI of any unauthorized access to the DI Property and all infringements, limitations, illegal use, or misuse of the Intellectual Property Rights that come to Customer's attention.
 - e) Customer will not remove, alter, or obscure any copyright notices, proprietary legends, trademark or service mark attributes, patent markings or other indicia of ownership contained on or in the DI Property or any portion thereof and Customer will reproduce all such notices on all copies permitted to be made by Customer under this Master Agreement.
 - f) Customer agrees not to use trademarks or other business names of DI for any purpose or to take any actions which are harmful to or inconsistent with the rights of DI in its trademarks, service marks, and trade names.
 - g) The Software (i) was developed at private expense and is the proprietary information of DI or its licensors; (ii) was not developed with government funds; (iii) is a trade secret of DI or its licensors, for all purposes of the Freedom of Information Act; (iv) is a commercial item and thus, pursuant to Section 12.212 of the Federal Acquisition Regulations (FAR) and DFAR Supplement Section 227.7202, Government's use, duplication, or disclosure of the Software is subject to the restrictions set forth by DI and the restrictions set forth in subparagraph c(1) and c(2) of Commercial Computer Software - Restricted Rights at 48 C.F.R. 52.227-19, as applicable. Furthermore, if the Software is being licensed to U.S. Government end users,



the Software and related Documentation are "Commercial Items", as that term is defined at 48 C.F.R. §2.101, consisting of "Commercial Computer Software" and "Commercial Computer Software Documentation", as such terms are used in 48 C.F.R. §12.212 or 48 C.F.R. §227.7202, as applicable. Consistent with 48 C.F.R. §12.211 through 12.212 or 48 C.F.R. §227.7202-1 through 227.7202-4, as applicable, the Commercial Computer Software and Commercial Computer Software Documentation is licensed (A) only as Commercial Items and (B) with only those rights as are granted to all other end users pursuant to the terms and conditions herein.

- h) Customer owns all exclusive right, title and interest, including Intellectual Property Rights in the Customer Data. DI shall not take any action inconsistent with such title and ownership. DI hereby agrees to assign any such right to Customer.
- i) Customer grants to DI during the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable right to use the Customer Data, solely as necessary to perform the Services and as otherwise may be agreed in writing by the Customer.

8) **CONFIDENTIAL INFORMATION.**

- a) **Confidentiality.** Each Party shall maintain the Confidential Information of the other Party in strict confidence until such time as the Confidential Information falls under one of the exceptions listed in Section 1.s) (A) – (D) ("**Confidential Information**") above. Each Party shall exercise no less than reasonable care with respect to the handling and protection of such Confidential Information, using the same protective precautions as such Party uses to protect its own Confidential Information. Each Party shall use the Confidential Information of the other Party only during the term of this Master Agreement and as expressly permitted herein, and shall not disclose such Confidential Information to any other person or third party without prior written consent of the Disclosing Party, except to its employees and independent contractors who are subject to written use and disclosure restrictions at least as protective as those set forth herein and only as is reasonably required in connection with the exercise of its rights and obligations under this Master Agreement. Notwithstanding the above, the Receiving Party may disclose Confidential Information of the Disclosing Party pursuant to a valid order or requirement of a court or government agency, provided that the Receiving Party gives prompt notice to the Disclosing Party upon receiving the order or learning of the requirement so that it may seek a protective order or other appropriate remedy. Any such disclosure by the Receiving Party of the Confidential Information of the Disclosing Party, shall not be deemed a breach of this Master Agreement and shall, in no way, be deemed to change, affect, or diminish the confidential status of such Confidential Information. Customer acknowledges and agrees that it will not permit any third party, nor any employee, representative, or agent thereof, that develops, markets, or licenses computer programs with functionality similar to the functionality of the Software to have access to DI's Confidential Information, which includes the Software.
- b) **Privacy Regulations.** The Parties agree to abide by the terms and conditions of the applicable Privacy Regulations and agree to enter into the necessary separate privacy and security agreements to facilitate compliance with the Privacy Regulations.

9) **GENERAL WARRANTIES AND DISCLAIMERS.**

- a) **Customer Warranty.** Customer represents and warrants that, prior to uploading any Customer Data into the Software, it owns or has obtained all necessary consents, licenses, approvals, and rights in the Customer Data necessary so that the use of such Customer Data by DI to provide Services to Customer does not violate any intellectual property rights or other rights (e.g. privacy) of a third party.
- b) **DI Warranties.**
 - i) DI warrants that it owns, or has the right to, license the Software.
 - ii) DI Software and Services warranties are set forth in the applicable Schedules.
- c) **Hardware Warranty.** Any Hardware purchased from DI is covered by the manufacturer's warranty. Hardware warranty coverage begins on the date of DI's initial purchase from the manufacturer.
- d) **Mutual Warranty.**
 - i) The Parties each have the power and the authority to enter into and perform this Master Agreement.
 - ii) The Parties warrant that they shall comply with all applicable laws and regulations governing the provision, access and Use of the Software and Services.
- e) **Disclaimer of Warranties.** EXCEPT AS EXPRESSLY PROVIDED IN THIS MASTER AGREEMENT, THE SOFTWARE IS PROVIDED "AS IS" AND DI MAKES NO WARRANTY, REPRESENTATION, CONDITION OR AGREEMENT WITH RESPECT TO THE SOFTWARE, SERVICES OR WORK PRODUCTS. DI EXPRESSLY DISCLAIMS AND EXCLUDES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL IMPLIED AND EXPRESS WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. DI DOES NOT REPRESENT NOR WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED, ERROR FREE, MALWARE FREE, OR THAT CUSTOMER WILL BE ABLE TO ACCESS AND USE OR OPERATE THE SOFTWARE WITHOUT PROBLEMS OR INTERRUPTIONS. SUBJECT TO THE TERMS AND CONDITIONS OF THIS MASTER AGREEMENT AND PROVIDED THE SOFTWARE IS PERFORMING SUBSTANTIALLY IN ACCORDANCE WITH THE DOCUMENTATION, CUSTOMER IS RESPONSIBLE FOR THE RESULTS TO BE ACHIEVED FROM USING THE SOFTWARE AND WORK PRODUCT AND RECEIVING THE



SERVICES.

10) INDEMNIFICATION**a) By Customer.**

- i) The County of Monterey (hereinafter "Customer") shall indemnify, defend, and hold harmless DI, its officers, agents, employees, and subcontractors from any claim, liability, loss, injury or damage arising out of, or in connection with, the performance of this Agreement by Customer and/or its officers, agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of DI and/or its officers, agents, employees and subcontractors. Customer shall reimburse DI for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which Customer is obligated to indemnify, defend and hold harmless the DI under this Agreement.

b) By DI.

- i) DI shall indemnify, defend, and hold harmless the County of Monterey (hereinafter "DI"), its officers, agents, employees, or subcontractors from any claim, liability, loss, injury or damage arising out of, or in connection with, the performance of this Agreement by DI and/or its officers, agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of Customer and/or its officers, agents, employees and subcontractors. DI shall reimburse the Customer for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which DI is obligated to indemnify, defend and hold harmless the Customer under this Agreement.

- 11) LIMITATION OF LIABILITY.** EXCEPT AS REQUIRED BY LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST DATA OR CONTENT, BUSINESS INTERRUPTIONS, LOSS OF INCOME, LOSS OF GOOD WILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, DAMAGES DUE TO FORCE MAJEURE, OR OTHER ECONOMIC LOSS, ARISING OUT OF OR RELATED TO THIS MASTER AGREEMENT, OR ANY USE OF OR FAILURE TO BE ABLE TO USE THE SOFTWARE, WORK PRODUCT, OR SERVICES, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (C) WHETHER ANY REMEDY FAILS OF ITS ESSENTIAL PURPOSE, AND (D) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) UPON WHICH THE CLAIM IS BASED. DI SHALL NOT BE LIABLE FOR (A) DISTURBANCES AND FAILURE OF INTERNET CONNECTIONS, OR (B) CUSTOMER'S DATA INPUT IN THE SOFTWARE, OR DI'S USE OF CUSTOMER DATA. A Party's total aggregate liability for any damages arising out of or related to this Master Agreement, for any and all causes whatsoever, and the other Party's maximum remedy, regardless of the form of action, whether in contract, tort, or otherwise, will not exceed the insurance policy limits stated herein Section 14 of this Agreement, for the portion of the Software, Work Product or Services that is the subject of the action, for the six (6) months immediately preceding the breach for which the damages are claimed. The existence of one or more claims will not enlarge this limit.

12) TERMINATION.

- a) **Without Cause.** Customer may terminate this Master Agreement without cause upon sixty (60) days written notice to DI.
- b) **Termination of all Subscription Services.** If Customer is only licensing Subscription Services from DI under this Master Agreement, this Master Agreement will automatically terminate at such time as Customer has terminated, or Customer has allowed to expire without renewal, all Subscription Services.
- c) **Termination for Bankruptcy.** This Master Agreement, and any effective PS Agreement, will terminate automatically if all or a substantial portion of either Party's assets are transferred to an assignee for the benefit of creditors, to a receiver or to a trustee in bankruptcy, a proceeding is commenced by or against the Party for relief under bankruptcy or similar laws and such proceeding is not dismissed within sixty (60) days, or a Party is adjudged bankrupt.
- d) **Termination with Cause.**
 - i) This Master Agreement may be terminated immediately if either Party violates the confidentiality obligations set forth herein (including the Business Associate Agreement), or the license grants and restrictions set forth herein; or
 - ii) This Master Agreement may be terminated upon written notice upon the material breach by the other Party of its obligations (including nonpayment of Fees or Billable Expenses), when such breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
- e) **Effects of Termination.** Upon any termination of this Master Agreement:
 - i) DI shall cease performing the Services and except for termination by DI for the uncured material breach of Customer pursuant to Section 12.d) ("**Termination with Cause**") above, all fully paid Software and Work Product licenses shall remain in effect. In case of termination by DI pursuant to Section 12.d) above, all licenses granted herein, and under any applicable PS Agreement, if any, shall immediately terminate, and Customer shall immediately cease using any delivered Software and Work Product and Customer shall promptly return all Software and Work Product to DI.
 - ii) The Receiving Party agrees to immediately cease using the Confidential Information of the



Disclosing Party and each Party shall promptly return to the Disclosing Party or destroy all Confidential Information of the other Party that it may have in its possession or control together with all copies thereof (including erasing such Confidential Information from all memory or data storage apparatus) and certify to the Disclosing Party such destruction / return within ten (10) days of such termination. Notwithstanding the foregoing, if the Receiving Party determines that returning or destroying the Confidential Information is infeasible, the Receiving Party shall provide to the Disclosing Party notification of the conditions that make return or destruction infeasible. The Receiving Party shall extend the protections of this Master Agreement to such Confidential Information and limit further uses and disclosures of such Confidential Information to those purposes that make return or destruction infeasible, for so long as the Receiving Party maintains such Confidential Information.

- iii) Except for Disputed Fees, any applicable Fees and Billable Expenses owed by Customer shall become immediately due and payable.
 - f) **Survival.** The provisions of this Master Agreement and any Open PS Agreement (as defined in the Professional Services Schedule), and the related obligations of the Parties, which by their nature should survive termination or expiration, shall survive and remain in full force and effect, but this shall not imply or create any continued right to use the Software and Work Products after termination of this Master Agreement and all Open PS Agreements if such termination is for Customer's material breach.
- 13) GENERAL TERMS.**
- a) **Third-Party Software.**
 - i) Open-Source Software and Bundled Software: Open-Source Software and Bundled Software are licensed for use by Customer, directly by the third-party vendors of such software, and DI makes no representation or warranty of any kind regarding such software, and shall have no liability associated with its use. Customer is to look to the license agreements of such software vendors for terms and conditions of use, warranties and liabilities.
 - ii) Embedded Software: Embedded Software is licensed for Use by Customer subject to terms and conditions set forth in this Master Agreement for the Software.
 - b) **Professional Judgment.** The Software is provided as an aid in the practice of healthcare and is not intended as a substitute for professional judgment. Customer acknowledges and agrees that DI is not engaged in the practice of medicine and that DI shall not be responsible for any medical practice management and patient care decisions made using the Software and Services. The Customer is responsible for the supervision, management, and control of its use of the Software including, but not limited to, ensuring that proper controls are in place to validate content input into the Software, and the data and results obtained through its use. Customer acknowledges that all processes, forms, and reports contained within the Software or Services may be subject to errors and are not a substitute for the exercise of professional judgment.
 - c) **Subcontracting.** DI may (i) assign and reassign personnel as it deems appropriate in its discretion to perform the Services and (ii) subcontract the performance of Services, provided DI remains liable for the Services to the same extent as if such Services had been performed by DI's employees.
 - d) **Audit Right.** During normal business hours and at any time during which the Software and/or Services are being utilized, DI, or its authorized representative or licensors, shall have the right, with a minimum of ten (10) days advanced notice one time per year, either remotely or at Customer's premises, to audit and inspect Customer's Use of the Software or Services, in order to verify compliance with the terms of this Master Agreement. If Customer is found to not be in substantial compliance with its obligations, Customer shall work with DI on a practical solution and will promptly take measures to come into compliance.
 - e) **Force Majeure.** Except with regard to payments due DI, neither Party shall be liable for any delays or failures in its performance due to an event of Force Majeure.
 - f) **Hiring.** During the term of this Master Agreement and for a period of one (1) year thereafter, neither Party shall hire any employee of the other without prior written approval. The foregoing notwithstanding, neither Party will be deemed to have breached this section by (a) hiring personnel responding to non-targeted job postings or (b) hiring personnel of the other Party that have been terminated or notified of pending termination by the other Party.
 - g) **Reserved.**
 - h) **Export.** Customer agrees that the Software will not be shipped, transferred, or exported into any country in any manner prohibited by the Export Laws. Nor will Customer allow the Software or Services to be accessed and Used in in any manner prohibited by the Export Laws. In addition, if the Software is identified as export controlled items under the Export Laws, Customer represents and warrants that Customer is not a citizen, or otherwise located within, an embargoed nation and that Customer is not otherwise prohibited under the Export Laws from receiving the Software. All rights to Use the Software are granted on condition that such rights are forfeited if Customer fails to comply with the terms of this Master Agreement.
 - i) **Notices.**
 - i) General. Notwithstanding the foregoing, all general correspondence regarding the basic, day-to-day performance and general operations under this Master Agreement, including notices that relate to

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changes/updates to the Notice and Contact Information Schedule, Updates, the availability or interoperability of the Software or Services or Modifications, may be made by email, or by DI through its website and/or via the My DI Community, or Customer Web Portal.

- ii) **Legal.** All legal notices required under this Master Agreement, and any PS Agreement, shall be (a) in writing, (b) deemed to have been duly made and received when (i) personally served, (ii) delivered by commercially established courier service, or (iii) ten (10) days after deposit in mail via certified mail, return receipt requested. All legal notices to Customer shall be to the address noted for Customer on the Notice and Contact Information Schedule this Master Agreement. All legal notices to DI shall be to the address noted for DI on the first page of this Master Agreement to the attention of the "Office of President and Chief Executive Officer".
- j) **Equitable Relief.** The Parties agree that any breach of a Party's confidentiality obligations or a breach of the license grant and restrictions set forth in this Master Agreement, and any PS Agreement, may result in irreparable injury to the other Party for which there is no adequate remedy at law. Therefore, notwithstanding the Disputes section set forth herein, in the event of any breach or threatened breach of such obligations, the non-breaching Party will be entitled to seek immediate and/or permanent injunctive relief as well as equitable relief in addition to its other available legal remedies.
- k) **Assignment.** Neither Party may assign (whether by operation of law or otherwise), sublicense, share, pledge, rent, or transfer any of its rights under this Master Agreement without the prior written consent of the other Party, which will not be unreasonably withheld. Notwithstanding the foregoing, either Party shall have the right, without acquiring consent from the other Party, to assign its rights and obligations hereunder (including any PS Agreements) upon change of control, or by sale of assets, reorganization, merger, consolidation, or otherwise, provided such assignment: a) is not to a direct competitor of the other Party; (b) does not interfere with a Party's performance obligations under this Master Agreement; (c) does not change the scope of the Services nor the fees owed per this Agreement and the intent contemplated by the Parties under this Master Agreement and any PS Agreement; or (d) is not pursuant to bankruptcy proceeding. Further, any assignment by Customer: (x) must include the assignment of all the Software and all other software or Hardware bundled or pre-installed with the Software, including all copies, Updates, and prior versions, to such person or entity; (y) must not retain any copies of the Software, including backups and copies stored on a Computer; and (z) the receiving party accepts the terms and conditions of this Master Agreement and any other terms and conditions upon which Customer legally licensed the Software. Any assignment or transfer in violation of the above is void. This Master Agreement will be binding on the Parties, their successors, and permitted assigns.
- l) **Entire Agreement.** This Master Agreement, together with all Schedules, Exhibits, and Quotes, constitutes and contains the entire understanding and agreement of the Parties with respect to the subject matter herein and, supersedes all prior representations, proposals, discussions, undertakings, communications, agreements, advertisements, and understandings, whether oral or written, between the Parties. Any "click-through" or "shrink-wrap" terms and conditions delivered with the Software or any terms or conditions appearing on the face or reverse side of any purchase order, acknowledgement, confirmation or other document furnished by Customer (whether in hard copy, electronic form, or by reference) that are different from or in addition to those set forth herein are hereby expressly rejected and shall not be binding on the Parties, even if signed and returned, unless both Parties hereto expressly agree, in an instrument separate from and in addition to the purchase order, acknowledgement, or confirmation, to be bound by such separate or additional terms and conditions. Additionally, DI shall not be bound by any terms or conditions of Customer or any third party that Customer utilizes for its business activities (including but not limited to vendor registrations, security/privacy reviews, or for purchase order and payment related processes) sent to DI electronically, including links to a website, application, or "click to approve" or "click to acknowledge" pages that are different from or in addition to those set forth herein, and such terms are hereby expressly rejected and shall not be binding on the Parties.
- m) **Amendment.** This Master Agreement may only be modified, altered, or amended by written agreement signed by an authorized officer of both Parties.
- n) **Governing Law.** This Master Agreement will be governed by and construed in accordance with the laws indicated below:
 - ☒ Data Innovations LLC – the State of California

without regard to conflicts of laws principles of any jurisdiction. The Parties hereby disclaim the application of the 1980 U.N. Convention on Contracts for the International Sale of Goods, the application of which is expressly excluded.
- o) **Disputes.** Any Disputes, shall be settled or resolved in the following manner:
 - i) **Internal Resolution.** The Parties shall first engage in Internal Resolution. To initiate Internal Resolution, a Party must provide the other Party with a Dispute Notice. Upon receipt of the Dispute Notice, the Parties shall designate representatives to confer or meet with each other within a reasonable period of time (as agreed upon by the Parties) to discuss and attempt to resolve the Dispute.
 - ii) **Mediation.** If the Dispute cannot be settled internally by Internal Resolution, then the Parties will attempt to settle their Disputes by Mediation. The Parties will nominate a Mediator who will act fairly



- and with complete impartiality towards the Parties. The language of any Mediation shall be English.
- iii) **Relief.** The Parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, without breach of this Master Agreement.
 - iv) **Court of Competent Jurisdiction.** In the event Mediation fails to resolve a Dispute, then any Party who engaged in good faith in the Mediation process may pursue its rights under this Master Agreement in any court of competent jurisdiction in the location indicated below:
 - ☒ Monterey County, California
 - p) **Language.** The English language version of this Master Agreement shall be controlling in the interpretation or application of the terms of this Master Agreement and the Schedules.
 - q) **Section Headings.** Section headings contained in this Master Agreement are for reference purposes only and shall not affect in any way the meaning and interpretation of this Master Agreement.
 - r) **No Waiver.** No failure or delay by either Party in exercising any right hereunder will operate as a waiver thereof.
 - s) **Relationship of the Parties.** The Parties are independent contractors and nothing in this Master Agreement shall be construed to create a partnership, joint venture, or employment relationship between DI and Customer.
 - t) **Third-Party Beneficiaries.** Except as expressly set forth in this Master Agreement, this Master Agreement is not intended to create and does not create enforceable obligations for the benefit of any third party.
 - u) **Severability.** If any part of this Master Agreement is found void and unenforceable, it will not affect the validity of the balance of this Master Agreement, which shall remain valid and in full force and effect.
 - v) **Counterparts.** This Master Agreement, and each PS Agreement, may be executed simultaneously in two or more counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument.
 - w) **Electronic Copies.** Fully executed pdf copy or electronic transmission of this Master Agreement, and each PS Agreement, shall serve as an original and shall be considered binding upon the Parties.
 - x) **Authority.** Each Party represents that the individual signing above on behalf of the Party is duly authorized and has the authority to execute and bind the Party indicated to this Master Agreement.

14) INSURANCE**Evidence of Coverage:**

Prior to commencement of this Agreement, DI 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.

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

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 Best's Key Rating Guide or a company of equal financial stability that is approved by Customer's Contracts/Purchasing Director.

Insurance Coverage Requirements: Without limiting DI's duty to indemnify, DI shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial General Liability Insurance, 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.

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 \$500,000 per occurrence.

Workers' Compensation Insurance. If DI employs other 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 employee – bodily injury by disease, \$1,000,000 each accident and \$1,000,000 aggregate – bodily injury by disease.

OTHER INSURANCE REQUIREMENTS:

All insurance required by this Agreement shall be with a company acceptable to Customer and issued and executed by

Master Agreement



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 years following the date DI completes its performance of services under this Agreement.



ON-PREMISES SOFTWARE SCHEDULE

All Software licensed to Customer as On-Premises Software, is provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit or Appendix attached by reference.

1) RESTRICTIONS AND USE.

- a) **Installation.** Customer may install and Use one (1) copy of each license of the Software granted to Customer hereunder on one (1) Computer.
- b) **Reproduction.** Customer shall not copy the Software without the prior written approval of DI. Notwithstanding the foregoing, Customer may make one backup copy of the Software, into machine readable form, for archival and disaster recovery purposes, provided Customer's backup copy is not in Use on any Computer. All backup copies shall remain the property of DI and are subject to the terms and conditions of this Master Agreement. Customer shall maintain a record of the number and location of all copies of Software, including copies merged with other software, and shall make those records available to DI upon request. Any backup copy of the Software that Customer makes must contain the same titles, trademarks, copyright notices, legends, and other proprietary notices that appear on or in the Software.
- c) **No Modification.** Customer shall not, and shall not permit any third party to, (i) remove or alter any copyright notices on and all copies of the Software (ii) modify, adapt, alter, or translate (excluding any language translation features that are part of the Software, and default project data files) the Software or (iii) reverse engineer, decompile, disassemble, create derivative works of any part of the Software, attempt to defeat, avoid, by-pass, remove, deactivate, or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software; or otherwise attempt to discover the source code or the underlying ideas, algorithms, structure, or organization form of the Software, except to the extent Customer may be expressly permitted to decompile under applicable law. DI reserves the right to make improvements, substitutions, modifications or enhancements to any part of the Software.
- d) **Transfer.** Customer may not, rent, lease, lend, sublicense, assign, distribute, sell, or transfer Customer's rights in the Software, use the Software for commercial time-sharing, or for service bureau use, or authorize all or any portion of the Software to be copied onto another user's Computer except as may be expressly permitted herein. Customer may, however, transfer the Software from one Customer Computer to another, provided that the transfer is carried out within a reasonable timeframe. Customer may ensure that the Software is successfully loaded on the new Computer prior to erasing from Customer's old Computer.
- e) **Updates.** If the Software is an Update to a previous version of the Software, Customer must possess a valid license to such previous version in order to Use such Update. All Updates are provided to Customer on a license exchange basis. Customer agrees that by Using an Update, Customer voluntarily terminates Customer's right to Use any previous version of the Software and will transfer all data to the new Update.

2) WARRANTIES.

- a) **Software Warranty.** DI warrants that for as long as Customer has a valid license, has a current Maintenance and Support Services term in effect for the Software, and has paid all applicable Fees due under this Master Agreement, the Software, when properly installed and Used in accordance with the applicable Documentation, will substantially perform in accordance with the Documentation provided with the Software. Customer's exclusive remedy under the limited warranty set forth herein and the sole obligation of DI for breach of this warranty shall be for DI to use commercially reasonable efforts to correct any reproducible error of the Software to conform to the Documentation, at no additional charge.
- b) **Malware Warranty.** DI warrants that as of the date of Delivery, the Software does not contain any Malware.
- c) **Media Warranty.** DI warrants that any media upon which DI provides the Software to Customer shall be free of defects in materials and workmanship for a period of ninety (90) days from Delivery of such media to Customer. As Customer's exclusive remedy and the sole obligation of DI for breach of this warranty, DI shall provide Customer with a new copy of such Software in non-defective media at no additional charge.

3) SPECIFIC SOFTWARE TERMS AND CONDITIONS.

- a) **Instrument Manager™.**
 - i) **Third-Party Software.** InterSystems Corporation's ("InterSystems") proprietary applications are Bundled Software delivered and used with DI's Instrument Manager™ software, subject to InterSystems' End User License & Service Agreement, attached as an Exhibit to this On-Premises Software Schedule. Such Bundled software is named as follows:
 - (1) Caché™ bundled with Instrument Manager™ versions up to 8.17.
 - (2) InterSystems IRIS™ bundled with Instrument Manager™ versions 9.00 and greater.
 - ii) **Affirmation.** Customer's execution of this Master Agreement shall be Customer's affirmative agreement that it accepts the term and conditions of the InterSystems' End User License & Service Agreement, attached as an Exhibit to this On-Premises Software Schedule.
 - iii) **Renewals:** Notwithstanding anything to the contrary in the InterSystems' End User License & Service Agreement ("ISC EULA"), ISC EULA renewals shall be subject to the DI Master Agreement terms and conditions and not the ISC EULA terms and conditions set forth in Section 3 of the ISC EULA.

**EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE - PERPETUAL LICENSE**

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to On-Premises Software licensed to Customer on a perpetual license basis.

1) LICENSE AND USE.

- a) Subject to Customer's compliance with the terms of this Master Agreement, DI grants to Customer, for the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable, perpetual license to Use the Software, in accordance with the Documentation, only as allowed herein and solely for Customer's internal business purposes.
- b) Each Software license will be delivered with a Temporary SSK.
- c) A permanent SSK will be provided to Customer when the applicable Software Fees have been paid in full.

2) FEES. DI shall invoice Customer for all Software Fees as set forth on the applicable Quote.**3) TERMINATION.** See Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions.



EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE - SUBSCRIPTION LICENSE

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to On-Premises Software licensed to Customer on a subscription license basis.

1) LICENSE AND USE.

- a) Subject to Customer's compliance with the terms of this Master Agreement, DI grants to Customer, for the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable, term license to receive and Use the Software, in accordance with the Documentation, only as allowed herein and solely for Customer's internal business purposes, as part of Subscription Services, for the length of the Subscription Term indicated on the applicable Quote.
- b) Each Software license will be delivered with an SSK.
- c) Upon completion of order processing for the Subscription Services, a new SSK will be provided to Customer set for the length of the Subscription Term.
- d) The date of receipt of payment of the Subscription Fees shall be deemed the Subscription Services Start Date.
- e) If Customer chooses to renew an expiring Subscription Services for a new Subscription Term (a "Renewal Term"), upon completion of the applicable order processing, Customer will be provided with an SSK for the new Renewal Term.
- f) Each Subscription Term, including any Renewal Term, shall be no less than a twelve (12) month period.

2) FEES.

- a) DI will invoice Customer annually for the Subscription Fees due for each Subscription Term.
- b) Customers will be notified in advance of an upcoming expiration of a Subscription Term and will be provided with a Quote for the Subscription Fees due for a Renewal Term.

3) SUSPENSION OF A SUBSCRIPTION SERVICES.

- a) DI reserves the right to suspend a Subscription Services and any pending Professional Services if Customer fails to pay the appropriate Subscription Fees within thirty (30) days from when the Monterey County Auditor-Controller receives the invoice ("**Suspension**").
- b) During any term of Suspension:
 - i) DI will not provide Maintenance and Support Service, including Updates or any Professional Services; and
 - ii) Customer will not be able to access the My DI Community or the Customer Web Portal, Updates and Drivers.
- c) Customer acknowledges and agrees that it shall not attempt to circumvent any Suspension restrictions imposed on the Software or Services.
- d) DI will lift the Suspension upon Customer's payment of all of the unpaid Subscription Fees due and payable.

4) TERMINATION.

- a) **Termination for Convenience.** The Parties acknowledge and agree that each Subscription Services Term is priced as a minimum term and may not be terminated for convenience.
- c) **Termination for Material Breach.** Subscription Services may be terminated immediately upon written notice by either Party upon the material breach by the other Party of its obligations under this Master Agreement (including nonpayment of any applicable Fees), which breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
- d) **Termination of this Master Agreement.** If this Master Agreement is terminated in whole, for any reason, all licenses to Subscription Services shall terminate as of the termination date.
- e) **Effect of Termination.** Upon termination of Subscription Services:
 - i) DI shall cease providing, and Customer shall immediately cease using, the Subscription Services and all related licenses granted to Customer shall immediately terminate.
 - ii) Customer shall be liable to DI for Subscription Fees due for the remainder of any Subscription Terms (initial or Renewal Terms) in place at the time of termination. The owed Subscription Fees will become immediately due and payable.
 - iii) If Customer terminates a Subscription Service by not renewing the Subscription Term, and afterwards Customer desires to reinstate the Subscription Service, Customer will have to purchase a new Subscription Service for a new, full Subscription Term, at the then-current prices.
 - iv) The provision of Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions shall go into effect, as applicable,

**EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE**

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the license of Instrument Manager™.

INTERSYSTEMS**END USER LICENSE & SERVICES AGREEMENT**

1. This Agreement is between InterSystems Corporation ("ISC") and you the customer (hereinafter "you") that has ordered license(s) to use ISC's proprietary software (the "Licensed Software") and/or services ("Services") from ISC as a part of your agreement with DI, a licensed Application Partner of ISC ("AP").
2. Upon ISC's acceptance of your order (the "Effective Date") and the payment of the appropriate fee (the "License Fee") to ISC, ISC shall grant to you a nontransferable and nonexclusive license to use the Licensed Software internally solely in the conduct of your business (the "License"). For the avoidance of doubt, the "Licensed Software" shall not include any open source or third party software that may be shipped with, installed with or used in conjunction with ISC's proprietary software. No license shall be granted upon the physical delivery of any software to you. The granting of each License is subject to the approval of ISC, who has the right to disapprove any such request. A Trade In shall be deemed to be the cancellation of your old paid up License and the granting of a new paid up License. Services ordered by you shall be provided in accordance with the terms and conditions contained in ISC's Price List ("Price List") in effect on the date such Services are rendered, provided that ISC has received the appropriate fee therefor ("Service Fee"). If you ordered a License or Services through an AP, you may only use the Licensed Software and Services in conjunction with such AP's software.
3. To enter into a License, you must accept the terms of this Agreement as a schedule to your agreement with DI. Your agreement with DI specifies whether your License is a paid-up License or is a subscription License. The term ("License Term") of a paid-up License shall be 30 years from the Effective Date. The License Term of a subscription License begins on the Effective Date and is renewed automatically from year to year on the anniversary of the Effective Date unless proper notice of non-renewal is provided. The License Term of a paid-up or a subscription License is subject to earlier termination in accordance with Section 6 below.
4. ISC hereby warrants to you that (i) the Licensed Software will operate substantially in accordance with ISC's documentation relating thereto for one (1) year following the Effective Date, and (ii) all Services shall be performed in a manner consistent with industry standards. The foregoing warranties are conditioned upon the use of the Licensed Software strictly in accordance with ISC's documentation and instructions, and upon the absence of any misuse, damage, alteration, or modification thereto. ISC SHALL NOT BE DEEMED TO HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO YOU AS TO THE CONDITION, MERCHANTABILITY, TITLE, NON-INFRINGEMENT, DESIGN, OPERATION, OR FITNESS FOR A PARTICULAR PURPOSE OF THE LICENSED SOFTWARE OR SERVICES. Your exclusive remedy for a breach of the above warranties shall be for ISC to use reasonable efforts to repair, replace or re-perform any non-conforming Licensed Software or Services, as applicable. In the event of a valid claim that any Licensed Software that has not been altered, modified, misused or damaged infringes upon the intellectual property rights of a third party when used in accordance with ISC's documentation and instructions, ISC shall either (a) modify the Licensed Software, (b) procure a license for you to use the Licensed Software or (c) terminate your License, at ISC's option. LIMITED WARRANTY HEREIN DOES NOT INCLUDE TECHNICAL ASSISTANCE AND SOFTWARE UPDATE SERVICES AND IS NOT A SUBSTITUTE FOR SUCH SERVICES, WHICH ARE AVAILABLE FOR A SEPARATE FEE.
5. ISC's liability to you shall in no event exceed the License Fees or Services Fees received by ISC in respect of the specific Licensed Software or Services on account of which such liability arose. In no event shall ISC be liable to you for any special, incidental, exemplary, indirect, or consequential damages or lost profits.
6. Either party may terminate this Agreement upon the other's breach. You shall be liable for all fees relating to Licensed Software or Services provided prior to termination, and Sections 5, 6, 7, 8 and 10 hereof shall survive.
7. The Licensed Software and related documentation are and shall remain the sole property of ISC. You may make copies of the Licensed Software for backup and archival purposes only. You agree not to (i) decompile, disassemble, or reverse engineer the Licensed Software or (ii) disclose to others the Licensed Software or any data or information relating to the Licensed Software. In addition, you agree not to use or disclose any confidential information provided to you by ISC or its affiliates relating to the Licensed Software, Services or this business relationship. You agree to allow ISC or its representatives to audit your use of the Licensed Software upon five (5) days' notice by ISC, including providing access to your premises.
8. This Agreement shall be construed in accordance with and governed by the laws and regulations of the Commonwealth of Massachusetts. Any litigation arising herein shall be initiated and conducted exclusively in the state or federal courts in Boston, Massachusetts.
9. You agree to comply with all applicable laws, including, but not limited to, U.S. export control or similar laws with respect to use of the Licensed Software and technical data. The English version of this Agreement shall control unless otherwise required by local law.
10. **US Federal Government Use: This clause applies to any use of the Licensed Software by any U.S. federal government entity, agency or department.** The Licensed Software is commercial computer software and commercial computer software documentation as those terms are defined in the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). The Licensed Software is for the United States federal government's end use subject to the terms and conditions of the License Agreement, which



is a customary commercial license provided in accordance with FAR [48 C.F.R.] 12.211 (Technical Data) and FAR [48 C.F.R.] 12.212 (Software) and, for End Users that are Department of Defense Government Entities, DFARS [48 C.F.R.] 252.227-7015 (Technical Data – Commercial Items), DFARS [48 C.F.R.] 227.7202-1 (Commercial Computer Software or Commercial Computer Software Documentation Shall be Acquired under the Licenses Customarily Provided to the Public), DFARS [48 C.F.R.] 227.7202-3 (Rights in Commercial Computer Software or Computer Software Documentation), and DFARS [48 C.F.R.] 227.7202-4 (Contract Clause Governing the Government's Rights in Commercial Computer Software or Commercial Computer Software Documentation). The License Agreement is in lieu of, and supersedes, any other provisions or terms and conditions addressing the United States federal government's rights in the Licensed Software.

11. These terms together with any applicable terms provided to you by DI constitute the entire agreement (collectively, the "Agreement") between you and ISC relating to the subject matter hereof and supersede any prior understandings between us as well as any purchase orders or similar documents that may be submitted to ISC. ISC shall have the right to transfer or assign this Agreement without your consent. This Agreement may only be modified or amended by a writing signed by both Parties.

InterSystems Corporation: V. Aug07 1.0



CLLOUD-BASED SOLUTION SCHEDULE

All Software licensed to Customer as part of a Cloud-Based Solution, is provided pursuant to the General Terms and Conditions, this Schedule and any Exhibit or Appendix attached by reference.

PART A – STANDARD TERMS AND CONDITIONS

- 1) **DEFINITIONS.** The following definitions are added to this Master Agreement for the purpose of providing the Subscription Services:
 - a) **“Access and Use Terms and Conditions”** means the terms and conditions set forth in Section 3 below, under which DI grants Customer a license to access and Use the Software and the Subscription Services.
 - b) **“Affected Subscription Services”** means a Subscription Services that is materially and adversely affected by a Modification.
 - c) **“Critical Threat”** Use of the Subscription Services or of any IdP by Customer or any of its Authorized Users that poses an imminent threat to (i) the security or integrity of any Customer Data or the data of any other DI customer, or (ii) the availability of the Cloud Platform to Customer or any other DI customer.
 - d) **“Customer Identifying Information”** means any information identifying the legal Customer entity, such as Customer’s legal name or address. Customer Identifying Information shall be deemed to be “Customer Data”.
 - e) **“Login Notice”** means an email to Customer containing a link for log in access to the Cloud Platform and Software that is initiated upon payment of the applicable Subscription Services Fees.
 - f) **“Modification Notice”** means a notice provided by DI to Customer of any Modification(s) to this Master Agreement, applicable to Customer and affecting the Subscription Services.
 - g) **“Operating Hours”** means the hours the Cloud Platform will be available, as set forth in Part C - Service Level Agreement.
 - h) **“Scheduled Maintenance”** means the application of any Updates or performance of other maintenance activities related to the Cloud Platform and/or Software.
 - i) **“Security Measures”** means DI’s current technical and organizational security measures designed to meet the following objectives: (i) ensure the security and confidentiality of Customer Data in the custody and under the control of DI; (ii) protect against any anticipated threats or hazards to the security or integrity of such Customer Data; and (iii) protect against unauthorized access to or use of such Customer Data.
 - j) **“Service Level Agreement”** means the service level terms and conditions for the Cloud Platform and Software, as set forth in Part C.
 - k) **“Service Level Warranty”** means the service level warranty, as set forth in Part C (“Service Level Agreement”).
 - l) **“Uptime”** means the uptime availability for the Cloud Platform and Software, as set forth in Part C.
- 2) **FEES.**
 - a) Customer must pay the Subscription Fees, set forth on the applicable Quote, prior to the start of any initial Subscription Term or a Renewal Term.
 - b) DI will invoice Customer annually for the Subscription Fees due for each calendar year of the then-current Subscription Term (“Calendar Year Portion”).
 - c) Customers will be notified in advance of an upcoming expiration of a Subscription Term and will be provided with a Quote for the Subscription Fees due for the Renewal Term.
- 3) **ACCESS AND USE TERMS AND CONDITIONS**
 - a) **License.** Subject to Customer’s compliance with the terms of this Master Agreement:
 - i) **Access and Use.** DI grants to Customer, for the current Subscription Services Term, a non-exclusive, non-transferable, non-sublicensable, revocable, license to receive the Subscription Services, and access and Use, and permits its Authorized Users to access and Use, the Software, in accordance with the Documentation, only as allowed herein solely for Customer’s internal business purposes.
 - ii) **Subscription Start Date.** The date DI provides the Login Notice to Customer shall be deemed the Subscription Services Start Date.
 - iii) **Reproduction.** DI grants Customer the right to reproduce the Documentation, as necessary, for Customer’s internal business purposes, in its ordinary course of business. Any copies of the Documentation that Customer makes must contain the same titles, trademarks, copyright notices, legends and other proprietary notices that appear on or in the Documentation.
 - b) **No Modification.** Customer shall not, and shall not permit any third party to, (i) remove or alter any copyright notices on and all copies of the Software (ii) modify, adapt, alter or translate (excluding any language translation features that are part of the Software, and default project data files) the Software or (iii) reverse engineer, decompile, disassemble, create derivative works of any part of the Software, attempt to defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software; or otherwise attempt to discover the source code or the underlying ideas, algorithms,



structure or organization form of the Software, except to the extent Customer may be expressly permitted to decompile under applicable law. DI reserves the right to make improvements, substitutions, modifications or enhancements to any part of the Software.

- c) **Run Time Components.** To the extent that the Software includes run time or other components licensed by DI from third parties, Customer shall not create any software program that links, embeds or makes direct function calls to such components.
- d) **Transfer.** Customer may not, share, rent, lease, lend, sublicense, assign, distribute, sell or transfer Customer's license/rights under this Master Agreement for any purpose, including but not limited to commercial time-sharing, or for service bureau use.
- e) **Updates.** Customer agrees that by Using an Update, Customer voluntarily terminates Customer's right to Use any previous version of the Software and will transfer all data to the new Update.

4) CUSTOMER GENERAL RESPONSIBILITIES.

- a) **Acceptable Use Policy.** Customer shall comply with and will ensure that its Authorized Users comply with the Acceptable Use Policy.
- b) **Software and Hardware.** The procurement, compatibility, operation, security, support and maintenance of Customer's hardware and software (that are not the Software) used to receive the Subscription Services are the responsibility of Customer.
- c) **Internet Access and Connectivity.** Customer will be solely responsible for obtaining, maintaining and paying for all equipment and third-party services (e.g., Internet access and email service) required for Customer to obtain and maintain connectivity and access between Customer's network, its hardware, and the Subscription Services.
- d) **Login Credentials and Account Keys.** Any login credentials and private keys generated by the Software are for Customer's internal use only and Customer will not sell, transfer or sublicense them to any other entity or person, except that Customer may disclose Customer login credentials and private keys to an Authorized User.
- e) **Passwords.** Customer will be solely responsible for safeguarding and maintaining the confidentiality of Authorized User names and passwords, administering name and password information for its Authorized Users, restricting Software passwords to Authorized Users only, maintaining single Authorized User passwords, and making Authorized User accounts inactive when employment is terminated. Customer agrees to add or inactivate Authorized Users, reset passwords and manage its account only through the Software or notify DI in the event an Authorized User's employment has been terminated and the aforementioned steps cannot be performed.
- f) **Authorized Users.** Customer shall implement reasonable controls to ensure that the Subscription Services are accessed and Used only by Authorized Users. Customer is responsible for all activities that occur under Customer's log ins to the Software, regardless of whether the activities are authorized by Customer or undertaken by Customer or an Authorized User, and DI is not responsible for unauthorized access to Customer's installation of the Software. Customer will be deemed to have taken any action that Customer permits, assists or facilitates any person or entity to take related to this Master Agreement. Customer is responsible for Authorized Users Use of the Software. Customer will ensure that all Authorized Users comply with Customer obligations under this Master Agreement. If Customer becomes aware of any violation of Customer obligations under this Master Agreement caused by an Authorized User, Customer will immediately suspend access to the Subscription Services and the Software by such Authorized User.
- g) **Customer Data.** Customer will ensure that Customer Data, and Customer and Authorized User's use of Customer Data or Use of the Software will not violate any applicable law. Customer is solely responsible for the occurrence, quality, integrity and content and use of Customer Data. Customer is responsible for any transmission of Customer Data Customer or its Authorized Users, send, receive, post, access, or store via the Cloud Platform and Software.
- h) **Customer Security and Backup.** Customer is solely responsible for properly configuring and using the Software and otherwise taking appropriate action to secure, protect and backup Customer Data in a manner that will provide appropriate security and protection, which might include use of encryption to protect Customer Data from unauthorized access, and routinely archiving Customer Data.
- i) **Prohibited Content.** If DI reasonably believes any of Customer Data is Prohibited Content, DI will notify Customer of the Prohibited Content and may request that such content be removed from the Software or access to it be disabled. If Customer does not remove or disable access to the Prohibited Content within two (2) business days of notice, DI shall remove or disable access to the Prohibited Content or suspend access to the Software to the extent it is not able to remove or disable access to the Prohibited Content. Notwithstanding the foregoing, DI may remove or disable access to any Prohibited Content without prior notice in connection with illegal content, where the content may disrupt or threaten Use of the Software in accordance with applicable law or any judicial, regulatory or other governmental order or request.

5) THIRD PARTY SOFTWARE OR SERVICES.

- a) **IdPs.** The Cloud Platform may include functionality that enables Customer, at Customer's option, to connect with certain IdP services or sites, via public facing APIs provided and controlled by the IdP. Any authentication information transmitted to or accessed by the Cloud Platform from an IdP is considered



Customer's Confidential Information under this Master Agreement and, to the extent within DI's possession or under DI's control, shall be protected as such pursuant to the terms of this Master Agreement. If an IdP modifies its APIs or equivalents so that they no longer interoperate with the Cloud Platform or imposes requirements on interoperability that are unreasonable for DI, and if, after applying reasonable efforts, DI is unable to overcome such modifications or requirements then, upon reasonable notice to Customer, DI may cease or suspend its provision of interoperability between the Cloud Platform and the affected IdP services or sites without liability to Customer. Except for DI's obligations to protect authentication credentials obtained by the Cloud Platform from an IdP, DI has no responsibility for the acquisition, development, implementation, operation, support, maintenance, or security of any IdP.

- 6) **MODIFICATION(S).** DI will provide Customer with a Modification Notice, applicable to Customer and affecting Customer's current Subscription Services. If Customer does not wish to accept such Modification, then Customer may terminate Customer's subscription for the Affected Subscription Service by providing DI notice in accordance with the following:

- a) If the Modification Notice states that the Modification(s) will become effective upon commencement of the next Renewal Term, then Customer may notify DI, in writing, of its determination not to renew the Affected Subscription Services, upon the earlier of (a) thirty (30) days prior to commencement of the next Renewal Term or (b) within five (5) business days after receipt of the Modification Notice, if such Modification Notice is received by Customer within the thirty (30) day period, prior to the date of the next Renewal Term.
- b) If the Modification Notice states that the Modification(s) will become effective during the then current Subscription Services Term, then Customer may notify DI in writing, of its determination to terminate Customer's subscription for the Affected Subscription Services, at any time within the thirty (30) day period immediately following the date of the Modification Notice. Customer's termination will become effective on the later to occur of (a) the date on which Customer delivers the termination notice, or (b) the date on which the applicable Modifications become effective. If Customer terminates any Affected Subscription Services pursuant to this section, then Customer will be entitled to a pro-rata refund of any prepaid Subscription Services Fees for the terminated Affected Subscription Service for the unused portion of the current Subscription Services Term. For clarification, Subscription Services Fees do not include any activation fees, installation fees, Professional Services Fees, or other expenses incurred in connection with the Affected Subscription Services.
- c) If Customer does not terminate the Affected Subscription Service as specified in the preceding sections, then Customer will be bound by the Modification(s) beginning upon the date on which the Modification Notice states they become effective.

7) **WARRANTIES.**

- a) DI warrants that for as long as Customer has a valid Subscription Services Term in effect for the Software, the Software, when properly Used in accordance with the applicable Documentation, will substantially perform in accordance with the Documentation provided with the Software. Customer's exclusive remedy under the limited warranty set forth herein and the sole obligation of DI for breach of this warranty shall be for DI to use commercially reasonable efforts to correct any reproducible error of the Software to conform to the Documentation, at no additional charge.
- b) DI warrants that it shall use, reasonable efforts, using applicable current industry practices, to ensure that the Cloud Platform and the Software, in the form provided by DI to Customer under this Master Agreement, do not contain any Malware.

8) **SUBSCRIPTION SERVICES TERM.**

- a) Initial Term. The initial Subscription Services Term shall be set forth in the applicable Quote. A Login Notice will be initiated to Customer upon payment of the applicable Subscription Services Fees. The date DI provides the Login Notice shall be deemed the Subscription Services Start Date.
- b) Renewals.
 - i) Customers will be provided with a Renewal Notice and Quote in advance of an upcoming expiration of a Subscription Services Term. The Subscription will be considered renewed only if Customer signs the Quote should Customer elect to Renew,
 - ii) Customer will also have the option to discontinue year two or year three of the Subscription Services by providing notification to DI at least thirty (30) days in advance of the expiration date of the current annual Subscription Services Term.
 - iii) Customer must pay the Renewal Fees prior to the expiration of the then-current Subscription Services Term.
 - iv) DI may increase its charges for the Subscription Services Fees for each successive term. Any such increase shall be set out in the Renewal Notice for the Subscription Services Term for which the increase is to be in effect.
 - v) Upon renewal of Subscription Services, should the Subscription terms and conditions change, those changes shall be provided to Customer along with the Renewal notice and Quote.

9) **SUSPENSION AND TERMINATION**

- a) **Suspension for Critical Threats.** If DI determines that Customer's or any of its Authorized Users' Use of the Subscription Services pose a Critical Threat, the DI will immediately attempt to contact Customer to



- resolve the Critical Threat. If DI is unable to immediately contact Customer, or if DI contacts Customer but Customer is unable to immediately remediate the Critical Threat, then DI, acting reasonably in the circumstances then known to DI, may suspend Customer's and its Authorized Users' Use of the Cloud Platform until the Critical Threat is resolved and DI is able to restore the Subscription Services to Customer.
- b) **Suspension or Termination for Non-Compliance.** If DI determines that Customer's or any of its Authorized Users are in Non-Compliance, and if Customer has not remediated the Non-Compliance within five (5) days of notification by DI, then DI may suspend Customer's and its Authorized Users' Use of the Cloud Platform until the Non-Compliance is resolved and DI is able to restore the Subscription Services for Customer. If DI determines that the Non-Compliance is incapable of cure, then DI may immediately terminate its provision of Subscription Services to Customer.
 - f) **Suspension or Termination for Non-Payment.** DI, at its sole discretion, reserves the right to suspend, or terminate Customer's Subscription Services if the Fees due for the current Calendar Year Portion or Renewal Term, are not paid prior to start of such Calendar Year or Renewal Term.
 - g) **Termination for Convenience.** The Parties acknowledge and agree that each Subscription Services Term is priced as a minimum term and may not be terminated for convenience.
 - h) **Termination for Material Breach.** Subscription Services may be terminated immediately upon written notice by either Party upon the material breach by the other Party of its obligations under this Master Agreement (including nonpayment of any applicable Fees), which breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
 - i) **Termination for a Modification.** Customer may terminate the Subscription Services, related to a Modification Notice, as set forth in Section 6 ("**Modifications**") above.
 - j) **Termination of this Master Agreement.** If this Master Agreement is terminated in whole, for any reason, all licenses to Subscription Services shall terminate as of the termination date.
 - k) **Effect of Termination.** Upon termination of Subscription Services:
 - i) DI shall cease providing, and Customer shall immediately cease using, the Subscription Services and all related licenses granted to Customer shall immediately terminate.
 - ii) Customer shall be liable to DI for Subscription Fees due for the remainder of any Subscription Terms (initial or Renewal Terms) in place at the time of termination. The owed Subscription Fees will become immediately due and payable.
 - iii) If Customer terminates a Subscription Service by not renewing the Subscription Term, and afterwards Customer desires to reinstate the Subscription Service, Customer will have to purchase a new Subscription Service for a new, full Subscription Term, at the then-current prices.
 - iv) The provision of Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions shall go into effect, as applicable.

PART B - ACCEPTABLE USE POLICY

This Acceptable Use Policy ("**AUP**") applies to Use of DI's Subscription Services, access to the Cloud Platform, Software and to all other services and products offered by DI and accessible from the Cloud Platform (collectively referred to herein as the "**DI Services**").

1) USE OF THE DI SERVICES.

- a) Customer may not:
 - i) Attempt to gain unauthorized access to, or interfere or attempt to interfere with or compromise, in any manner, with the functionality or proper working of the DI Services.
 - ii) Upload to the DI Services, or Use the DI Services, to store or transmit material in violation of any third-party privacy or data protection rights.
 - iii) Upload to the DI Services, or Use the DI Services to store or transmit any Malware.
 - iv) Upload to the DI Services or Use the DI Services to store, transmit or process any Personally Identifiable Information, or any other regulated data or information in violation of any applicable law or regulations.
 - v) Interfere with or disrupt the integrity or performance of the DI Services or third-party data stored or processed with the DI Services.
 - vi) Attempt to gain unauthorized access to the DI Services or their related systems or networks, including through denial of service, fuzzing or similar attacks.
 - vii) Attempt to probe, scan, penetrate or test the vulnerability of the DI Services, or to circumvent, avoid or breach DI's security or authentication measures, whether by passive or intrusive techniques or by social engineering.
 - viii) Attempt to reverse engineer any of DI's technology (including the Cloud Platform and Software), including as a means to find vulnerabilities to avoid DI's current Security Measures.

- 2) **SHARED RESOURCES.** Customer agrees that DI may quarantine or delete any Customer Data stored on the Cloud Platform or in the Software if DI reasonably believes that the Customer Data is infected with any Malware or is otherwise corrupted and has the potential to infect or corrupt the Cloud Platform and/or Software or other



customer's data that is stored or accessed via the Cloud Platform and Software.

3) ABUSE.

- a) Customer may not Use the DI Services to engage in, foster, or promote illegal, abusive or irresponsible behavior, including:
 - i) Unauthorized access to, or Use of the DI Services, including any unauthorized attempt to probe, scan or test the vulnerability of the DI Services to breach security or authentication measures.
 - ii) Monitoring data or traffic with the DI Services without the express authorization of DI.
 - iii) Interference with service to any user of the DI Services.
 - iv) Use of a DI Service account without the appropriate authorization.
 - v) Collecting or using email addresses, screen names or other identifiers without the consent of the person identified (including, phishing, internet scamming, password robbery, spidering, and harvesting).
 - vi) Collecting or using information without the consent of the owner of the information.
 - vii) Use of the DI Services to distribute software that covertly gathers information about a user or covertly transmits information about the user.
 - viii) Use of the DI Services to commit fraud.
 - ix) Any conduct that is likely to result in retaliation against the DI Services or DI's employees, officers or other agents, including engaging in behavior that results in any server used to provide the DI Services being the target of a denial of service ("DoS").
 - x) Use of the DI Services to facilitate competition with DI including through establishment of accounts that do not fairly represent their purpose, or for benchmarking purposes not authorized by DI.

4) OFFENSIVE CONTENT.

- a) Customer may not publish, transmit or store on the Cloud Platform of Software, or Use any DI Services, to enable, control or provide access to any content or links to any content that DI reasonably believes:
 - i) Is obscene.
 - ii) Contains harassing content or hate speech, or is violent, incites violence, or threatens violence.
 - iii) Is unfair or deceptive under the consumer protection laws of any jurisdiction.
 - iv) Is defamatory or violates a person's privacy.
 - v) Creates a risk to a person's safety or health, creates a risk to public safety or health, is contrary to applicable law, or interferes with an investigation by law enforcement.
 - vi) Improperly exposes trade secrets or other confidential or proprietary information of another person or entity.
 - vii) Is intended to assist others in defeating technical copyright protections.
 - viii) Infringes on another person or entity's copyright, trade or service mark, patent or other property rights, or violates any privacy right.
 - ix) Is illegal or solicits conduct that is illegal under laws applicable to Customer or to DI.
 - x) Is otherwise malicious, fraudulent, or may result in retaliation against DI by offended viewers or recipients.

- 5) OTHER.** Customer will not be entitled to any credit or other compensation for any interruption of the DI Services resulting from AUP violations.

PART C – SERVICE LEVEL AGREEMENT

- 1) The Service Level Warranty provided in this Schedule shall not apply to any services other than bandwidth and facility services and shall not apply to performance issues (i) caused by factors outside of DI's reasonable control; (ii) that resulted from any actions or inactions of Customer or any third parties; or (iii) that resulted from Customer's equipment and/or third-party equipment.
- 2) For purposes of this Service Level Agreement, the term "**Uptime**" shall mean all Operating Hours except for time devoted to Scheduled Maintenance and to any time during which connectivity to the Cloud Platform or Software is lost due to the factors described in Section 1 above.
- 3) The Cloud Platform and Software will operate on a twenty-four hour per day, seven-day per week basis (the "**Operating Hours**").
- 4) From time to time, DI may, at its sole discretion, decide to perform Scheduled Maintenance to the Cloud Platform and/or Software, which may result in interruptions in access to the Software by Customer during the Operating Hours. DI will notify the Customer when Scheduled Maintenance will occur.
- 5) Subject to the limitations set forth in Sections 1, 2, 3, and 4 of this Part C ("Service Level Agreement"), DI warrants and represents that it will use commercially reasonable efforts to provide ninety-five (95%) Uptime of the Cloud Platform and Software, in any calendar quarter during the Subscription Services Term (the "**Service Level Warranty**").
- 6) In the event of a breach of the Service Level Warranty, as the sole remedy for such breach DI shall credit to



Customer's account a pro-rata portion of the Subscription Services Fees, pre-paid by Customer, for the unavailable Subscription Services during the period of such breach.

- 7) Customer must exercise its right to a refund under Section 6 above by written notice, subject to the terms of Section 13.h.ii) ("**Legal Notices**") of the General Terms and Conditions, delivered to DI not later than thirty (30) days after the close of the calendar quarter in which the breach occurred.
- 8) Notwithstanding the foregoing, Customer agrees that any failure of the Cloud Platform and/or Software to meet the Uptime warranty set forth in this Schedule that is not directly caused by DI, but is caused by something outside of DI's control, shall not be deemed a breach of the Service Level Warranty (e.g. Customer's internet service goes down, downtime is caused by DI's third-party platform vendor, failure of video streaming service, etc.).

**EXHIBIT TO CLOUD-BASED SOLUTION SCHEDULE - LAB GPS™**

This Exhibit is attached to the Cloud-Based Solution Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of access and Use of Lab GPS™.

- 1) **LAB GPS™.** Lab GPS is a software developed and owned by Data Innovations and is sublicensed to Customer by DI as a Cloud-Based Solution.
- 2) **AUTHORIZED USERS.**
 - a) The number of Authorized Users who may concurrently access and Use the Software shall not exceed the number of Authorized Users specified in the applicable Quote.
 - b) Authorized User seats cannot be shared by more than one (1) individual, but Customer may replace and re-assign the seat to a new Authorized User.
- 3) **AGGREGATED AND STATISTICAL INFORMATION.**
 - a) DI may utilize all Aggregated and Statistical Information, without obligation to Customer, for purposes of internal analytical purposes related to the operation, of the Software or its supporting processes and systems and the provision of the Subscription Services, including the (i) monitoring, managing, enhancement or undertaking of internal research for technological development of the Software or Subscription Services, (ii) detection of security incidents, and to protect against malicious, deceptive, fraudulent or illegal activity; and (iii) identification of errors that impair existing functionality. DI may make information derived from its analysis of the Aggregated and Statistical Information publicly available on an aggregated and anonymized basis, provided that DI's use of the Aggregated and Statistical Information does not contain any Personally Identifiable Information nor will it disclose any Customer Identifying Information. For the sake of clarity such aggregated and anonymized data is not Confidential Information of Customer.
 - b) Customer acknowledges and agrees that to provide Customer and other DI customers with comprehensive comparative and benchmark data, DI reserves the perpetual right to aggregate data including Customer Data, without any obligation to Customer, and disclose Aggregated and Statistical Information from all DI customers in its database. Customer Data will not be attributed to Customer.
- 4) **INFORMATION SECURITY.** DI will implement and maintain commercially reasonable technical and organizational Security Measures. A copy of DI's current Security Measures may be found at <http://www.datainnovations.com/terms-and-conditions>. Customer is solely responsible for the consequences of Customer's decision not to adopt updates or best practices that DI makes available to Customer.
- 5) **EFFECT OF TERMINATION.** The following provision is added as an additional subsection to Section 9.h) ("Effect of Termination") of Part A ("Standard Terms and Conditions") of the Cloud-Based Solution Schedule: Customer Data stored on the Cloud Platform and in the Software will be permanently deleted.



MAINTENANCE AND SUPPORT SERVICES SCHEDULE

All Maintenance and Support Services are provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit or Appendix attached by reference.

DI will provide the Maintenance and Support Services set forth in this Schedule, and any related Exhibits, for the current Major Release and the previous Major Release of a Supported Version of the Software for which Customer has a valid license to Use and for which Customer is current on all Maintenance and Support Services Fees.

- 1) **MAINTENANCE AND SUPPORT SERVICES PRIORITY LEVELS.** Upon request for Maintenance and Support Services where the issues being experienced by the Customer are identified as a Software Error, Customer and DI will mutually agree on the severity level of the Software Error. DI will respond to issues with the Software according to the following schedule:

a) **Critical Priority Software Error:**

- i) Critical Priority Software Errors must be reported via telephone.
- ii) DI will acknowledge Critical Priority Software Errors within one (1) hour of the initial contact via telephone and commence working towards a resolution at that time.

b) **High Priority Software Errors:**

- i) High Priority Software Errors must be reported via telephone.
- ii) DI will acknowledge High Priority Software Errors within four (4) hours of the initial contact via telephone and commence working towards a resolution at that time.

c) **Medium Priority Software Errors:**

- i) Medium Priority Software Errors may be reported via telephone, email, or through the My DI Community, and/or the Customer Web Portal (as specified in the table in the Exhibit, attached to this Schedule by reference, for the specific Software license type).
- ii) DI will acknowledge Medium Priority Software Errors within twenty-four (24) hours of the initial contact.

d) **Low Priority Software Errors:**

- i) Low Priority Software Errors may be reported via telephone, email, or through the My DI Community, and/or the Customer Web Portal (as specified in the table in the Exhibit, attached to this Schedule by reference, for the specific Software license type).
- ii) DI will acknowledge Low Priority Software Errors within forty-eight (48) hours of the initial contact.

- 2) **OBTAINING SUPPORT.** A customer requesting that DI provide Maintenance and Support Services for the Software shall contact DI during the times and in the manner set forth in the Exhibit, attached to this Schedule by reference, for the specific Software license type. Customer shall provide DI with (a) an accurate description of the Software Error; (b) the steps necessary to reproduce the Software Error; (c) if required, the data being processed at the time of the Software Error and associated log files; and (d) the severity of the Software Error, including the circumstances that lead to the Software Error.

a) **During Support Hours.** Customer may log requests for Maintenance and Support Services in the following manner:

- i) **Telephone:** Customer may log Maintenance and Support Services requests by calling the telephone number provided in the Exhibit, attached to this Schedule by reference, for the specific Software license type. All Critical Priority and High Priority Software Errors must be logged via telephone.
- ii) **E-mail:** Customer may log Maintenance and Support Services requests by sending e-mails to the appropriate DI regional support center via the email address provided in the Exhibit, attached to this Schedule by reference, for the specific Software license type. All Critical and High Priority Software Errors must be logged via telephone. E-mail is reserved for Medium and Low Priority Software Errors.
- iii) **My DI Community, and/or Customer Web Portal:** Using the My DI Community, and/or Customer Web Portal, as indicated in the Exhibit attached to this Schedule by reference, for the specific Software license type, Customers can log Medium and Low Priority Issues, view the status of outstanding issues, download Drivers, (for Instrument Manager™ only) Documentation, and access a Knowledgebase of known issues and resolutions, for troubleshooting assistance and update contact information. DI does not warrant My DI Community, and/or Customer Web Portal will operate without interruption or without errors.

- b) **Emergency Support.** Emergency Maintenance and Support Services are available 24x7x365. An Emergency Maintenance and Support Services request may be submitted for a live Software system where all or a portion of the system has become non-operative and is affecting a critical laboratory function.

- c) **Non-Emergency Support After Hours.** Customers requesting that DI provide non-Emergency Maintenance and Support Services outside of Support Hours may purchase Professional Services for "Custom Support Services". Custom Support Services must be scheduled and are subject to DI's resource availability and shall be provided subject to a separate, PS Agreement entered into between the Parties.

3) **CUSTOMER RESPONSIBILITIES.**

- a) **Remote Access.** In order to assist DI in meeting the commitments above, Customer agrees to provide an



approved remote method to the devices running the Software with connectivity to the Software and access that permits connectivity and administration using Software's administration tools accessing the database engine.

- b) **Diagnostics Data.** In the event DI requests any data dumps, logs, or any other documentation from Customer to resolve a reported Software Error, such information shall be forwarded by overnight courier at Customer's expense or through electronic means such as e-mail, remote access, or FTP.
- c) **Primary Technical Contact(s).** DI reserves the right to only provide Maintenance and Support Services for up to three (3) individuals employed or subcontracted by the Customer who have been identified and trained as the Primary Technical Contacts of the Software. Customer shall identify its designated Primary Technical Contacts in the Notice and Contact Information Schedule for the specific Software license type.
- 4) **HARDWARE PLATFORM / INFRASTRUCTURE.** Customer is responsible for the maintenance of its hardware platform and technical infrastructure. This infrastructure includes but is not limited to a reliable backup solution, networking components, Malware protection, and security software applications (i.e. firewalls).
- 5) **UPDATES.** Customer shall have the right to receive Updates at no additional charge by requesting the same from the Customer's respective DI's regional support center or accessing the Updates from the DI's customer web site. If Customer requests that Updates be provided to Customer via electronic media (e.g. CD/DVD), DI may charge reasonable processing and shipping fees.
- 6) **REQUESTED ENHANCEMENTS.** Customer may submit a request to DI for a Requested Enhancement. DI may, at its discretion, develop the Requested Enhancements in full, in part, and/or with variations to the request.
- 7) **DRIVER UPDATES.** Customer shall have the right to receive Driver Updates at no additional charge by requesting the same from the Customer's respective regional DI's support center or accessing the Driver Updates from the DI customer web site. If Customer requests that the Driver Updates be provided to Customer via electronic media (e.g. CD/DVD), DI may charge reasonable processing and shipping fees.
- 8) **NEW DRIVERS.** Customer may submit a request to DI for the development of a new Driver. DI may, at its discretion, develop the requested new Driver in full, in part, and/or with variations to the request.
- 9) **NO LIABILITY FOR INACCURATE DIAGNOSTICS.** DI will attempt to provide accurate advice and information to Customer's employees requesting telephone or web-based, e-mail support with respect to the Software; however, the Parties acknowledge that DI cannot guarantee that such advice and information will be error free and accurate in all instances as such advice and information is dependent upon Customer's presentation and interpretation of the support needed as well as complete disclosure of the circumstances leading up to the request and, as such, DI will not be liable to Customer for any damages sustained by Customer as a result of incorrect or inaccurate advice by DI unless such damages were directly caused by the gross negligence or willful misconduct of DI.
- 10) **INSTALLATION OF ADDITIONAL SOFTWARE AND UPDATES.** Customer should not install any version, update, or upgrade of any Additional Software, on a shared platform with the Software, unless Customer understands the impact and necessity of the Additional Software version, update, or upgrade with the Software. Customer must understand and assume the risk to the Software for the application of Additional Software versions, updates, or upgrade.
- 11) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** DI will not be obligated to provide Maintenance and Support Services if: (a) Customer fails to provide DI all information, technical assistance, and access to the computing device on which the Software is installed and any other equipment and personnel necessary to assist DI; (b) the Software is not Used in accordance with the applicable Documentation; (c) any Software Error malfunction or defect reported by Customer is found by DI to be due to a cause other than the Software or Updates as delivered by DI; (d) Customer has not installed the Updates in a timely manner (see the Updates and Driver Updates sections above); or (e) the Software Error, malfunction, or defect cannot be reproduced. If any such non-Software error, malfunction, or defect may reasonably be corrected by DI, DI may correct it at Customer's request, subject to resource availability, for reasonable service charges, agreed to by Customer and DI. Examples of non-Software Errors, malfunctions, defects, associated materials, or services outside the scope of Maintenance and Support Services include but are not limited to the following:
 - a) Troubleshooting of Customer's computer hardware, operating system, system monitoring software, Malware software, or network;
 - b) Database management including but not limited to database backups, database archiving, database disk utilization monitoring, database patching, database upgrades;
 - c) Set up of Customer-provided equipment;
 - d) Troubleshooting Additional Software;
 - e) Troubleshooting Additional Software issues;
 - f) Data modification caused by Customer error or host computer system error;
 - g) Customer-requested modifications to the Documentation;
 - h) Customer account management (e.g. password resets).
- 12) **MAINTENANCE AND SUPPORT SERVICES WARRANTY AND DISCLAIMER:** DI warrants that Maintenance and Support Services will be performed with reasonable skill and care by competent and trained personnel, and in accordance with applicable and reasonable industry standards and practices. As Customer's exclusive remedy and DI's sole obligation for breach of this warranty, DI shall use commercially reasonable efforts to correct



defective Maintenance and Support Services at no additional charge to Customer, provided that Customer gives DI specific written notice of the defective Maintenance and Support Services within thirty (30) days after the Maintenance and Support Services are performed.

13) NOTIFICATIONS REGARDING EOS, EOM AND EOL:

- a) Communications related to Software may be frequent. DI suggests that Customer subscribe to the appropriate email notifications at [E-mail Updates | Data Innovations](#).
- b) EoS - DI policy is to provide a minimum 12-month notification for an End of Sale event, whenever possible.
- c) EoM - DI policy is to provide a minimum 12-month notification, whenever possible, when Customer is required to act in response to an End of Maintenance event to avoid degradation of the normal Use of the Software or a specific Software version.
- d) EoL - DI policy is to provide a minimum of 24 months notification prior to an End of Life event for Software. It is DI's policy to provide a minimum of 12 months' notification prior to an End of Life event for a specific Software version whenever possible. Maintenance and Support Services for Software and specific Software versions will be provided based on the [published End of Life dates](#).



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE ON-PREMISES SOFTWARE – PERPETUAL LICENSE

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions, and restrictions that are specific to the provision of Maintenance and Support Services for On-Premises Software licensed to Customer on a perpetual license basis.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The term of Maintenance and Support Services is for twelve (12) months. The start date and accrual of Maintenance and Support Services Fees for all Software licensed under this Master Agreement shall be from the date of Delivery of the Software.
- 3) **FEES.** The Maintenance and Support Services Fee for the Software is eighteen percent (18%) per year of DI's then current list price of the Software.
- 4) **RENEWAL:**
 - a) Unless terminated as provided herein, Maintenance and Support Services shall renew annually via a renewal Quote signed by both parties which shall serve as the Renewal Notice at least forty-five (45) days prior to the end of the then-current Maintenance and Support Services term.
 - b) Customer will have the option to discontinue its Maintenance and Support Services by providing notification to DI at least thirty (30) days in advance of the expiration date of the current Maintenance and Support term. Customer must pay the Maintenance and Support Services Fees for the Renewal Term prior to the expiration date of the then-current Maintenance and Support Services term.
 - c) DI reserves the right to terminate Customer's Maintenance and Support Services if Fees are not paid prior to the start of the Renewal Term.
 - d) DI may increase its charges for Maintenance and Support Services Fees for each successive Renewal Term by providing no less than forty-five (45) days advance notice of such increase before the beginning of the Renewal Term for which the increase is to be in effect. Annual price increases shall not exceed a 3% total increase.
- 5) **TERMINATION.** Termination of Maintenance and Support Services by either DI or Customer shall not terminate any fully paid-up, perpetual license to the Software.
- 6) **REINSTATEMENT.** In the event Customer allows Maintenance and Support Services to lapse, DI may allow Customer to reinstate Maintenance and Support Services upon Customer's performance of both of the following conditions (a) Customer agrees to install the latest version of the Software immediately upon Maintenance and Support Services reinstatement and (b) payment for all Maintenance and Support Services Fees accruing between the date in which the prior Maintenance and Support Services term expired and the effective date of reinstatement.
- 7) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
Asia	8:30 am – 6:00 pm HKT Monday – Friday	Customer Web Portal * asia-support@datainnovations.com +852 2398 3182
Europe	8:00 am – 6:00 pm CET/CEST Monday – Friday	Customer Web Portal * europe-support@datainnovations.com +32 2 332 24 13
Latin America	8:30 am – 6:00 pm BRT/BRST Monday – Friday	Customer Web Portal * latinamerica-support@datainnovations.com +55 11 38013283
North America	9:00 am – 8:00 pm EST/EDT Monday – Friday	My DI Community * northamerica-support@datainnovations.com +1 802 658 1955
Note(s): * Based on Customer's regional location, the My DI Community or Customer Web Portal may be accessed via support.datainnovations.com .		

- 8) **PRIMARY TECHNICAL CONTACT(S).** As of the Effective Date, Customer designates the individuals set forth on the Notice and Contact Information Schedule as the Primary Technical Contacts.
- 9) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** The following items are added as additional sub-items to Section 11 ("Maintenance and Support Service Exclusions") of the Maintenance and Support Services Schedule:
 - a) Issues regarding installation in the event Customer chooses to install or implement the Software on its own;
 - b) Software recovery or data manipulation and recovery due to hardware (regardless of whether or not the hardware was purchased by Customer directly from DI or from another third-party vendor) failure caused by circumstances such as lightning strikes, floods or other Acts of God, neglect, power surges, power



failures, or air conditioning or humidity control issues;

- c) Database modifications or alterations made by non-DI personnel; and
- d) Server maintenance including disk management, hardware operation, operation system updates, Malware software management, removal of Customer-introduced Malware.

- 10) **OPERATING SYSTEMS:** On-Premises Software has been validated for operation on a variety of operating systems and hardware platforms. Minimum system specifications and supported operating systems can be provided per version of Software.



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE ON-PREMISES SOFTWARE – SUBSCRIPTION LICENSE

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of Maintenance and Support Services for On-Premises Software licensed to Customer on a subscription license basis.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software as part of the Subscription Services in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The Maintenance and Support Services term for each Software license shall be coterminous with the applicable Subscription Term
- 3) **FEES.** Maintenance and Support Services for the Software are included as part of the annual Subscription Fee at DI's then current list price at the time of initial Subscription Service purchase and/or renewal.
- 4) **TERMINATION.** Maintenance and Support Services shall automatically terminate upon the termination of the applicable Subscription Services.
- 5) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
Asia	8:30 am – 6:00 pm HKT Monday – Friday	Customer Web Portal * asia-support@datainnovations.com +852 2398 3182
Europe	8:00 am – 6:00 pm CET/CEST Monday – Friday	Customer Web Portal * europe-support@datainnovations.com +32 2 332 24 13
Latin America	8:30 am – 6:00 pm BRT/BRST Monday – Friday	Customer Web Portal * latinamerica-support@datainnovations.com +55 11 38013283
North America	9:00 am – 8:00 pm EST/EDT Monday – Friday	My DI Community * northamerica-support@datainnovations.com +1 802 658 1955
Note(s): My DI Community may be accessed via support.datainnovations.com .		

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- 8) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** The following items are added as additional sub-items to Section 11 ("Maintenance and Support Service Exclusions") of the Maintenance and Support Services Schedule:
 - a) Issues regarding installation in the event Customer chooses to install or implement the Software on its own;
 - b) Software recovery or data manipulation and recovery due to hardware (regardless of whether or not the hardware was purchased by Customer directly from DI or from another third-party vendor) failure caused by circumstances such as lightning strikes, floods or other Acts of God, neglect, power surges, power failures, or air conditioning or humidity control issues;
 - c) Database modifications or alterations made by non-DI personnel; and
 - d) Server maintenance including disk management, hardware operation, operation system updates, Malware software management, removal of Customer-introduced Malware.
- 9) **OPERATING SYSTEMS:** On-Premises Software has been validated for operation on a variety of operating systems and hardware platforms. Minimum system specifications and supported operating systems can be provided per version of Software.
- 10) **NOT APPLICABLE:** The following provisions set forth in the Maintenance and Support Services Schedule do not apply to EP Evaluator®:
 - a) **Priority Levels - Critical Priority Software Error - Section 1.a)**
 - b) **Priority Levels – High Priority Software Error – Section 1.b)**
 - c) **Emergency Support – Section 2.b)**
 - d) **Non-Emergency Support After Hours– Section 2.c)**
 - e) **Driver Updates – Section 7**
 - f) **New Drivers – Section 8**



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE CLOUD- BASED SOLUTION

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of Maintenance and Support Services for Software licensed to Customer as part of a Cloud-Based Solution.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software as part of the Subscription Services in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The Maintenance and Support Services term for each Software license shall be coterminous with the applicable Subscription Term
- 3) **FEES.** Maintenance and Support Services for the Software are included as part of the annual Subscription Fee at DI's then current list price at the time of initial Subscription Service purchase and/or renewal.
- 4) **RENEWAL:** Unless terminated as provided herein, Maintenance and Support Services shall renew in conjunction with the renewal of the applicable Subscription Term. Customer will be notified at least forty-five (45) days prior to the upcoming expiration of a Subscription Term and will be provided with a Quote to renew the Subscription Term which shall require signatures by both Parties. Customer must pay the Subscription Fees for the Renewal Term prior to the expiration date of the then-current Subscription Term.
- 5) **TERMINATION.** Maintenance and Support Services shall automatically terminate upon the termination of the applicable Subscription Services.
- 6) **BROWSERS.** The Cloud-Based Solution has been validated for operation on a variety of browsers. Minimum specifications can be provided, upon request, per version of Software.



Appendix to Exhibit to Maintenance and Support Services – Cloud-Based Solution Lab GPS

This Appendix is attached to the Exhibit to Maintenance and Support Services Schedule – Cloud-Based Solution by reference and sets forth the additional terms, conditions, and restrictions that are specific to the provision of Maintenance and Support Services for Lab GPS.

- 1) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
North America	9:00 am – 5:00 pm EST/EDT Monday – Friday	My DI Community* northamerica-support@datainnovations.com +1 802 658 1955
Note(s): * My DI Community may be accessed via support.datainnovations.com .		

- 2) **PRIMARY TECHNICAL CONTACT(S).** As of the Effective Date, Customer designates the individuals set forth on the Notice and Contact Information Schedule as the Primary Technical Contacts.
- 3) **NOT AVAILABLE:** The following support levels and types, set forth in the Maintenance and Support Services Schedule are not available for Lab GPS:
- a) **Priority Levels - Critical Priority Software Error - Section 1.a)**
 - b) **Priority Levels – High Priority Software Error – Section 1.b)**
 - c) **Emergency Support – Section 2.b)**
 - d) **Non-Emergency Support After Hours– Section 2.c)**
- 4) **NOT APPLICABLE:** The following provisions set forth in the Maintenance and Support Services Schedule do not apply to Lab GPS:
- a) **Customer Responsibilities:**
 - i) Remote Access – Section 3.a)
 - ii) Diagnostic Data – Section 3.b)
 - b) **Hardware Platform / Infrastructure – Section 4**
 - c) **Updates – Section 5**
 - d) **Driver Updates – Section 7**
 - e) **New Drivers – Section 8**
 - f) **Installation of Additional Software and Updates – Section 10**



PROFESSIONAL SERVICES SCHEDULE

All Professional Services are provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit, Quote, or Appendix attached by reference.

- 1) **PROFESSIONAL SERVICES FEES.** DI will invoice Customer for the Professional Services Fees as set forth in the applicable PS Agreement, Quote, or PS Appendix.
- 2) **PERIOD OF PERFORMANCE.**
The Period of Performance for each Professional Services project shall be set forth in the applicable PS Agreement. The Period of Performance may only be modified or extended by mutual agreement of the Parties through the Change Management Process, and if warranted, via a written Amendment signed by both parties.
- 3) **ASSUMPTIONS/CONSIDERATIONS.**
 - a) Any Professional Service not explicitly identified in the applicable PS Agreement is considered "out-of-scope" and assumed to be the responsibility of the Customer. Per the request of Customer, those items can be evaluated, considered, and (if agreed upon by the Parties) addressed through the Change Management Process and a written Amendment signed by both parties.
 - b) Pricing for each PS Agreement assumes Customer resources will be engaged to perform and complete its obligations for the completion of the Professional Services project throughout the Period of Performance. If additional time is required to complete the Professional Services project due to Customer delays or related issues, including but not limited to, completion of Customer tasks outlined in the applicable PS Agreement, this will be discussed between the Customer and DI. If additional time beyond the Period of Performance is requested by Customer to continue delivery of the Professional Services, the additional time will be addressed via the Change Management Process.
- 4) **CHANGE MANAGEMENT PROCESS.** Customer acknowledges and agrees that the Professional Services Fees set forth in the Quote are only for the Professional Services scoped based on Customer provided information and projected Customer technical skills and time commitment required for the performance of such Professional Services. If after the Effective Date of this Agreement i) DI determines that the information provided was not accurate, ii) the information changes, and/or iii) Customer is not able to provide personnel at the technical level, or time-commitment level originally agreed upon, an adjustment to the Professional Services may have to be made by DI, and such adjustment may cause an increase in the Professional Services Fees. Such an increase shall not be binding until both parties agree via a written Amendment. Further, if Customer requests DI perform Professional Services beyond those scoped an adjustment to the scope of Professional Services will have to be made by DI, and such adjustment may require an increase in the Professional Services Fees. Prior to any changes taking affect, an Amendment will be entered into between DI and the Customer to document the revisions to this Agreement and the applicable Quote, if necessary. DI shall have no obligation to begin work on any additional Professional Services prior to the executed Amendment being in place. Changes are broadly defined as work activities not originally scoped in the Agreement.
- 5) **LICENSE GRANT AND OWNERSHIP.**
 - a) Subject to the terms and conditions of this Master Agreement, and the applicable terms set forth in a PS Agreement, and upon payment of all Professional Services Fees owed under the PS Agreement, DI hereby grants Customer a perpetual (subject to the termination provisions below and as set forth in Section 12 ("Termination") of the General Terms and Conditions), non-exclusive, non-transferable, license to use the Work Products solely for Customer's internal business purposes. Nothing contained herein shall grant any rights of ownership to Customer in the DI Tools. If any Software (whether pre-existing or new) is delivered as part of the Professional Services provided herein, Customer acknowledges and agrees that i) nothing contained herein shall grant any rights of use or ownership to Customer in such Software, and ii) all such Software shall be licensed to Customer pursuant to separately executed license agreements.
 - b) Customer acknowledges that DI shall have sole and exclusive ownership of all right, title, and interest in and to the Work Products, including any and all DI copyright material, including algorithms, predefined rules and validation templates, provided to Customer under the scope of this Master Agreement and all modifications and enhancements thereof (including ownership of all trade secrets and copyrights pertaining thereto), subject only to the rights and privileges expressly granted to Customer herein. This Master Agreement does not provide Customer with title to or ownership of the Work Products, but only a right of limited use as set forth herein.
 - c) The license to use the Work Products granted to Customer by DI herein, shall be limited by the following: Customer shall not distribute, copy, or use the Work Products for any purpose beyond the scope of this Master Agreement, except for archival or backup purposes or disclosure required by law, regulatory compliance, and/or laboratory accreditation purposes.
- 6) **RULES-BASED SERVICES.** As part of the Professional Services provided under this Master Agreement, DI may provide Customer with Instrument Manager™ Rules-Based Decision Processing services ("Rules-Based Services") which can include:
 - a) Consulting and/or training Customer on designing and developing rules and algorithms of their own creation to direct Instrument Manager in the processing of patient test results.
 - b) Predefined rules and algorithms that have been modified with Customer's input and approval to direct Instrument Manager in the processing of patient test results.



- c) Templates and consulting to Customer for use and approval to validate the Professional Services provided under this Master Agreement for the Instrument Manager system prior to processing patient test results.
 - d) Customer agrees and acknowledges that the content of any algorithms, and any corresponding results and actions, shall be solely Customer's responsibility. While DI may offer Customer consulting, training, and/or predefined algorithms and rules to implement certain parameters for processing patient test results, Customer agrees that the final identified parameters shall at all times be determined by, and be the sole responsibility of, Customer. Customer shall not, under any circumstances, rely upon DI to make final determinations regarding the content or direction of any Customer rules or processing decisions.
 - e) Because the responsibility for any and all parameters, content, and direction of any rules implemented via Instrument Manager through Rules-Based Services rests solely with Customer, DI makes no representations or warranties with respect to any algorithms, or their content, implemented via its Rules-Based Services.
- 7) **DI EXPENSE REIMBURSEMENT GUIDELINES.** All Billable Expenses incurred by DI while performing the Professional Services shall be reimbursed by Customer per the Monterey County Travel and Business Expense Policy attached as an Exhibit to this Professional Services Schedule, in addition to the following and subject to the following DI Reimbursement Guidelines:
- a) **General.**
 - i) Travel and related expenses should be governed by what is reasonable and appropriate for the business purpose involved and should be the least expensive alternative that meets reasonable quality standards and scheduling needs. Lodging shall be reimbursed per GSA (General Services Administration) per diem allowances for the Monterey County area. Mileage shall be reimbursed at IRS allowances.
 - ii) When requesting reimbursement, DI will report expenses as they were actually spent and support with appropriate receipt.
 - b) **Receipts.** Receipts are required for reimbursement of all expenses.
 - c) **Meals.** Reasonable food and beverage expenses will be reimbursed for breakfast, lunch, and dinner meals only. No other incidental food or beverages will be expensed. Meals may be reimbursed at GSA allowances per diem.
 - d) **Air Travel.**
 - i) DI will secure the lowest coach class fare available for direct, non-stop flights.
 - ii) Customer will not be expected to reimburse for first class tickets or upgrades. First class exception will not apply if airlines place traveler in first class at the coach fare rates.
 - e) **Ground Transportation.**
 - i) DI will use the most economical ground transportation appropriate under the circumstances.
 - ii) No "luxury" or "stretch" limousine expenses will be expensed or expected to be reimbursed.
 - f) **Lodging.**
 - i) DI will book lodging with a reasonable cost for hotel accommodations at the single room rate at a business quality hotel.
 - ii) No "deluxe" or "luxury" room rate expenses will be reimbursed.
 - g) **Parking and Tolls.**
 - i) Parking and toll expenses, including hotel parking, will be reimbursed by Customer.
 - ii) Parking tickets, fines, car washes, and valet service will not be reimbursed by Customer.
 - h) **Other Reimbursable Travel Expenses.** hotel internet may be reimbursable with a documented business purpose.
 - i) **Non-Reimbursable Expenditures.** In general, those expenses that exceed reasonableness or are not appropriately documented will not be reimbursed. Additionally, expenses that are not reimbursable include, but are not limited to:
 - i) airline or other travel insurance
 - ii) first class tickets or upgrades
 - iii) "deluxe" or "luxury" room rates
 - iv) stretch or luxury limousine expenses
 - v) traffic and parking violations and valet or laundry services
 - vi) spa or exercise charges
 - vii) barbers and hairdressers
 - viii) toiletry articles
 - ix) gasoline for personal cars
 - x) movie rentals
 - xi) cost of hotel safes



xii) rental of sport utility vehicles or luxury cars

- 8) **WARRANTY.** DI warrants that the Professional Services will be performed with reasonable skill and care by competent and trained personnel and in accordance with applicable and reasonable industry standards and practices, and that the Work Products will substantially perform in accordance with the specifications set forth in a PS Agreement. As Customer's exclusive remedy and DI's sole obligation for breach of this warranty, DI shall use commercially reasonable efforts to correct defective Professional Services and/or Work Products at no additional charge to Customer, provided that Customer gives DI specific written notice of the defective Professional Services or Work Products within thirty (30) days after the Professional Services are performed.
- 9) **TERM, RESCHEDULING, AND TERMINATION.**
- a) **Term.** Each PS Agreement shall have the term set forth in the PS Agreement. If a term is not specified in the PS Agreement, the PS Agreement shall begin upon the effective date of the PS Agreement and shall continue until all Professional Services are completed, unless earlier terminated as provided herein.
 - b) **Rescheduling.** If, after the Scheduled Date has been agreed upon by the Parties, Customer requests to reschedule the Professional Services, such rescheduling request shall be provided to DI as follows:
 - i) Professional Services, excluding training: If, after the Scheduled Date has been agreed upon by the Parties, Customer requests to reschedule the Professional Services (excluding training), such written rescheduling request shall be provided to DI at least twenty (20) business days prior to the Scheduled Date.
 - ii) Professional Services specifically for training: Requests by Customer to cancel or reschedule training must be made at least thirty (30) business days prior to training Scheduled Date.
 - c) **Effect of Rescheduling.**
 - i) Professional Services, excluding training: If the Professional Services are rescheduled Customer is responsible for any fees and expenses, already incurred by DI prior to the rescheduling, associated with the Professional Services, including transportation change fees and any reasonable and appropriate corresponding increase in Professional Services Fees due to the Rescheduling.
 - ii) Professional Services specifically for training:
 - (1) If training reschedule requests are received at least thirty (30) business days prior to Scheduled Date, Customer's trainees can be rescheduled for an available seat in a comparable program either in person or virtually. DI cannot guarantee seat availability for training in the original site for which Customer's trainee had been scheduled.
 - (2) Reschedule requests or cancellations by Customer made less than thirty (30) business days prior to the Schedule Date, or no shows, are subject to a rescheduling fee up to the full price of the training seat.
 - (3) All reschedule requests or cancellations must be sent to the DI North America training team at: northamerica-training@datainnovations.com.
 - d) **Expiration of Training Seats.**
 - i) Training seats invoiced pursuant to a SOW must be used by Customer within ninety (90) days of the applicable PS Agreement Project Closure Date, whichever occurs first. After the ninety (90) day period, any unused training seats shall be deemed delivered under the applicable invoice, unless otherwise agreed upon in a Change Order to the SOW between DI and an authorized representative of the Customer.
 - ii) Training seats purchased outside of a SOW, pursuant to a Quote only, must be used within twelve (12) months from the date of invoice. At the end of the twelve (12) month period, any unused training seats shall be deemed delivered under the applicable invoice.
 - e) **Termination Without Cause.** Either Party may terminate an individual PS Agreement without cause upon thirty (30) days' written notice to the other. If Customer terminates any PS Agreement without cause, Customer shall promptly reimburse DI for any Fees for Professional Services performed, and Billable Expenses incurred, prior to the date of termination.
 - f) **Termination with Cause.** If either Party materially breaches the terms of an individual PS Agreement, (including, without limitation, any obligation to pay Professional Services Fees), and fails to remedy such breach (if such breach can be remedied) within thirty (30) days of receipt of written notice of such breach, the other Party may terminate such PS Agreement.
 - g) **Termination of this Master Agreement.** If this Master Agreement is terminated for any reason, all PS Agreements still in effect as of the date of termination of this Master Agreement ("Open PS Agreements") shall immediately terminate.
 - h) **Effect of Termination.** Upon any termination of a PS Agreement, Section 12.e) ("Effect of Termination") of the General Terms and Conditions shall be directly applicable to the terminated PS Agreement.



**EXHIBIT TO PROFESSIONAL SERVICES SCHEDULE
MONTEREY COUNTY TRAVEL AND BUSINESS EXPENSE POLICY**



TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

Revised December 11, 2012

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I. PURPOSE

The purpose of this policy is to establish uniform travel and business expense reimbursement policies, rules and claim procedures for persons authorized to conduct County business.

II. SCOPE

The County travel and business expense reimbursement policy applies to all County employees, members of legislative bodies established by the Board (salaried or not), non-County employees (such as contractors who receive travel and/or business expense reimbursements) and volunteers traveling on County business.

III. DEFINITIONS

Unless the context otherwise requires, the definitions contained in this part govern the construction of this policy. They do not necessarily apply in other County contexts.

A. Accountable Expense Reimbursement Plan

Reimbursements of travel and other business expenses to a County employee, contractor or volunteer will be considered to be made under an "Accountable Expense Reimbursement Plan" if the following three requirements are met:

- The person substantiates his or her expenses by submitting an expense report with
 - 1) the amount of the expenditure,
 - 2) the time and place of the travel or business entertainment,
 - 3) the business purpose of the expenditure, and
 - 4) the names and business relationship of any persons entertained.
- The person documents the expenses with supporting receipts, paid bills, etc. within 60 days after the expense is paid or incurred, and
- Excess advances, if any, are repaid to the County within 120 days after the expense is paid or incurred.

"County" means the County of Monterey.

B. County Business

"County business" means the activity directly related to the ordinary, necessary and/or required business functions of the County of Monterey ("County"). It does not include travel or expenses related to an employee's participation in the County's Educational Assistance Program or commuting expenses (a non-reimbursable expense).

C. County Employee

"County employee" means any County officer or employee, whether elected or appointed, filling a budgeted position approved by the Board of Supervisors.

Independent contractors and their employees are not County employees.

D. County Traveler

"County traveler" means any County employee, authorized non-County employee (such as a contractor) or volunteer traveling on County business. Agency temporary employees are not covered by this policy and are not reimbursable for travel.

E. County Volunteer

"County volunteer" means a person, other than a County employee, who performs volunteer work authorized by a department or the Board of Supervisors for the County, such as a department volunteer, a commissioner or a member of an interview panel. It does not include agency temps, inmates, wards or probationers working for the County.

F. Home

"Home" means the actual dwelling place of the County traveler without regard to any other legal or mailing address.

G. Main or Regular Place of Work

"Main or regular place of work" means the principal place of business for the County employee or the principal location to which the County volunteer/contractor is assigned to work for the County. This may be the place at which s/he spends the largest portion of his/her regular County workday or working time or, in the case of field workers, the assigned location/headquarters to which s/he returns upon completion of regular or special assignments.

H. Meals

Meals that are 1) directly related or associated with bona fide County business matters and 2) approved for reimbursement by a member of the Board of Supervisors or a department head (or his or her designee) will be considered a reimbursable County business expense, if incurred in connection with out-of-County business travel or while conducting in-County business. Also, reimbursement for the provision of in-kind meals to employees on the business premises of the County will only be allowed if there is a substantial non-compensatory business reason for providing such meals to employees.

I. Temporary Work Location

"Temporary work location" means the place where the County employee, volunteer or contractor is assigned on an irregular or short-term basis. If an employee is assigned to a work location for no more than 35 work days during a calendar year, then the location is considered temporary. Attending conferences, meeting or training sessions away from the main or regular place of work by County employees or volunteers, or field

workers conducting fieldwork at off-site locations, does not normally constitute assignment to another site. If the employee is assigned for more than 35 work days during the calendar year, the new location has become the main or regular place of work.

J. Vehicle

"Vehicle" means a motor vehicle, which can be legally operated on public highways.

IV. AUTHORIZATION TO TRAVEL

A. General Conditions

1. Travel will be authorized only when the travel is necessary and in the best interest of the County.
2. Advance authorization is required for all County travel, as specified in B & C.
3. Advance written authorization from the County Administrative Officer is required for all County travel by County volunteers, except as follows:
 - a) Travel by appointed members of County boards, commissions, or advisory committees to and from the official meetings of their respective boards.
 - b) Travel to and from the County for members of personnel interview panels, subject to authorization by the Human Resources Department.
 - c) Travel to and from meetings, conferences and training covered by the County MHSA plan, subject to authorization by the Behavioral Health Program Manager or designee.

B. In-County Travel

County employees are authorized to travel within the County when said travel is required by the department and is considered a part of the routine, day-to-day official duties of the employee as defined and authorized by the department head or his/her designee. All other in-County travel requires advance authorization by the department head or his/her designee.

C. Out-of-County Travel

1. All travel outside of the County, but within the State of California, requires advance authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.

2. All travel outside of the State of California requires advance written authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.
3. Authorization for out-of-state travel by current members of the Board of Supervisors is subject to the guidelines established by the Board.

D. Travel Requests

Travel requests that require department head authorization shall be submitted to the department head pursuant to department policy. If the traveler is requesting a travel advance, an approved "County of Monterey Travel Request" form (usually in the form of a "white claim" or "GAX"), accompanied by all documentation relative to the request, shall be forwarded to the Auditor-Controller.

V. TRAVEL EXPENSES

A. General Conditions

1. County travelers are entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals for authorized travel, subject to the conditions set forth in this Travel and Business Expense Reimbursement Policy ("Policy"), whenever the expenses are incurred as part of his/her official duties and authorized because the County traveler is required to work, attend a school, training, meeting or convention overnight at a location sufficiently distant from main or regular place of work to qualify under this policy for meal per diem and overnight lodging.
2. Notwithstanding Section 1 above, claims shall be paid subject to the rules set forth in this Policy and statutory law. Eligibility to submit a claim does not automatically entitle the claimant to reimbursement for any and all expenses.
3. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the County Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources to travel. Said travelers shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the conditions set forth in this travel policy.
4. Arrangements for transportation, lodging or registration fees that have cancellation or change penalties shall be carefully monitored by the department. If cancellation/change occurs due to direction by the County traveler's department head, or his/her designee, or the County Administrative Officer, the County department will cover the penalty cost. If the cancellation/change occurs due to a traveler's personal request or obligations, the traveler will be required to pay the

penalty. Exceptions shall be made when a traveler is unable to travel because of hospitalization, serious sickness or death of self or an immediate family member or when the department head certifies that the reason for the employee's absence was legitimate and authorized.

B. Transportation Expenses

1. General Conditions

- a) Transportation expenses are the direct costs related to movement of the County traveler from authorized point of departure to destination of travel and back to the authorized point of return.
- b) All transportation expenses incurred shall be based upon the most efficient, direct, and economical mode of transportation required by the occasion.
- c) Whenever a time frame is established as criteria for eligibility for claiming, such as the requirements set forth for meals in Section V, subsection C. 1. d., estimated travel time shall be based upon legal vehicle speed limits, volume of traffic, and weather conditions in effect at the time of travel.

2. Vehicle Transportation

Vehicle use (both County-owned and private) by authorized County travelers during the conduct of official County business is subject to the County Vehicle Use Policy.

a) Private Vehicle

- (1) Travel by private vehicle will be reimbursed at the IRS rate for business use of a personal vehicle in effect in the County at the time of travel.
- (2) Authorized County travelers who travel in a vehicle other than their own may not claim mileage for business use of a private vehicle but may claim reimbursement of actual fuel expenses necessary for the trip and expended by the traveler. Receipts are required and should be claimed by the employee actually paying the expense.
- (3) Authorized County travelers may not claim mileage for business use of a private vehicle in the following instances:
 - (a) when the County traveler is riding with someone who will be claiming reimbursement for the vehicle's use from the County or another source;
 - (b) when the County traveler is traveling in a County or other government

agency vehicle;

- (c) when the County traveler is traveling in a rented vehicle (paid by County);
 - (d) when the County traveler has been assigned a County Vehicle for home retention, is receiving an allowance or lump sum for mileage, unless specifically provided for in the terms of their agreement or contract with the County or by Board resolution.
- (4) County employee mileage to the regular or main place of work from home, and back, is considered commuting and may not be claimed.
 - (5) County employee mileage to the temporary work location from home, and back, is considered commuting and may not be claimed except in the following cases:
 - (a) if the County employee is required to report to the regular or main place of work before reporting to the temporary work location, s/he is eligible for mileage from the regular or main place of work to the temporary work location;
 - (b) if the County employee is required to report to the regular or main place of work after working at the temporary work location and before going home, s/he is eligible for mileage from the temporary work location to the regular or main place of work.
 - (6) Mileage in conjunction with authorized County travel to and from a school, training, convention or meeting shall be based on the distance to the destination from the traveler's home or the regular or main place of work, whichever is less, except in the following cases:
 - (a) if the traveler is required to report to his/her work location before leaving, s/he is eligible for mileage to the school, training, convention/meeting from the work location.
 - (b) if the traveler is required to report to his/her work location before returning home, s/he is eligible for mileage based on the distance from the school, training, convention/meeting to the work location.
 - (7) Appointed volunteer members of County boards, commissions, or advisory committees may claim mileage to the official meetings of their respective boards from home, and back.
 - (8) Members of personnel interview panels may claim mileage to the panel location from their regular or main place of work, and back.

- (9) When two or more County travelers from the same department are traveling to the same site by vehicle, they should use only as many vehicles as are required to accommodate the number of travelers and business needs of the County. If a County traveler chooses to use a separate private vehicle because of personal preferences or obligations, h/she shall not be eligible for mileage or fuel reimbursement for the travel unless the department head determines that reimbursement is appropriate and justified.
- (10) If a County traveler chooses to use a private vehicle instead of an alternative mode of transportation chosen by the department head because of personal preferences or obligations, his/her mileage reimbursement shall not exceed the cost of using the alternative mode of transportation unless the department head determines that the additional reimbursement is appropriate and justified.

b) County Vehicle Transportation

- (1) County travelers using a County vehicle for traveling shall not be eligible for reimbursement for mileage.
- (2) County travelers required to fuel a County vehicle at their own expense should claim the actual fuel costs expended by them. Receipts must accompany the claim. Vehicle license number and the odometer reading should be written on the receipts.
- (3) If the County vehicle experiences mechanical failure, the County traveler shall follow the rules set forth in the "Mechanical Failure" section of the "Vehicle Operator's Handbook" located in the glove compartment of each County vehicle.

c) Rental Vehicle Transportation

- (1) Vehicles may be rented for transportation at the destination point when the County traveler travels to the destination via commercial common carrier and the cost of the rental will be less than the charge for shuttle or taxi service to and from the carrier termination point to the function or hotel accommodations.
- (2) Vehicles may be rented for transportation to the destination point when the cost of the rental will be less than other reasonable and available modes of transportation.
- (3) If more than one County traveler from the same department is traveling to the same function, only one rental vehicle may be claimed and then only if

it is available for use by all of the County travelers.

- (4) The County traveler shall choose the least expensive size and mileage limits appropriate to the use required. Rental expenses for luxury cars, motorcycles and recreational vehicles may not be claimed.
- (5) Rental cars shall be refueled prior to return to the rental agency to reduce cost to the County. Rental cars should be returned to the renting location and on time to avoid additional charges.
- (6) When traveling domestically the County traveler shall waive additional vehicle insurance (except for additional driver and coverage for drivers under 25 years of age), provided that the employee has his/her own vehicle insurance coverage. When traveling internationally additional insurance should be accepted if the traveler lacks other similar coverage.
- (7) An original car rental receipt showing the number of days and type of vehicle rented is required for vehicle rental claims. A copy of the receipt or a credit card receipt alone is insufficient.

d) Commercial Carrier Transportation

- (1) County travelers shall seek and attempt to use the lowest rates available for the type of commercial carrier service being utilized. Whenever possible, travelers should take advantage of flight arrangements that minimize County cost (for example, purchasing a round trip ticket may be less expensive than two one-way tickets). Reservations should be made as far in advance as possible to take advantage of available discounts and special offers. Travel agents that have added ticket handling charges should be avoided.
- (2) Claims for travel via commercial carrier shall be limited to the cost of travel at economy rates for the same day and time of travel or actual cost, whichever is less. County travelers may upgrade tickets, provided that the traveler and not the County pay for the difference in cost for such upgrade. The County will not reimburse any type of travel insurance unless the Department Head requests the traveler to purchase cancellation coverage. Reasonable baggage charges, if imposed by the airline, on the first checked bag are reimbursable.
- (3) Claims for commercial carrier tickets shall be substantiated by an original ticket document (such as an e-ticket or passenger receipt ticket copy) showing the price, date, date/time of travel and class of travel. A copy of the credit card receipt or statement from a travel agency alone is insufficient.

- (4) County business traveler may retain frequent flyer/hotel rewards and similar program benefits. However, participation in these programs must not influence flight/hotel/etc. selection, which would result in incremental cost to the County beyond the lowest available airfare/hotel cost unless the difference is paid by the traveler. Free tickets or cash allowances for volunteering to be denied timely boarding may be retained by the traveler but no additional cost to the County or interruption of County work is allowed and any additional time required to complete the trip is to be personal time.
- (5) Should a Saturday night stay reduce the cost to the County of a ticket more than the total of any additional hotel/meal/parking cost, the costs to do so are reimbursable to the traveler but should be well-documented with a clear savings to the County.

e) Private Aircraft Transportation

- (1) Traveling by private aircraft which is flown by a County employee may be authorized if it will be the most efficient means of travel and the flight is incidental to the purpose of the County travel. Said use shall require the advance written approval of the County Administrative Officer. If approved, the following must be provided to the Auditor-Controller's Office in advance of the travel:
 - (a) a copy of the pilot's Federal Aviation Administration (FAA) pilot's certificate and instrument rating for the category and class of aircraft to be flown and the type of flying to be performed;
 - (b) a copy of the pilot's current medical certificate;
 - (c) a copy of the FAA Pilot Proficiency Award Program certificate issued to the pilot within the twelve months prior to the flight;
 - (d) a copy of the pilot's flight log showing a minimum of 250 hours of flight time within the twelve months prior to the flight;
 - (e) a certificate of public liability and property damage insurance of not less than \$1,000,000 naming the County as an additional insured.
- (2) Traveling by private aircraft, which is flown by a non-County employee, except for flights conducted by members of the Sheriff's Air Squadron in the performance of their official duties, is normally prohibited.
- (3) County travelers who operate a private aircraft in connection with approved County travel may be reimbursed the actual cost paid by the

traveler for fuel used by the aircraft on the trip or the County's mileage rate for each air mile at the travelers option.

f) Other Transportation Expenses

(1) The following necessary transportation expenses may be claimed at actual cost (receipt required) when directly related to transporting the County traveler to and from the business destination point:

- (a) taxi, shuttle, or public transit fares;
- (b) parking fees (airport long-term parking is required for travel exceeding 24 hours);
- (c) bridge, road or ferry tolls;
- (d) other actual transportation expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.

(2) The following transportation expenses may not be claimed:

- (a) traffic and parking violations;
- (b) emergency repairs or non-emergency repairs on non-County vehicles;
- (c) personal travel while at an out-of-County location;
- (d) other actual transportation expenses determined to be unreasonable or unnecessary by the department head or the Auditor-Controller.

C. Meal Expenses

1. Eligibility for Meals

- a) County employees, contractors and volunteers may be reimbursed for in-County meal costs that are 1) ordinary (not extravagant) and necessary, 2) directly related or associated with bona fide County business matters and 3) approved by a member of the Board of Supervisors or a department head (or his or her designee). County business discussions associated with a meal must be conducted in a "clear business setting".
- b) County travelers involved with in-County travel that does not require an overnight stay away from their home are not eligible to claim for meals taken outside the County, unless the requirements of paragraph a) above are met, or unless provided for in a Board of Supervisor-approved written County policy.

- c) County travelers on out-of-County business travel that requires an overnight stay away from their home are eligible to claim for meals taken out-of-County.
- d) County travelers are eligible to claim the meal reimbursements noted below for travel requiring overnight lodging if the total travel time (work time, plus the lunch period plus round-trip travel time) is estimated to equal or exceed 12 hours.
 - (1) Breakfast may be claimed if the County traveler must reasonably be away from home because of County business travel at or before 7:00 a.m.
 - (2) Lunch may be claimed if the County traveler must reasonably be away from home because of County business travel at or before Noon.
 - (3) Dinner may be claimed if the County traveler must reasonably be away from home because of County business travel at 7:00 p.m. or after.
- e) Snacks are a personal expense, not reimbursable.
- f) Claims for meals purchased by a County employee or volunteer on behalf of federal, state or local public officials or employees is prohibited, including any other Monterey County employees, unless provided for under other Board of Supervisor approved written County policies.
- g) County travelers are not eligible to claim meals or other expenses for those persons who are not otherwise eligible to file a claim themselves for County reimbursement.
- h) County travelers are not eligible to keep or claim per diem allowances for anyone other than themselves.

2. Meal Claims

- a) The County maximum full day meal and incidental expenses rate shall be equal to the maximum federal per diem meal and incidental expenses (M&IE) rate established by the GSA. Said maximums include taxes and gratuities.
- b) Meal expense amounts shall be calculated by the Auditor-Controller for first and last partial days of travel based on the maximum federal per diem meal rate for the appropriate meal(s).
- c) Claims for out-of-County meals taken in conjunction with travel that includes an overnight stay away from the traveler's home shall be reimbursed in the form of a "per diem allowance", which means the traveler is eligible to be reimbursed at the maximum rate allowed and receipts are not required (except for Board of

Supervisor Members). Partial days shall be reimbursed at the appropriate meal rate.

- d) Allowable meal costs may only exceed the prescribed per diem rates if the meal is being served at a conference or workshop and the costs of the speaker, conference, and/or registration are included in the price. The agenda/brochure or other documentation describing the event and the price must accompany the claim to the Auditor-Controller's Office.
- e) A County traveler may not claim a per diem allowance or reimbursement for any meal which is provided, or otherwise available, to the County traveler with the lodging or function, whether or not there is an actual charge for the meal. For example, if lunch is provided at the function or breakfast is included in the cost of lodging, the traveler may not claim a per diem allowance or request reimbursement for eating elsewhere. For purposes of this section, continental breakfast and meals provided during airline or other commercial carrier travel do not constitute provided meals and do not need to be deducted from the per diem allowance. A County traveler may not claim a per diem allowance for a meal that was paid for by someone else.
- f) If a breakfast is included in the cost of lodging, the traveler may not claim for a breakfast meal; however, s/he may apply the next day's breakfast allowance amount towards the maximum lodging amount. For example, if the maximum lodging amount is \$79.00 and the breakfast allowance is \$8.00, the employee may claim up to a maximum of \$87.00 for lodging which includes a continental breakfast. (For purposes of this section, continental breakfast does not constitute a provided breakfast meal.)
- g) Claiming for alcoholic beverage expenses are prohibited in all cases.
- h) As required by California Government Code 53232.2 Board of Supervisors members must provide receipts for all meals and will be reimbursed at the lower of the appropriate per diem amount or the actual expense.

D. Lodging Expenses

1. Eligibility for Lodging

- a) County travelers are not eligible to claim for lodging for in-County functions.
- b) For out-of-County business that is conducted on one business day, if the County traveler's actual time for the day is estimated to equal or exceed 12 hours (including work time, the lunch period and round-trip travel time), then the County traveler will have the option of securing one night's lodging at either the

front-end or back-end of the trip. Illustration: A member of the County Board of Supervisors who resides in Monterey County is required to attend a one-day business meeting in Sacramento. The Board member estimates that his total time for the day without obtaining lodging would be 14 hours (8 hours of meetings, 1 hour for lunch and 5 hours for round-trip travel). The Board member will have the option of securing one night's lodging in Sacramento, either the night before the meeting, or after conclusion of the meeting.

- c) For out-of-County business that requires multiple business days, if County travelers are eligible to claim lodging for the first and last evenings of an out-of-County trip, they are also eligible to claim lodging for any evenings that fall in between the first and last evenings of the trip.
- d) County travelers are not eligible to claim reimbursement of lodging costs when staying overnight as a guest of friends or relatives.

2. Lodging Claims

- a) Lodging expenses shall be claimed at either the actual cost of the lodging (limited to the single occupancy rate for a single room) or the County's maximum lodging rate (Federal Per Diem Rate), whichever is less. Receipts are required. Taxes are in addition to the Federal Per Diem Rate.
- b) Lodging costs may exceed the County's maximum lodging rate only when a conference, meeting or convention is being sponsored by an organization of which the County, the department or employee is a member, the lodging may be claimed at the actual cost if seminars or meetings are to be held at the particular hotel and/or events are scheduled for evening hours, and the department head has given advance written authorization.
- c) An original room folio receipt, showing the number of days and the number of occupants, is required for lodging claims. A copy of the receipt, travel agency statement or a credit card receipt alone is insufficient.
- d) When a room is shared with a fellow County traveler, the expense may either be prorated, and the prorated amount claimed by each County traveler, or one County traveler may claim the total expense at the multiple occupancy rate.
- e) When a room is shared with a person other than a County traveler and said person will also be claiming reimbursement from the County or another source, the amount shall be prorated between the two travelers.
- f) Lodging expense may not be claimed for guests of the County traveler. Where expense for a family member or friend is included in the receipt, the claim must not exceed the single occupancy rate.

- g) Special lodging, such as accommodations in apartments, RV parks, campgrounds or other semi-permanent lodgings, shall require advance written authorization of the County Administrative Officer and the Auditor-Controller.
- h) County travelers should inquire when making lodging arrangements whether the County is exempt from Transient Occupancy Taxes (TOT) in the locale where they are staying and should provide the necessary form to the lodging facility, if required to do so to obtain the waiver.
- h) Except when registering for lodging at a pre-arranged group rate in conjunction with a conference or meeting, County travelers shall request the government rate or lowest available eligible rate when making lodging arrangements.
- i) Travelers are responsible for canceling hotel rooms before the cancellation period ends and should record the cancellation number in case of disputes. Travelers will not be reimbursed for “no-show” hotel charges unless there are unavoidable reasons for not canceling the room.
- j) When multiple country travelers are traveling together and the rooms are put on one invoice, one traveler may take care of the invoice but should provide the details on who stayed in each room on the invoice.

E. Registration Fees

Conference, convention and seminar registration and tuition fees may be claimed at the actual cost, provided that the agenda/brochure or other documentation describing the event, including the price, accompanies the approved claim to the Auditor-Controller's.

F. Other Travel Expenses

1. County travelers are eligible to claim a per diem incidental allowance, limited to the maximum federal per diem incidental rate established by the IRS, for each day of travel requiring an overnight stay away from the traveler's home. Said allowance covers fees and gratuities for persons who provide services, such as food servers and luggage handlers, and does not require receipts (Except for Board of Supervisors Meals). If applicable (such as a Board of Supervisor meal), gratuities are limited to not exceed 15% of the service costs unless billed by a provider's standard policy at a higher rate.
2. County travelers are eligible to claim the following expenses at actual cost, even if they also qualify for a per diem incidental allowance. Receipts are required.
 - a) County business calls (traveler must annotate purpose of call on the bill)
 - b) fax machine charges incurred to send or receive documents for County use.

- c) copy machine charges incurred to copy documents for County use.
- d) Internet access connection and/or usage fees away from home not to exceed \$15.00 per day, if Internet access is necessary for county related business.
- e) other business related expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.

VI. OTHER COUNTY BUSINESS EXPENSES

A. General Guidelines

In the course of conducting County business, employees, contractors or volunteers may incur business expenses (including meal expenses pursuant to Section V.C) on behalf of the County. Such expenses will be approved for reimbursement if the disbursement meets the following requirements:

- The disbursement is for an ordinary (not extravagant) and necessary expense of conducting County business, or is an expense that is required by the County,
- The expense is approved by a member of the County Board of Supervisors, or a County department head (or his or her designee), and
- The payee accounts for the expense in accordance with the rules for a “Accountable Expense Reimbursement Plan”, as set forth in the Internal Revenue Code and related regulations.

B. Taxation of Business Expense Reimbursements

If a reimbursement to an employee, contractor or volunteer meets the requirements of an “Accountable Expense Reimbursement Plan”, then such reimbursement will not be reportable for federal or California income tax purposes.

VII. CLAIMING PROCEDURES FOR OUT-OF-COUNTY TRAVEL

A. Travel Advance Claims

1. Authorizations and Eligibility

- a) Travel advances are strongly discouraged and are only available to County employees. The issuance of travel advances creates double work for departmental and auditor-controller staff and should only be used if a County travel card cannot be used or the employee does not have a personal credit card. Board of Supervisors Members are not eligible for travel advances.

The first choice is for travelers to use their personal credit cards to pay for their

travel expenses and be reimbursed before their monthly statement arrives. Secondly, the County has arranged for the use of the Travel Card to pay many travel related expenses. Departments may use their Travel Cards to pay for airline tickets and conference registration expenses for all of their employees, not just the cardholder. Commercial carrier and conference registration expenses should not be considered in the advance calculation. The third choice would be a cash advance, if necessary.

- b) Travel advances require the authorization of the department head or his/her designee, and the Auditor-Controller or his/her designee.
- c) The net amount of the travel advance shall not exceed the following:
 - (1) 75% of the total estimate for the following travel expenses, exclusive of payments made payable directly to the vendor:
 - (a) lodging (documentation, including at least the confirmation number and hotel name should be provided), including hotel parking
 - (b) rental vehicle transportation;
 - (c) per diem meal allowances;
 - (d) long-term airport parking;
 - (e) other out-of-pocket expenses deemed necessary and reasonable by the Auditor-Controller.
 - (2) 50% of the total estimate of reimbursement for mileage for business use of a private vehicle.
- d) A travel advance shall not be issued for a net amount less than \$100.00 nor more than \$2,000.00.
- e) A travel advance shall not be issued more than thirty (30) calendar days in advance of the commencement of travel.
- f) Travelers are not eligible for an additional travel advance if they have an unsettled advance, unless the advances are for travel taken consecutively. In such case, the sum total of the travel advances shall not exceed \$2,000.00.

2. Travel Advance Requests

- a) Requests for travel advances involving travel shall be submitted by the department head to the Auditor-Controller's Office on a completed and signed

"County of Monterey Travel Request" form, accompanied by all documentation relative to the request, at least ten (10) working days in advance of the commencement of travel.

- b) After a completed and approved "County of Monterey Travel Request" form is received by the Auditor-Controller's Office, a warrant payable to the County traveler for the amount requested shall be issued, up to the 100% maximum amount allowed pursuant to this County travel policy.

3. Travel Advance Settlements

- a) Within five (5) working days of completion of travel, the County traveler shall submit all receipts for allowable travel expenses to the Department and within fifteen (15) working days of completion of travel to the Auditor-Controller's Office on a completed County claim form. Credit for the travel advance shall be subtracted from the amount owed to the County traveler.
- b) In the event that allowable expenses are less than the amount of the travel advance, the County traveler shall submit the difference in the form of a check or money order made out to the "County of Monterey" with the claim form.
- c) County travelers who cannot provide a required receipt shall reimburse the County for the amount of the money advanced to them for that expense.
- d) Travelers who do not submit the required documentation by the time frames set forth above may lose their eligibility for future travel advances.
- e) Department heads are responsible for ensuring that their employees settle their travel advance claims within the time frames set forth in subsection a) above. Non-compliance may jeopardize advances for the entire department.

B. Prepaid Vendor Claims

1. Vendor Claim Requests

- a) Once travel has been authorized, claims to the vendor may be submitted for lodging and registration fees when there is sufficient time for the check to be processed before the authorized County traveler commences travel.
- b) If the travel requires a "County of Monterey Travel Request" form, the approved form shall be submitted with the claim. If the original has been submitted with a previous claim, then that shall be noted on the claim form and a copy of the form attached.
- c) Whenever possible, the County shall be named as registrant for events to allow

transfer of attendance privilege when conflicts prevent the original registrant from attending.

- d) The County will mail the warrant directly to the vendor unless the traveler requests that the warrant be returned to them to hand carry to the vendor.

2. Vendor Claim Settlements

- a) Each vendor claim must have an original receipt attached in order to settle the claim. The required receipts for vendor claims that have been prepaid shall be forwarded to the Auditor-Controller's Office within thirty (30) calendar days after completion of travel.
- b) Claims paid directly to vendors that are not substantiated by receipts within thirty (30) calendar days of the completion of travel shall be considered to be unsettled travel advances to the County traveler.
- c) Department heads are responsible for ensuring that their employees return their receipts within the time frames established by this policy. Non-compliance may jeopardize the department's ability to have travel expenses paid in advance.
- d) In the event that all or a portion of the prepaid cost to a vendor is reduced after the check has been processed, the County traveler is responsible for ensuring that the entire difference is returned to the County within the time frames established for settling the claim.

C. Travel Reimbursement Claims

- 1. After completion of travel, the County traveler shall submit a completed County claim form to the department head for authorization. After review and authorization, the department head shall submit the authorized claim, together with any required receipts, to the Auditor-Controller's Office. Said claim shall be received by the Auditor-Controller's Office within thirty (30) calendar days of the completion of travel.
- 2. The traveler shall not be reimbursed until s/he has signed the certification for the claim that is required by the Auditor-Controller's Office.
- 3. The Auditor-Controller's Office shall review the claim for compliance with applicable County policies and procedures. If approved by the Auditor-Controller's Office, the claim shall be processed and a check sent to the claimant within ten (10) working days. If denied, or denied in part, the department's contact person will be notified immediately. The Auditor-Controller has the final decision on allowable expenses.
- 4. No reimbursement for travel shall be paid to the employee until all required receipts

for the travel claim have been filed with the Auditor-Controller's Office.

5. Travel reimbursements are to be paid via checks and not to be paid via petty cash.

D. Mileage Claims

1. Whenever travel requires advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the same claim form as the other expenses that apply to that travel. The only exception is if mileage is the only expense of the trip, in which case the traveler may claim the mileage on the monthly "Mileage Reimbursement" claim form.
2. Whenever travel does not require advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the "Mileage Reimbursement" claim form.
3. Mileage claims shall be submitted monthly, unless the total for the month is less than \$50.00, in which case the claim may be held for an additional month. However, the claim must not be held over to the next month more than twice, regardless of the dollar amount.
4. All mileage claims for the last month of the fiscal year must be processed by year-end close.
5. Mileage Claims are to be paid via warrants and not to be paid via petty cash.

E. Reimbursement by Outside Source

1. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources, including a County vehicle, to travel. In such cases, the traveler shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the claiming conditions set forth in this travel policy. Said reimbursement shall be delivered to the Auditor-Controller's Office within thirty (30) days of the receipt of the funds.
2. If a County volunteer or non-employee will be receiving a per diem or other reimbursement of travel expenses from a source outside of the County, the volunteer shall not be eligible to claim or receive any additional reimbursement from the County for the same expenses.

F. Late Claims

If a claim for reimbursement or settlement of a travel claim is submitted after the allowed time frames, the payment to the employee shall not be made until the claim has

been reviewed and approved by the Auditor-Controller or his/her designee.

G. Travel Card Use

Subject to the rules contained in the Travel Card Policy, travel expenses (airline, hotel, vehicle rental, gas, emergency repair of county vehicles and airport parking) may be charged to County of Monterey Travel Cards. Prohibited items include employee meals, room service, movies, cash advances, gift cards of any kind, liquor, tobacco and other items prohibited by the Travel Card Policy. Under no circumstances should personal items (even if reimbursed to the county) be charged to the travel card. Expenses paid on the travel card should not be included on a claim for reimbursement.

VII. INTERPRETATIONS

The Auditor-Controller, or his/her designee, shall be responsible for interpretations of this policy.

VIII. EXCEPTIONS

Exceptions to this policy require the approval of the Auditor-Controller or his/her designee.

IX. CONFLICT WITH RULES

In the event that this County Travel policy is in conflict with another County policy, the policy with the strictest application shall prevail.



BUSINESS ASSOCIATE AGREEMENT SCHEDULE

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“BAA”) effective as of the last date of signature below which is _____, (“Effective Date”), is entered into by the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center (the “Covered Entity” or “NMC”) and Data Innovations LLC (the “Business Associate”) (each a “Party” and collectively the “Parties”).

RECITALS

A. WHEREAS, Business Associate provides certain Services for Covered Entity that involve the Use and Disclosure of Protected Health Information (“PHI”) that is created, received, transmitted, or maintained by Business Associate for or on behalf of Covered Entity.

B. WHEREAS, The Parties are committed to complying with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), and their implementing regulations, including the Standards for the Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Part 164, Subparts A and E (the “Privacy Rule”), the Breach Notification Standards, 45 C.F.R. Part 160 and 164 subparts A and D (the “Breach Notification Rule”), and the Security Standards, 45 C.F.R. Part 160 and Part 164, Subpart C (the “Security Rule”), (collectively “HIPAA”), all as amended from time to time.

C. WHEREAS, The Parties are also committed to complying with the California Confidentiality Laws (defined below).

D. WHEREAS, To the extent that Business Associate is performing activities in connection with covered accounts for or on behalf of Covered Entity, the Parties are also committed to complying with applicable requirements of the Red Flag Rules issued pursuant to the Fair and Accurate Credit Transactions Act of 2003 (“Red Flag Rules”).

E. WHEREAS, The Privacy and Security Rules require Covered Entity and Business Associate to enter into a business associate agreement that meets certain requirements with respect to the Use and Disclosure of PHI. This BAA sets forth the terms and conditions pursuant to which PHI, and, when applicable, Electronic Protected Health Information (“EPHI”) shall be handled, in accordance with such requirement.

NOW THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this BAA, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS

1.1 All capitalized terms used in this BAA but not otherwise defined shall have the meaning set forth in the Privacy Rule, the Breach Notification Rule, or the Security Rule.

(a) “Breach” shall have the same meaning as “breach” as defined in 45 C.F.R. § 164.402 and shall mean the access, acquisition, Use, or Disclosure of PHI in a manner not permitted under the Privacy Rule that compromises the privacy or security of the PHI; the term “Breach” as used in this BAA shall also mean the unlawful or unauthorized access to, Use or Disclosure of a patient’s “medical information” as defined under Cal. Civil Code § 56.05(j), for which notification is required pursuant to Cal. Health & Safety Code 1280.15, or a “breach of the security of the system” under Cal. Civil Code §1798.29.

(b) “California Confidentiality Laws” shall mean the applicable laws of the State of California governing the confidentiality of PHI or Personal Information, including, but not limited to, the California Confidentiality of Medical Information Act (Cal. Civil Code §56, et seq.), the patient access law (Cal. Health & Safety Code §123100 et seq.), the HIV test result confidentiality law (Cal. Health & Safety Code §120975, et seq.), the Lanterman-Petris-Short Act (Cal. Welf. & Inst. Code §5328, et seq.), and the medical identity theft law (Cal. Civil Code 1798.29).

(c) “Protected Health Information” or “PHI” shall mean any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual or the past, present or future payment for the provision of health care to an individual; (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information that can be used to identify the individuals, and (iii) is provided by Covered Entity to Business Associate or created, maintained, received, or transmitted by Business Associate on Covered Entity’s behalf. **PHI includes EPHI.**

(d) “Services” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to a Services Agreement between Covered Entity and Business Associate to which this BAA applies.

2. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited herein, Business Associate may:

(a) Use or Disclose PHI to perform Services for, or on behalf of, Covered Entity, provided that such Use or Disclosure would not violate the Privacy or Security Rules, this BAA, or California Confidentiality Laws;

(b) Use or Disclose PHI for the purposes authorized by this BAA or as otherwise Required by Law;

(c) Use PHI to provide Data Aggregation Services for the Health Care Operations of Covered Entity, if required by the Services Agreement and as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B);

(d) Use PHI if necessary for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate as permitted by 45 C.F.R. § 164.504(e)(4)(i);

(e) Disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate as permitted under 45 C.F.R. § 164.504(e)(4)(ii), provided that Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will remain confidential and be Used or further Disclosed only as Required by Law or for the purpose for which it was Disclosed to the person, and that such person will notify the Business Associate of any instances of which such person is aware that the confidentiality of the information has been breached;

(f) Use PHI to report violations of law to appropriate Federal and state authorities, consistent with 45 C.F.R. § 164.502(j)(1); and

(g) De-identify any PHI obtained by Business Associate under this BAA in accordance with 45 C.F.R. § 164.514 and Use or Disclose such de-identified information only as required to provide Services pursuant to the a Services Agreement between the Parties, or with the prior written approval of Covered Entity.

3. RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PHI

3.1. Responsibilities of Business Associate. With regard to its Use and/or Disclosure of PHI, Business Associate shall:

(a) Notify the Privacy Officer of Covered Entity, in writing, of: (i) any Use and/or Disclosure of the PHI that is not permitted or required by this BAA; (ii) any Security Incident of which Business Associate becomes aware; and (iii) any suspected Breach. Such notice shall be provided within ten (10) business days of Business Associate's discovery of such unauthorized access, acquisition, Use and/or Disclosure. Notwithstanding the foregoing, the Parties acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and unsuccessful log-in attempts. The Parties acknowledge and agree that this Section 3.1(a) constitutes notice by Business Associate to Covered Entity of such ineffective Security Incidents and no additional notification to Covered Entity of such ineffective Security Incidents is required, provided that no such Security Incident results in a Breach. Business Associate shall reasonably cooperate with Covered Entity to comply with applicable mitigation and/or notification obligations under the Privacy and Security Regulation. Business Associate shall investigate each Security Incident or unauthorized access, acquisition, Use, or Disclosure of PHI, or suspected Breach that it discovers and shall provide a summary of its investigation to Covered Entity, upon reasonable request. If Business Associate or Covered Entity determines that such Security Incident or unauthorized access, acquisition, Use, or Disclosure, or suspected Breach constitutes a Breach, then Business Associate shall comply with the requirements of Section 3.1(a)(i) below;

(i) Business Associate shall provide a supplemental written report in accordance with 45 C.F.R. § 164.410(c), which shall include, to the extent possible, the identification of each individual whose PHI has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, Used or Disclosed during the Breach, to Covered Entity without unreasonable delay, but no later than ten (10) business days after discovery of the Breach;

(ii) Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the appropriate government agencies, and, if applicable, the media. Business Associate shall reasonably assist with the implementation of any decisions by Covered Entity to notify individuals or potentially impacted individuals;

(b) Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of such improper access, acquisition, Use, or Disclosure, Security Incident, or Breach. Business Associate shall take prompt corrective action, including any action required by applicable State or federal laws and regulations relating to such Security Incident or non-permitted access, acquisition, Use, or Disclosure. Business Associate will reimburse Covered Entity's costs and expenses including attorney's fees, that are reasonably incurred due to the Breach by Business Associate, and as substantiated by evidence of receipts, including costs associated with the notification of Individuals and the media, as well as 12 months of credit monitoring.

(c) Implement reasonable and appropriate administrative, physical, and technical safeguards and comply with the Security Rule to prevent Use and/or Disclosure of EPHI other than as provided by this BAA;

(d) Obtain and maintain a written agreement with each of its Subcontractors that creates, maintains, receives, Uses, transmits or has access to PHI that requires such Subcontractors to adhere to the substantially the same restrictions and conditions with respect to PHI that apply to Business Associate pursuant to this BAA;

(e) Make available all internal practices, records, books, agreements, policies and procedures and PHI relating to the Use and/or Disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity to the Secretary of the Department of Health and Human Services ("Secretary") in a time and manner designated by the Secretary for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule To the extent permitted by law, Business Associate shall provide Covered Entity a copy of any PHI and other documents and records that Business Associate provides to the Secretary;

(f) Document Disclosures of PHI and information related to such Disclosure and, within thirty (30) days of receiving a written request from Covered Entity, provide to Covered Entity such information as is requested by Covered Entity to permit Covered Entity to respond to a request by an individual for an accounting of the Disclosures of the individual's PHI in accordance with 45 C.F.R. § 164.528. At a minimum, the Business Associate shall provide the Covered Entity with the following information: (i) the date of the Disclosure; (ii) the name of the entity or person who received the PHI, and

if known, the address of such entity or person; (iii) a brief description of the PHI Disclosed; and (iv) a brief statement of the purpose of such Disclosure which includes an explanation of the basis for such Disclosure. In the event the request for an accounting is delivered directly to the Business Associate, the Business Associate shall, within ten (10) business days, forward such request to the Covered Entity. The Business Associate shall implement an appropriate recordkeeping process to enable it to comply with the requirements of this Section;

(g) Subject to Section 4.4 below, return to Covered Entity within thirty (30) days of the termination of this BAA, the PHI in its possession and retain no copies, including backup copies;

(h) Disclose to its Subcontractors or other third parties, and request from Covered Entity, only the minimum PHI necessary to perform or fulfill a specific function required or permitted hereunder;

(i) If all or any portion of the PHI is maintained in a Designated Record Set:

(i) Upon ten (10) business days prior written request from Covered Entity, provide access to the PHI to Covered Entity to meet a request by an individual under 45 C.F.R. § 164.524. Business Associate shall notify Covered Entity within ten (10) days of its receipt of a request for access to PHI from an Individual; and

(ii) Upon ten (10) business days prior written request from Covered Entity, make any amendment(s) to the PHI that Covered Entity directs pursuant to 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within ten (10) days of its receipt of a request for amendment of PHI from an Individual;

(j) To the extent that Business Associate carries out one or more of Covered Entity's obligations under the Privacy Rule, Business Associate shall comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of such obligations;

(l) Unless prohibited by law, notify the Covered Entity within ten business (10) days of the Business Associate's receipt of any request or subpoena for PHI. To the extent that the Covered Entity decides to assume responsibility for challenging the validity of such request, the Business Associate shall reasonably cooperate with the Covered Entity in such challenge; and

(m) Maintain policies and procedures materially in accordance with State Confidentiality Laws and industry standards designed to ensure the security and integrity of the Covered Entity's data and protect against threats or hazards to such security.

3.2 Business Associate Acknowledgment.

(a) Business Associate acknowledges that, as between the Business Associate and the Covered Entity, all PHI shall be and remain the sole property of the Covered Entity.

(b) Business Associate further acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA and the HITECH Act. Business Associate shall comply with all California Confidentiality Laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

3.3 Responsibilities of Covered Entity. Covered Entity shall, with respect to Business Associate:

(a) Provide Business Associate a copy of Covered Entity's notice of privacy practices ("Notice") currently in use;

(b) Notify Business Associate of any changes to the Notice that Covered Entity provides to individuals pursuant to 45 C.F.R. § 164.520, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI;

(c) Notify Business Associate of any changes in, or withdrawal of, the consent or authorization of an individual regarding the Use or Disclosure of PHI provided to Covered Entity pursuant to 45 C.F.R. § 164.506 or § 164.508, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI; and

(d) Notify Business Associate of any restrictions on Use and/or Disclosure of PHI as provided for in 45 C.F.R. § 164.522 agreed to by Covered Entity, to the extent that such restriction may affect Business Associate's Use or Disclosure of PHI.

4. TERM AND TERMINATION

4.1 Term. This BAA shall become effective on the Effective Date and shall continue in effect until all requested services and obligations of the Parties under the Agreement have been met, unless terminated as provided in this Section 4 or by mutual agreement between the Parties. Certain provisions and requirements of this BAA shall survive its expiration or other termination as set forth in Section 5 herein.

4.2 Termination. If Covered Entity determines in good faith that Business Associate has breached a material term of this BAA, Covered Entity may either: (i) immediately terminate this BAA and any underlying Services Agreement; or (ii) terminate this BAA and any underlying Services Agreement within thirty (30) days of Business Associate's receipt of written notice of such breach, if the breach is not cured to the satisfaction of Covered Entity.

4.3 Automatic Termination. This BAA shall automatically terminate without any further action of the Parties upon the termination or expiration of Business Associate's provision of Services to Covered Entity.

4.4 Effect of Termination. Upon termination or expiration of this BAA for any reason, Business Associate shall return all PHI pursuant to 45 C.F.R. § 164.504(e)(2)(ii)(J) if, and to the extent that, it is feasible to do so. Prior to returning the PHI, Business Associate shall recover any PHI in the possession of its Subcontractors. To the extent it is not feasible for Business Associate to return any portion of the PHI, Business Associate shall provide Covered Entity with a statement that Business Associate has determined that it is infeasible to return or destroy all or some portion of the PHI in its

possession or in possession of its Subcontractors. In such event, Business Associate shall: (i) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or carry out its legal responsibilities; (ii) return to Covered Entity the remaining PHI that the Business Associate maintains in any form; (iii) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains PHI; (iv) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions as set out in Section 2 above, which applied prior to termination; and (vi) return to Covered Entity the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

5. MISCELLANEOUS

5.1 Survival. The respective rights and obligations of Business Associate and Covered Entity under the provisions of Sections 2.1, 4.4, 5.7, 5.8, 5.11, and 5.12 shall survive termination of this BAA until such time as the PHI is returned to Covered Entity or destroyed. In addition, Section 3.1(i) shall survive termination of this BAA, provided that Covered Entity determines that the PHI being retained pursuant to Section 4.4 constitutes a Designated Record Set.

5.2 Amendments; Waiver. This BAA may not be modified or amended, except in a writing duly signed by authorized representatives of the Parties. To the extent that any relevant provision of HIPAA, the HITECH Act, or California Confidentiality Laws is materially amended in a manner that changes the obligations of the Parties, the Parties agree to negotiate in good faith appropriate amendment(s) to this BAA to give effect to the revised obligations. If the Parties cannot agree on an amendment to this BAA, this BAA may be terminated by either Party upon thirty (30) days written notice to the other Party, or upon shorter notice as may be required by applicable law. Further, no provision of this BAA shall be waived, except in a writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.

5.3 No Third Party Beneficiaries. Nothing express or implied in this BAA is intended to confer, nor shall anything herein confer, upon any person other than the Parties hereto any rights, remedies, obligations, or liabilities whatsoever.

5.4 Notices. Any notices to be given hereunder to a Party shall be made via U.S. Mail or express courier to such Party's address given below, and/or via facsimile to the facsimile telephone numbers listed below.

If to Business Associate, to:

Data Innovations LLC
Attn: Privacy Officer
463 Mountain View Drive, Suite 3
Colchester, VT 05446
Phone: 802-658-2850

If to Covered Entity, to:

Natividad Medical Center
Attn: Compliance/Privacy Officer
1441 Constitution Blvd.
Salinas, CA 93906
Phone: 831-755-4111
Fax: 831-755-6254

Each Party named above may change its address and that of its representative for notice by the giving of notice thereof in the manner hereinabove provided. Such notice is effective upon receipt of notice, but receipt is deemed to occur on next business day if notice is sent by FedEx or other overnight delivery service.

5.5 Counterparts; Facsimiles. This BAA may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.

5.6 Relationship of Parties. Notwithstanding anything to the contrary in the Services Agreement, Business Associate is an independent contractor and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform, or cause to be performed all Business Associate obligations under this BAA.

5.7 Choice of Law; Interpretation. This BAA shall be governed by the laws of the State of California. Any ambiguities in this BAA shall be resolved in a manner that allows Covered Entity and Business Associate to comply with the Privacy Rule, the Security Rule, and the California Confidentiality Laws.

5.8 Indemnification. Business Associate shall indemnify, defend, and hold harmless the County of Monterey (the "County"), its officers, agents, and employees from any claim, liability, loss, injury, cost, expense, penalty or damage, including costs incurred by the County with respect to any investigation, enforcement proceeding, or third party action, arising out of, or in connection with, a violation of this BAA or a Breach that is directly and solely attributable to a grossly negligent act or deliberate omission of Business Associate and/or its agents, members, employees, or Subcontractors, excepting only loss, injury, cost, expense, penalty or damage caused by the negligence or willful misconduct of personnel employed by the County. It is the intent of the Parties to provide the broadest possible indemnification for the County. This provision is in addition to, and independent of, any indemnification provision in any related or other agreement between the Parties and is only applicable to the provisions herewithin to which the Business Associate is legally bound under HIPAA or other laws or statutes which pertain to the protections afforded to PHI.

5.9 Applicability of Terms. This BAA applies to all present and future Service Agreements and Business Associate relationships, written or unwritten, formal or informal, in which Business Associate creates, receives, transmits, or maintains any PHI for or on behalf of Covered Entity in any form whatsoever. This BAA shall automatically be incorporated in all subsequent agreements between Business Associate and Covered Entity

involving the Use or Disclosure of PHI whether or not specifically referenced therein. In the event of any conflict or inconsistency between a provision of this BAA and a provision of any other agreement between Business Associate and Covered Entity, the provision of this BAA shall control unless the provision in such other agreement establishes additional rights for Business Associate or additional duties for or restrictions on Business Associate with respect to PHI, in which case the provision of such other agreement will control.

5.11 Legal Actions. Promptly, but no later than ten (10) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the interests of Covered Entity or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.12 Audit or Investigations. Promptly, but no later than ten (10) business days after notice thereof, Business Associate shall advise Covered Entity of any audit, compliant review, or complaint investigation by the Secretary or other state or federal agency related to compliance with HIPAA, the HITECH Act, or the California Confidentiality Laws.

IN WITNESS WHEREOF, each of the undersigned has caused this BAA to be duly executed in its name and on its behalf as of the Effective Date.

BUSINESS ASSOCIATE

By: 

Print Name Matt King

Print Title Chief Financial Officer

Date: December 18, 2025

COVERED ENTITY

By: _____

Print Name: _____

Print Title: _____

Date: _____

BUSINESS ASSOCIATE

By: 

Print Name Matthew Wilcox

Print Title VP, Finance

Date: December 18, 2025

**NOTICE AND CONTACT INFORMATION SCHEDULE**

- 1) **Legal Notice Information:** List the contact information for all legal Notices required under the General Terms and Conditions.

Same as: Page 1 of Master Agreement ☐

Name:	Natividad Materials Management Director
Address:	1441 Constitution Blvd.
City:	Salinas
State:	CA
Zip or Province/Postal Code:	93906
Country:	USA

Attention to:	

- 2) **Business Associate Addendum Notice Information:** List the contact information for Notices required under Business Associate Addendum.

Same as: Section 1 ☐

Name:	Natividad Chief Information Officer
Address:	1441 Constitution Blvd.
City:	Salinas
State:	CA
Zip or Province/Postal Code:	93906
Country:	USA

Attention to:	

- 3) **Primary Technical Contact Information:** List the contact information for the three Primary Technical Contacts for Maintenance and Support Services for the specific Software being licensed:

☐ **Instrument Manager™**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	

☐ **EP Evaluator®**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	



☐ **Lab GPS™**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	



QUOTE SCHEDULE

Quote #O-00153199



Quote Prepared For:
Arthur Tiongson
tiongsonat@natividad.com

Sales Representative:
Edwin Hammond
ehammond@datainnovations.com

Bill To:
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
US

Ship To:
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
US

All prices denominated in **USD(\$)**
Payment Terms: **Net 30**

Year 1

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Professional Services				\$22,250.00
Year 1 Total:				\$54,625.00

Year 2

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Year 2 Total:				\$32,375.00

Year 3

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Year 3 Total:				\$32,375.00

				Total: \$119,375.00

Year 1

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
IM-SVC-01-04	New Implementation Services	1	\$22,250.00	\$22,250.00
Professional Services are available for Instrument Manager™ implementation.				
Services to be defined by a mutually agreed- to and signed Statement of Work.				
Year 1 Total:				\$54,625.00



Year 2

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
Year 2 Total:				\$32,375.00

Year 3

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
Year 3 Total:				\$32,375.00

Total: \$119,375.00**Additional Notes**

The IM™ Premium Subscription Base Software License includes:

- Instrument Manager™
- Production System with High Availability
- Test System with High Availability
- Disaster Recovery
- Specimen Management
- Sample Archival
- Specimen Routing
- Manual Results Entry
- Peer & Daily QC Integration (Bio-Rad Unity Real Time, Thermo LabLink xL, and TechnoPath)
- Open Data Exchange Connection
- Moving Averages
- DMS Connections and Light Pole Connections can be added, as needed.

The Instrument Manager™ solution listed above is licensed to Customer on a subscription basis for a set subscription term of: Three (3) Years ("Subscription Term")

Invoicing Terms: DI will invoice Customer for the total fees due for the Subscription Term as follows:

Year 1 - Upon signature of SOW and PO received by Customer and SOW milestones
 Year 2 - Annually prior to start date of Year 2
 Year 3 - Annually prior to start date of Year 3



Additional Purchases: If Customer purchases any additional add-on Instrument Manager™ connections or End Users for Instrument Manager™ production or test system during the IM™ Subscription Term, at the time of purchase, the Fees for the Add-Ons shall be prorated into the fees due for the remaining years left in the Subscription Term.

PO & Mailing Address:

Data Innovations LLC
463 Mountain View Drive
Colchester, VT 05446

Payment Remittance Address:

Data Innovations LLC
PO Box 101978
Atlanta, GA 30392-1978
DUNS #96-490-0463
TAX ID: 51-0263969

Standard Terms & Conditions

1) About this Quote

Attached is the requested quote (the "Quote"). The Quote includes all of the items in which an interest was indicated. The included pricing proposal is intended to provide a price guarantee for a period of ninety (90) days. Execution of the Master Agreement between Data Innovations LLC and County of Monterey for the provision of services for Natividad Medical Center, to which this Quote is attached as a Schedule, will be deemed Customer's acceptance of the pricing, specific time frames and terms and conditions set forth herein. Future Maintenance and Support Services ("M&S") amounts will be adjusted to reflect any software license purchased under this Quote.

2) Sales Tax

Sales tax (if applicable) will be invoiced upon acceptance of the terms of this Quote.

3) Invoice and Payment Terms

All pricing is in set forth Currency, FOB Shipping Point. Prices are subject to change without notice. Data Innovations LLC will invoice for the fees set forth in this Quote as of date of signature of the Master Agreement. Payment terms are 100% due and payable net thirty (30) days from the date of invoice.

- IM™ Subscription Software (Premium) Subscription Fees:
 - Year 1 – Upon Effective Date of Statement of Work # O-00153199
 - Year 2 – Annually prior to start date of Year 2
 - Year 3 – Annually prior to start date of Year 3
- Professional Services Fees – pursuant to the invoicing milestones set forth in Section 10.1 ("Fixed Fee Basis") of Statement of Work # O-00153199

4) Delivery Terms

DI will deliver the Software license(s) electronically to Customer upon execution of the Master Agreement to which this Quote is a Schedule.

5) Entire Agreement

The Software, Maintenance and Support Services, Professional Services and/or Subscription Services listed above are subject to the Master Agreement between Data Innovations LLC and County of Monterey for the provision of services for Natividad Medical Center, effective as of the Effective Date, to which this Quote is attached as a Schedule (the "Agreement"). The Agreement shall govern and supersede any conflicting terms and conditions contained on this Quote. This Quote and the Agreement represent the entire agreement between the Parties and supersedes all other representations, proposals, discussions, undertakings, communications, agreements, advertisements, and understandings, whether oral or written, between the Parties and shall govern and control with respect to the subject matter herein. Any terms or conditions appearing on the face or reverse side of any purchase order, acknowledgement, or confirmation that are different from or in addition to those described herein are hereby expressly rejected and shall not be binding on the Parties, even if signed and returned, unless both Parties hereto expressly agree, in an instrument separate from and in addition to the purchase order, acknowledgement, or confirmation, to be bound by such separate or additional terms and conditions.

6) Services Cancellation or Rescheduling Policy:

If Professional Services are cancelled, Customer is responsible for any expenses utilized up to the date of cancellation including pre-arranged travel expenses. If Professional Services are rescheduled, Customer is responsible for any expenses associated with rescheduling, including transportation change fees.

Additional Terms & Conditions for IM Subscription

1) Activation Code Note

Activation Codes for the new Subscription Term will be furnished within three (3) business days from receipt of payment.

2) Subscription Plan

The new subscription term shall be defined by the Term dates noted above and renewed by the Term End Date.



DATA INNOVATIONS LLC

STATEMENT OF WORK

This Statement of Work (the "SOW"), effective as of the last date of signature below (the "Effective Date") by and between Data Innovations LLC ("DI"), a Delaware limited liability company, having its principal place of business at 463 Mountain View Drive, #305, Colchester, Vermont 05446 and Natividad Medical Center. ("Customer"), having its principal place of business at 1441 Constitution Blvd. Salinas, CA 93906, sets forth the terms and conditions under which DI agrees to provide Professional Services to Customer.

This SOW is subject to the terms and conditions of the Master Agreement entered into between the parties and shall be executed contemporaneously with the Master Agreement such that both this SOW and the Master Agreement (the "**Agreement**") shall have the same Effective Date, to which this SOW is a supplement. All terms and conditions in the Agreement are incorporated by reference herein and shall remain unchanged and in effect. All Professional Services will be provided under this SOW and terms and conditions of the Agreement. In the event of any conflict between the terms and conditions of this SOW and the terms and conditions of the Agreement, the terms and conditions of the Agreement shall control. All definitions not set out in this SOW shall have the meaning as set forth in the Agreement.

1. DEFINITIONS.

- 1.1. **"AV"** means "Auto-verification", the process of using computer-based rules to verify clinical laboratory test results without manual intervention.
- 1.2. **"AV Workflow"** means a standardized set of rules written in IM based on Customer's Standard Operating Procedure(s) ("SOPs").
- 1.3. **"Business Hours"** means Monday to Friday 8 am – 5 pm local time to Customer location.
- 1.4. **"Communication Plan"** means a documented outline of how DI will communicate important, on-going project related information to key Customer stakeholders.
- 1.5. **"Completed Project"** means this SOW when it has been through the Project Closure process and has been closed as completed.
- 1.6. **"Discontinued Project"** means the status of this SOW if it has been discontinued and closed out due to action or non-action from Customer.
- 1.7. **"Enterprise Configuration"** means a configuration that is shared across lab locations using the same IM system.
- 1.8. **"Functional Testing"** means testing a successful roundtrip of one (1) test component order out of the LIS to the instrument, and one (1) test component result filing back into the LIS from the instrument on each instrument in scope.
- 1.9. **"Go-Live"** means the date the Instrument Manager software, and any associated Work Product delivered under this SOW if applicable, become operational in a live production environment.
- 1.10. **"Go-Live Deployment (Cutover) Plan"** means a document list of steps needed to define the segment-relates tasks that drive a successful deployment of Instrument Manager to production operations.
- 1.11. **"Go-Live Support"** means the implementation support provided by DI immediately at the production cutover event.
- 1.12. **"Holiday"** means the calendar day falling on any of the following observed US holidays: New Year's Day, Martin Luther King Jr Day, President's Day, Memorial Day, Juneteenth, Independence Day, Independence Day, Labor Day, Columbus or Indigenous People Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.13. **"IM"** means DI's proprietary software application, Instrument Manager™.
- 1.14. **"Instrument Connectivity Testing"** means establishing connectivity of each instrument in scope with IM.
- 1.15. **"LIS"** means Laboratory Information System.
- 1.16. **"LIS Connectivity Testing"** means establishing connectivity between the LIS and IM.
- 1.17. **"Mapped Record Testing"** means testing every test component and every test panel from the LIS on orders and results for all instruments in scope.
- 1.18. **"Period of Performance"** means the total amount of time during which this SOW shall be performed (as defined herein).
- 1.19. **"Post Deployment Support"** means the on-going support provided by the DI Professional Services team beyond the Go-Live event.
- 1.20. **"Project Closure"** means the process DI will follow to transition this SOW from an "in-process" status to a Completed Project, which includes the handoff of the Customer environment to DI Customer Support Team.
- 1.21. **"Project Closure Date"** means the date this SOW is closed as either a Completed Project or a Discontinued Project.
- 1.22. **"Project Closure Document"** means the form, executed by DI and Customer, to formally close this SOW and authorize the handoff to the DI Customer Support Team.



- 1.23. **"Project Closure Meeting"** means the final meeting of DI and the Customer to formally close this SOW.
 - 1.24. **"Project Initiation"** means the first contact/session between a DI assigned resource and the primary point of contact on the Customer team ("PPOC"). The objective of this meeting is to establish rapport, to ensure that product readiness activities have been completed, to align on project scope and objectives, to validate project resource assignments/availability, and to confirm key milestones and overall project timeline. This session allows the project planning to begin. This session serves as the start of the Period of Performance.
 - 1.25. **"Project Initiation Meeting"** means the date of the first meeting between DI and the Customer to discuss the Professional Services.
 - 1.26. **"Project Kickoff"** means the gathering of all Customer and DI stakeholders, team members, and sometimes business partners, to review and align on the project objectives, scope of deliverables, timeline, communication plan, roles/responsibilities, and overall governance for the delivery of the project. This session allows the extended Customer team members and DI assigned resources to review and to understand the comprehensive project plan, including their role in its success.
 - 1.27. **"Project Kickoff Meeting"** means a discovery meeting with the Customer to confirm alignment across Customer and DI's core and extended Professional Service project team.
 - 1.28. **"Project Plan"** means a specific Professional Service project plan for Customer that includes phase-based timelines, Customer and Professional Services project resource requirements and assignments, level of effort per task, timelines, Go-Live date(s), and potential associated risks.
 - 1.29. **"Project Readiness Checklist"** means the document/file (provided by a DI Sales Representative to Customer as part of the initial sales process) that Customer must complete to confirm that Customer has completed all necessary tasks, prerequisites, and requirements necessary to initiate the Professional Services. This document will be submitted to DI by the Customer upon completion.
 - 1.30. **"Project Status Meeting"** means a meeting with Customer to evaluate and monitor progress, reported issues and/or challenges against key SOW milestones.
 - 1.31. **"QC"** means Quality Control
 - 1.32. **"Shell Configuration"** means building configurations and connection assignments in IM for all instruments in scope.
 - 1.33. **"Smoke Testing" also referred to as "Build Verification Testing or Confidence Testing"** means a software testing method used to determine if a release of IM is ready for promotion to production use.
 - 1.34. **"Specimen Management"** means the database used to house patient, specimen, and test information within IM.
 - 1.35. **"Specimen Management Workspace"** means the configurable screen in the IM application where patient, specimen, and test information can be viewed and acted upon.
 - 1.36. **"Trip"** means an on-site visit to the Customer location provided by one (1) DI Professional Services resource. A Trip includes two (2) days of travel and up to three (3) days of work. All Billable Expenses are included in the Professional Service Fees for the Trip set forth in applicable quote.
 - 1.37. **"User Security"** means the IM module used to assign security access to features within IM.
 - 1.38. **"Validation Documentation"** means the Customer created documentation that supports the Customer Validation Testing of IM to ensure that it meets the intended Customer functional and user requirements.
 - 1.39. **"Validation Test Plan"** means the documented plan to identify the activities that need to be completed in order to establish compliance with the Customer requirements (verification) and to establish that the IM system will meet the Customer expectations.
 - 1.40. **"Validation Testing"** means Customer's quality assurance process of verifying that the IM application meets the Customer needs and requirements of its key stakeholders.
2. **PROFESSIONAL SERVICES.**
- 2.1. **Description of Professional Services.** DI in conjunction with the Customer will perform the following Professional Services under this SOW:
 - 2.1.1. **Initiation and Planning - Customer-provided Project Manager ("PM")**
 - **DI Responsibilities:** DI will provide an assigned DI resource responsible for the following tasks as part of the initiation and planning of the project:
 - Provide input into the initiation planning tasks led by the Customer.
 - Confirm the scope of project as described herein.
 - Testing and validation planning support.
 - Prepare for full team kick off to include all project resources and key project stakeholders.



- **Customer Responsibilities:** Customer is responsible for the following as part of the initiation and planning of the project:
 - Development of a Project Plan and timeline with target Go-Live date(s).
 - Development of a resource plan detailing roles and responsibilities for all assigned resources for all tasks identified in the Project Plan.
 - Development of a Communication Plan to ensure alignment and escalation pathways for all project resources and key stakeholders.
 - Manage resources and project timeline.
 - Complete Project Status Meetings with Customer and DI resources
- The output from the planning tasks shall be the following as mutually agreed to between DI and the Customer:
 - A Project Plan including a timeline/schedule, a Communication Plan, a Go-Live target date, a detailed resource plan, and a testing strategy.
 - A Customer-provided Validation Test Plan.

2.1.2. **Build and Test - Server Install and Instrument Integration:**

- **DI Responsibilities:** DI is responsible for the following to complete the build and test phases of the project, according to the agreed-upon project timeline:
 - Schedule and conduct the Project Kick-off.
 - Provide consulting support to Customer during server procurement.
 - Assist Customer resources with the installation of IM Software on applicable Customer-provided production, failover and test servers.
 - Customer is assumed to have purchased net new IM licenses for both production and test to be used with new Customer-provided servers.
 - Production and failover servers use the same IM license number.
 - At least one (1) server meeting the server specifications provided by DI must be available for IM install to begin the project. Delays in server procurement may delay the start of the project.
 - Customer may have both High Availability ("HA") and Disaster Recovery ("DR") failover servers configured as a part of this project as licensed and desired to meet Customer's end-state redundancy configuration.
 - Advise Customer on how to download Drivers, install Drivers, create configurations and create connections for the instrument(s) defined below and the Meditech LIS Driver:
 - Two (2) Abbott Alinity
 - Two (2) Siemens CS 2500
 - One (1) Cepheid Genexpert
 - One (1) Beckman IRIS
 - One (1) Qiagen Qiasat
 - Instruments are intended to be interfaced during the project Period of Performance ("PoP") as detailed in Section 8 herein. Extension of the PoP to interface instruments beyond the PoP shall be handled via Change Management as detailed in Section 6 herein.
 - Customer must ensure the IM production license has sufficient connections licensed prior to confirmed Go-Live date. Additional connections may need to be purchased if number of connections built is greater than the number of connections estimated in the pre-sale instrument inventory review.
 - Number of connections licensed or purchased may be more or less than the number of instruments included in the scope of the project.
 - Changes to the scope of the project may be handled via the Change Management process as detailed in Section 6 herein.
 - If purchased and applicable, register Customer for training seats.



- Advise Customer on how to modify the instrument and LIS configurations, including necessary test code, fluid code, error code, and instrument ID mapping if applicable.
- Collaborate with Customer to write necessary rules in IM to format orders and results correctly for instruments and the LIS for pass-through connectivity. The scope of this project does not include Professional Services to write rules for AV Workflows in IM, Professional Services to write rules or provide Specimen Management Workspace setup to manage any other non-AV Workflows in IM, or complex rules or setup to replace any current middleware solutions.
- Assist and advise Customer as needed with all phases of testing to include LIS Connectivity Testing, Instrument Connectivity Testing, Functional Testing, Mapped Record Testing, and Validation Testing for all instruments in scope.
- Provide application guidance and mentoring to the Customer while the Customer executes their Validation Test Plan according to the project timeline and regulatory requirements of the laboratory. Execution and sign-off of Validation Test Plans are the responsibility of the Customer.
- Provide consulting support to Customer resources as they determine requirements for and execute on end user training and maintenance strategy for long-term support of the IM application.
- **Customer Responsibilities:** Customer is responsible for the following to complete the build and test phases of the project, according to the agreed-upon project timeline. Using guidelines and assistance provided by DI, Customer will:
 - Provide all necessary server and network infrastructure required for IM to function as designed for instrument integration with the LIS.
 - Provide resources, per the Project Plan for the following activities:
 - Participation in the installation and mirror setup of the IM application.
 - Participation in and completion of the Shell Configuration activity to download Drivers, Install Drivers, create configurations, and create connections.
 - Completion of all phases of testing including LIS Connectivity Testing, Instrument Connectivity Testing, Functional Testing, Mapped Record Testing, and Validation Testing.
 - Completion of Driver configuration build in IM including all test code, fluid code, error code, and instrument ID mapping as applicable to the specific Driver and configuration.
 - Execution of the Validation Test Plan according to the project timeline and regulatory requirements of the laboratory.
 - Create all applicable Validation Documentation according to regulatory requirements and obtain approval of testing evidence by the applicable Customer resources.
 - Develop and implement an end user training and long-term application maintenance strategy for the IM application.
 - Customer resources registered for training classes should plan to complete the IM Fundamentals 2.0 course or current equivalent course prior to the start of Functional Testing, and the Foundations of Rule Writing in IM or equivalent current course prior to the start of Mapped Record Testing.
 - For Customer IM Analyst(s) without IM experience or training, DI **requires** all IM Fundamentals 2.0 or equivalent training to be completed prior to start of Functional Testing.

2.1.3. Deploy

- Cutover and Go-Live Support

- Prepare IM production server(s) for Go-Live.
- A customized cutover plan will be discussed and created with Customer resource(s) at least thirty (30) days prior to confirmed Go-Live date.



- Assist Customer as needed to move the validated instrument configuration(s) from the test server to the production server prior to each Go-Live event in scope.
- Go-Live Support will be provided by DI for up to **one (1) Go-Live event(s)** under the following conditions:
 - Provide **one (1)** resource for up to **eight (8)** hours per day for **one (1)** day, for a total of **eight (8)** hours of remote Go-Live support. – Target Go-Live date (subject to confirmation during project planning): to be determined.
- If Customer requests the Go-Live event to occur during a defined Holiday, additional charges will apply.

• **Post-Deployment Support**

- DI will provide Post Deployment Support for **up to two (2) week(s)** following Customer's final Go-Live event during Business Hours. At the completion of Post-Deployment Support, the Customer will be transitioned to DI Customer Support Team and the SOW will be closed.
- Post Deployment Support includes:
 - Support for the Professional Services that went live as a part of a DI-provided Go-Live event.
 - Assistance with troubleshooting non-emergent, non-time dependent issues related to the normal operation and maintenance of instrument interfaces.
- Post Deployment Support does not include:
 - All emergency support – Customer should contact DI Customer Support according to DI's Maintenance and Support agreement in place with Customer.
 - Off-hours support for issue resolution.
 - On-site Professional Services.
 - IT support for Customer-provided servers, other hardware, and Customer's network. Customer provides all support for network, servers, and other Customer-provided hardware as applicable.
 - Support to run Customer's laboratory instrumentation. Customer must provide resource(s) to maintain, operate, configure, and troubleshoot instruments.
- DI will respond to issues raised within twenty-four (24) hours of receipt.

2.1.4. **Project Closure**

- Upon completion of the Customer transition to the DI Customer Support Team, a Project Closure Meeting will be scheduled and conducted by the assigned DI resource, followed by the DI Project Closure Document, which is routed to the Customer for signature via DocuSign.

2.2. **On-site Visits.**

- DI will deliver the quantity of Trips, as listed in the Quote under part #IM-SVC-01-TRP, to complete the Professional Services defined herein. If part #IM-SVC-01-TRP is not present on the Quote, the number of Trips is zero (0).
- Additional Trips to support the Professional Services may be purchased separately at an additional cost.
- For Professional Services delivered on-site at a Customer facility, appropriate access will be provided to the DI consultant to enable them to do their work effectively. Access typically includes the Customer laboratory, resources, instruments, and test and production IM systems.

3. **WORK PRODUCTS & TIMELINE.**

- 3.1. **Work Products.** DI in conjunction with the Customer will provide support for and/or deliver the Work Products listed in the following table. The actual sequence of Work Products will be determined by the joint DI and Customer project team and will be documented after Project Kickoff.

WORK PRODUCT	RESPONSIBLE PARTY	PROJECT PHASE
Project Readiness Checklist	Customer	Initiation & Planning
Project Plan	Customer	Initiation & Planning
Communication Plan	Customer	Initiation & Planning



Validation Test Plan	Customer	Initiation & Planning
Validation Documentation	Customer	Initiation & Planning
Project Kickoff Meeting	DI, Customer	Initiation & Planning
End User Training	Customer	Build
DI Software/Solution Installation & Mirror Setup	DI, Customer	Build
Shell Configuration	DI, Customer	Build
Completion of Functional and Mapped Record Testing	Customer	Build & Test
Completion of Validation Testing and Validation Documentation	Customer	Test
Support of Validation Testing	DI	Test
Go-Live Deployment Plan	DI, Customer	Deploy
Smoke Testing	Customer	Deploy
Support of Go-Live Deployment	DI	Deploy
Post Go-Live Deployment Support	DI	Deploy
Transition to Customer Support Team	DI, Customer	Project Closure
Project Closure Meeting	DI	Project Closure
Project Closure Document	DI, Customer	Project Closure

3.2. **Project Timeline.** Chronology has yet to be precisely determined; exact dates and times will be coordinated as *mutually agreed to by Customer and DI*.

3.3. **Summary of Professional Services.**

- IM installed on applicable production, failover, and test servers.
- Instruments in scope are integrated with IM and LIS.
- IM production server(s) prepared for Go-Live.
- IM failover server synced with production server.
- IM test server loaded with production configuration.
- Go-Live Support provided as described in Section 2.1.3. "Deploy" herein.

4. **ASSUMPTIONS/CONSIDERATIONS.**

4.1. **Delays and Scope Consideration.**

- 4.1.1. Any Professional Service not explicitly identified in this SOW is considered "out-of-scope" and assumed to be the responsibility of the Customer. Per the request of Customer, those items can be evaluated, considered and (if agreed upon) addressed through the Change Management Process set forth below.
- 4.1.2. Pricing for this SOW assumes Customer resources will be engaged to perform and complete its obligations for the completion of the SOW throughout the Period of Performance. If additional time is required to complete this SOW due to Customer delays or related issues including but not limited to completion of Customer tasks outlined herein this will be discussed between the Customer and DI. If additional time beyond the Period of Performance is requested by Customer to continue delivery of the Professional Services, the additional time will be addressed via the Change Management Process set forth below.
- 4.1.3. As applicable to the project scope, any delays in the completion of the LIS build, instrument delivery, instrument readiness to connect to IM, data collection necessary for IM configuration, completion of any pre-requisite tasks, network issues, or server procurement will delay the start of this project and/or result in additional effort and costs against the potential breach in Period of Performance.
- 4.1.4. Instruments are required to be available for wet testing as indicated by the Project Plan testing strategy and to be in compliance with laboratory regulations. Coordinating the testing strategy with laboratory operations is required to ensure project timelines are met. Delays in instrument availability and testing completion, beyond the agreed upon project timeline may require additional effort to be estimated and cost incurred.

4.2. **Project Readiness Checklist.**

- 4.2.1. Customer will be provided with the DI Project Readiness Checklist, which must be completed in advance of the project being initiated. Upon DI receipt of the completed Project Readiness Checklist file, the required DI team members will be assigned. A DI project team member will contact the Customer directly to initiate the project delivery.
- By returning the Project Readiness Checklist, the Customer agrees that Lab, IT and Network resources are available to start work and be fully engaged in the project.
 - If the Project Readiness Checklist gets returned to DI incomplete, the Customer agrees that DI Technical and Professional Services will assist in answering questions to assist Customer in completing the requirements. Depending on the



situation, these activities may count against the Period of Performance.

4.3. Instrumentation Considerations and Availability of Instruments for Testing.

- 4.3.1. All instruments must be able to be taken out of the live (current production) interface environment, if applicable to the scope of the project, and available to be connected to IM during all testing phases. Pre-scheduling testing sessions in advance with lab operations around peak production times can help mitigate delays.
- 4.3.2. Instruments are included in scope based on information documented during scoping. Changes to instrumentation during the course of the project must be submitted to DI in writing and evaluated for changes to the scope of Professional Services and/or number of standard or DMS connections prior to beginning work on the project.
- 4.3.3. Any changes to instrumentation resulting in the need for DI Driver development or enhancements may delay the implementation for that instrument and/or result in additional effort and costs against the potential breach in Period of Performance.
- 4.3.4. All instruments in scope for this service are installed and have passed regulatory compliance for the laboratory (method validation, verification, and/or comparison), and have all applicable network/IT infrastructure in place to connect to IM in advance of Project Initiation.
- 4.3.5. Customer is responsible for resolution of any network compatibility issues for instruments included in scope during all Validation Testing activities.
- 4.3.6. Customer is responsible for maintaining adequate and complete documentation for any changes to be applied to instrument settings for all instruments in scope at Go-Live if changes are applicable.

4.4. Validation Testing Requirements.

- 4.4.1. An authorized Customer representative is responsible for all Validation Testing of the IM system prior to Go-Live. This also includes the development of Validation Test Plans for testing the IM system to include all mapping, connections, rules, and applicable workflows.
- 4.4.2. Changes or delays to the Validation Test Plan and timeline may cause additional effort to be estimated and cost incurred.
- 4.4.3. DI will assist in resolving issues identified during the Validation Testing that are related to the scope of this project, as it pertains to the DI software/solutions licensed to Customer.

4.5. Server Procurement, IM Analyst Access, and Long-Term Application Maintenance.

- 4.5.1. Customer is responsible for procurement and support of all necessary servers on which the IM application is installed and run.
- 4.5.2. Customer is responsible for IT network support and troubleshooting for all networks with IM servers and/or networks with instruments included in scope to be connected to the IM servers.
- 4.5.3. Customer IT/Network resources will confirm network compatibility between the network where IM servers are installed and all networks with instruments expected to connect to IM.
- 4.5.4. Customer IM Analyst(s) are required to have appropriate access and permissions to the server for the duration of the project. Delays in obtaining appropriate access may delay the overall project timeline, which may lead to a breach in Period of Performance.
- 4.5.5. Customer will be responsible for communicating any changes to their technical/server architecture or configuration that may impact or influence the performance of DI software/solutions licensed to Customer.
- 4.5.6. Customer is responsible for the long-term application and server maintenance of their IM system. The IM Maintenance strategy can be developed with DI Consultant support if needed, as part of the implementation plan.
- 4.5.7. Customer must have appropriate server and user permissions granted to enable Drivers to be downloaded from My DI Community to the server(s) where IM is installed.

4.6. Driver Development or Enhancement Requests.

- 4.6.1. If Driver development is required, Customer is responsible for testing any new Driver or Requested Enhancements to existing Driver developed by DI and shall provide DI with the required evidence of testing prior to Go-Live. Once proper evidence is received, a production version of the Driver will be released to the Customer.

4.7. IM System.

- 4.7.1. Customer has been given access to supporting DI technical documentation (IM Administrator Guide, IM Specifications, etc.) in support of the IM project. Customer is assumed to have completed review of this documentation in preparation for project delivery.
- 4.7.2. Customers with multiple IM systems on different IM versions must have a plan for end users to access each system from a workstation with a matching IM version installed.
- 4.7.3. Customer is responsible for ensuring patient IDs and specimen IDs arriving in IM from all upstream systems are unique. Unique patient and specimen IDs are required to prevent



issues with testing and potential patient safety issues caused by mismatched patient demographics when specimen or patient IDs overlap and are used to identify different patients.

4.8. Add-on Projects.

- 4.8.1. Customer is responsible for documenting all changes to the LIS configuration and any other Enterprise Configuration(s) during an add on project to be moved to the production server at each Go-Live event if changes are applicable.
- 4.8.2. Customer is responsible for retroactively testing any updated Drivers on existing live configurations if applicable prior to each Go-Live event.

4.9. Emergency Support.

- 4.9.1. Upon completion of Go-Live Support for each Go-Live event in scope for the project, technical support (during non-business hours) for emergency issues (system-down, critical laboratory workflow affected) will be provided by DI's Customer Support Team, in accordance with the DI Maintenance and Support agreement in place with Customer.

4.10. AV Workflows.

- 4.10.1. Projects that are scoped to include Professional Services to deploy an existing AV workflow to an additional laboratory location assume the Customer's additional lab uses the same instrument, the same instrument settings, are connected to the same LIS, and are using the same DI Driver as the original lab location to be eligible to use the same AV workflow. Customers with a different instrument, different instrument settings, are connected to a different LIS, or are using a different DI Driver must purchase additional Professional Services to configure a net new AV workflow.
- 4.10.2. All instruments included for AV workflows must be onsite and validated prior to beginning work on AV.

4.11. IM System Responsibilities

- 4.11.1. The Customer is responsible for completing the configuration of the IM application and acting as the primary operator of the IM application.
- 4.11.2. DI Professional Services resources assigned to complete the Professional Services detailed herein shall advise the Customer on best-practices of IM configuration and testing through a guidance and mentoring approach while considering unique aspects of the Customer's needs, provided however, the Customer shall maintain the primary responsibility for completing the configuration, mapping, testing, and validation of the IM application.

5. STAFFING REQUIREMENTS.

- 5.1. The DI team will assign resources for the scoped project and will communicate staffing with the Customer at the Project Initiation Meeting.
- 5.2. The Customer will be responsible for providing resources proficient in IM, Laboratory, Network / IT, and installed LIS. Customer resources are expected to perform the functions of these roles over the defined project durations identified in this document.
 - The level of effort for each required role will likely be determined by Customer's security protocols, software validation SOPs, etc.
 - Some personnel may fulfill more than one role (example: A Laboratory Resource can also fulfill the IM Analyst role if qualified)
- 5.3. Customer's Laboratory Resource(s) are required to be available as needed during testing sessions to maintain, operate, configure, and troubleshoot instruments, set up assays, and otherwise assist with testing.
- 5.4. Customer is required to have at least one (1) resource that is trained within the last four (4) years and is proficient in IM identified to be an IM Analyst for the duration of this project. For projects including the implementation of IM rules, the Customer IM Analyst must have formal training in the implementation and development of IM rules. DI may recommend additional resource(s) based on the size or complexity of the project. If the Customer does not have a resource trained within the last four (4) years, additional training must be performed, or DI will require Customer provide additional resources to supplement the gap.
- 5.5. Customer personnel assigned to work on the matters related to the Professional Services will be qualified for the tasks for which they are assigned.

Role	Responsibilities
Project Sponsor	The Project Sponsor will work with the assigned DI resource to set project expectations, identify resource availability, and set timelines for the Professional Services. They serve as the escalation point for project issues from Project Initiation through Project Closure.
Primary Point-of-Contact	The Primary Point-of-Contact ("PPOC") will work with the assigned DI resource to develop and manage Customer's project timelines, set



	milestones, and adjust resources as necessary, act as the primary point of escalation for issues risks, and other project related escalations, and provide sufficient contact information for the individual to be reached during Customer's business hours. The PPOC serves as the direct contact, and decision maker, for project from Project Initiation through Project Closure.
IM Analyst	The IM Analyst is responsible for the IM configuration and maintenance as well as the development of new workflows in conjunction with the Validation Testing of the IM application. The IM Analyst should have access to the DI Customer portal, "My DI Community," and be proficient in the use of IM.
IT / Network Resource	The IT / Network Resource is responsible for the Customer server build(s) and design of technical solutions to address connectivity needs and problems between the instruments, IM, and the LIS.
LIS Analyst	The LIS Analyst is responsible for the LIS interfaces, placing orders, and/or confirming results.
Interface Analyst(s)	The Interface Analyst(s) are responsible for any third-party interface engine(s) used.
Laboratory Resource	The Laboratory Resource or Subject Matter Expert ("SME") is responsible for all phases of Validation Testing to include development of Validation Testing and review of Validation Documentation.

6. CHANGE MANAGEMENT PROCESS.

6.1. Customer acknowledges and agrees that this SOW is only for the performance of the Professional Services scoped herein and that DI has scoped the Professional Services in this SOW based on Customer provided information and projected Customer technical skills and time commitment required for the performance of such Professional Services. If after the Effective Date of the SOW i) DI determines that the information provided was not accurate, ii) the information changes, and/or iii) Customer is not able to provide personnel at the technical level, or time-commitment level originally contemplated in the scope of Professional Services, an adjustment to the scope of Professional Services may have to be made by DI, and such adjustment may require an increase in the Professional Services Fees. Further, if Customer requests DI perform Professional Services beyond those scoped herein, and/or necessary changes are identified, an adjustment to the scope of this SOW will have to be made by DI, and such adjustment may require an increase in the Professional Services Fee.

6.2. Changes are broadly defined as work activities not originally scoped in this SOW including, but not limited to:

- Driver Updates, if Driver development is required.
- Provision of Work Products not included in this SOW.
- A change in responsibilities including reallocation of DI project staffing.
- Any rework of completed Professional Services or accepted Work Products.
- Changes to Customer's instrument inventory or instruments included in scope

6.3. Prior to any changes taking effect, a Change Order will be entered into between DI and the Customer, to document the revisions to this SOW and the applicable quote, if necessary. DI shall have no obligation to begin work on any additional Professional Services prior to the Change Order being in place.

7. **EXPIRATION OF TRAINING SEATS.** If Training has been scoped under this SOW, and seats purchased by Customer and invoiced by DI, Customer must use the training seats within ninety (90) days of Project Closure Date for this SOW. After the ninety (90) day period, any unused training seats shall be deemed delivered under the applicable invoice, unless otherwise agreed upon by the parties in a Change Order to this SOW.

8. PERIOD OF PERFORMANCE.

8.1. The Period of Performance for this SOW shall take effect as of the Project Initiation Meeting date and shall remain in effect for a term of **twenty (20) weeks** or until the scope of Professional Services outlined herein have been completed, whichever occurs first. The Period of Performance may only be modified or extended by mutual agreement of the parties through the Change Management Process outlined herein.

8.2. If the Period of Performance has ended, and the performance of Professional Services set out in this SOW have not been completed due to Customer's unresponsiveness or lack of engagement, DI may close out this SOW as a Discontinued Project unless otherwise agreed to by the parties under a Change Order. If this SOW is closed as a Discontinued Project, Customer forfeits all monies already paid.

8.3. If this SOW has been closed out as a Discontinued Project, Customer may request that it be re-engaged by DI. To reengage a Discontinued Project a new SOW must be agreed to by the parties, and there will be a "Reengagement Fee" of 20% the original Professional Services fees set forth for this SOW.

9. **NOTIFICATIONS.** Any notifications pertaining to the Change Management Process and/or Period of Performance updates, including closing this SOW as a Discontinued Project will be sent via email to the

Statement of work - Direct Customer



Customer PPOC.

10. **FEES, INVOICING AND PAYMENT TERMS.** As consideration for the Professional Services provided by DI to Customer under this SOW, DI shall invoice Customer, or a third-party on their behalf, for the Professional Service Fees set forth in quote #O-00153199 (the "Quote") on the following basis:
- 10.1. **Fixed Fee Basis:** 100% of the Professional Services fees set forth in the Quote as of the Effective Date of this SOW.
 - 10.2. **Change in Professional Services Fees, Invoicing and Payment Terms:** Each applicable Change Order to this SOW shall document any changes to the Professional Services Fees and related invoicing and payment terms.
 - 10.3. **Billable Expenses:** All Billable Expenses are included in the Professional Service Fees set forth in Quote and are included in the payment terms.
 - 10.4. **Payment Terms:** All invoices are due as of the Due Date.
11. **AUTHORITY.** Each person executing this SOW on behalf of any entity hereby represents and warrants that he or she is duly authorized and has full authority to execute and deliver this SOW.

IN WITNESS WHEREOF, Customer and DI have executed this SOW as of the dates of signature below.

Data Innovations LLC

Natividad Medical Center


Signature

Signature

Matt King
Printed Name

Printed Name

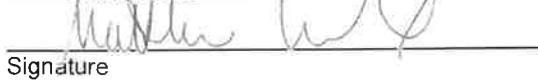
Chief Financial Officer
Title

Title

December 18, 2025
Date

Date

Data Innovations LLC


Signature

Matthew Wilcox
Printed Name

Vice President, Finance
Title

December 18, 2025
Date

The terms and conditions of this SOW offered herein shall expire if this SOW has not been duly executed by the Parties contemporaneously with the Master Agreement, as mutually agreed to by the Parties.

The Professional Services set forth herein shall be scheduled to commence upon receipt of this SOW signed by Customer and Customer's purchase order (or a purchase order from a third-party on Customer's behalf) and in accordance with the defined Period of Performance.

Return this signed SOW to Edwin Hammond at ehammond@datainnovations.com in .pdf format as an email attachment or via mail to:

Data Innovations LLC
463 Mountain View Drive, #305
Colchester, VT 05446
Attention: Edwin Hammond



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-015

February 10, 2026

Introduced: 1/21/2026

Current Status: Criminal Justice - Consent

Version: 1

Matter Type: BoS Resolution

- a. Authorize the Monterey County Sheriff's Office to accept \$341,165 from the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG) on behalf of the County of Monterey; and
- b. Authorize and approve an increase in appropriations of the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- c. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- d. Approve and authorize the Sheriff or Sheriff's designee to execute a retroactive non-standard agreement with the State of California Board of State and Community Corrections (BSCC), for the Edward Byrne Memorial Justice Assistance Grant Program, to support a broad range of activities to prevent and control crime, in the amount of \$341,165 for the period of October 1, 2025 to September 30, 2026; and
- e. Approve and authorize the Sheriff or Sheriff's designee to amend the agreement as necessary if requested by the State of California Board of State and Community Corrections (BSCC).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Monterey County Sheriff's Office to accept \$341,165 from the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG) on behalf of the County of Monterey; and
- b. Authorize and approve an increase in appropriations of the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- c. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- d. Approve and authorize the Sheriff or Sheriff's designee to execute a retroactive non-standard agreement with the State of California Board of State and Community Corrections (BSCC), for the Edward Byrne Memorial Justice Assistance Grant Program, to support a broad range of activities to

prevent and control crime, in the amount of \$341,165 for the period of October 1, 2025 to September 30, 2026; and

e. Approve and authorize the Sheriff or Sheriff's designee to amend the agreement as necessary if requested by the State of California Board of State and Community Corrections (BSCC).

SUMMARY/DISCUSSION:

The Monterey County Sheriff's Office was notified it was the recipient of an Edward Byrne Memorial Justice Assistance Grant (JAG) award on October 2, 2025, for a grant period of October 1, 2025, to September 30, 2026. This was a non-competitive, formula-based grant awarded to eligible jurisdictions. This item is being brought forward to the Board of Supervisors for retroactive authorization.

The JAG Program provides state and local governments with flexible funding to support a broad range of activities designed to prevent crime, reduce recidivism, and enhance public safety. Allowable expenditures include the purchase of equipment, fixed assets, and supplies within eligible program purpose areas, including law enforcement and community corrections operations.

The Monterey County Sheriff's Office will serve as the administering agency for this grant and will manage the award in compliance with BSCC requirements. In its role as administrator, the Sheriff's Office will coordinate with the Monterey County Probation Department to allocate a portion of the grant funding to support probation-related public safety and recidivism reduction efforts, consistent with JAG program guidelines. The Sheriff's Office and Probation Department will develop an agreement for the equitable distribution of the associated funding within the program purpose areas prior to the expenditure of any funds by either the Sheriff's Office or Probation Department.

Approval of this item authorizes the Sheriff's Office to enter into the grant agreement and ensures both the Sheriff's Office and Probation Department can acquire needed equipment and resources that support operational readiness, officer and staff safety, and the effective performance of core public safety functions.

The Monterey County Sheriff's Office respectfully requests approval of this agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the agreement as to legal form, and the Auditor/Controller has reviewed the fiscal provisions. The County Administrator's Office will support as needed with the development of the funding distribution agreement between the Sheriff's Office and Probation Department.

FINANCING:

The Sheriff's Office is asking support from the Board of Supervisors to increase appropriations and estimated revenues of the Adopted Budget for FY 2025-26, 001-2300-SHE001-8242-JAGETP in the amount of \$341,165, financed by \$341,165 from the Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG).

Prepared by: Scott Davis, Commander, Ex#3896

Reviewed by: Timothy Lanquist, Chief Deputy, Ext#3887

Reviewed by: Keith Boyd, Undersheriff, Ext#3859

Approved by: Tina M. Nieto, Sheriff/Coroner, Ext #3750

Attachments:

Resolution

Grant Award Email

Non-Standard Agreement with Exhibits



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-015

February 10, 2026

Introduced: 1/21/2026

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

- a. Authorize the Monterey County Sheriff's Office to accept \$341,165 from the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG) on behalf of the County of Monterey; and
- b. Authorize and approve an increase in appropriations of the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- c. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
- d. Approve and authorize the Sheriff or Sheriff's designee to execute a retroactive non-standard agreement with the State of California Board of State and Community Corrections (BSCC), for the Edward Byrne Memorial Justice Assistance Grant Program, to support a broad range of activities to prevent and control crime, in the amount of \$341,165 for the period of October 1, 2025 to September 30, 2026; and
- e. Approve and authorize the Sheriff or Sheriff's designee to amend the agreement as necessary if requested by the State of California Board of State and Community Corrections (BSCC).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Monterey County Sheriff's Office to accept \$341,165 from the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG) on behalf of the County of Monterey; and
- b. Authorize and approve an increase in appropriations of the Sheriff's Office FY 2025-2026 Adopted Budget 001-2300-SHE001-8242-JAGETP by \$341,165 financed by the State of California Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG); and
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- d. Approve and authorize the Sheriff or Sheriff's designee to execute a retroactive non-standard agreement with the State of California Board of State and Community Corrections (BSCC), for the Edward Byrne Memorial Justice Assistance Grant Program, to support a broad range of activities to prevent and control crime, in the amount of \$341,165 for the period of October 1, 2025 to September 30, 2026; and

e. Approve and authorize the Sheriff or Sheriff's designee to amend the agreement as necessary if requested by the State of California Board of State and Community Corrections (BSCC).

SUMMARY/DISCUSSION:

The Monterey County Sheriff's Office was notified it was the recipient of an Edward Byrne Memorial Justice Assistance Grant (JAG) award on October 2, 2025, for a grant period of October 1, 2025, to September 30, 2026. This was a non-competitive, formula-based grant awarded to eligible jurisdictions. This item is being brought forward to the Board of Supervisors for retroactive authorization.

The JAG Program provides state and local governments with flexible funding to support a broad range of activities designed to prevent crime, reduce recidivism, and enhance public safety. Allowable expenditures include the purchase of equipment, fixed assets, and supplies within eligible program purpose areas, including law enforcement and community corrections operations.

The Monterey County Sheriff's Office will serve as the administering agency for this grant and will manage the award in compliance with BSCC requirements. In its role as administrator, the Sheriff's Office will coordinate with the Monterey County Probation Department to allocate a portion of the grant funding to support probation-related public safety and recidivism reduction efforts, consistent with JAG program guidelines. The Sheriff's Office and Probation Department will develop an agreement for the equitable distribution of the associated funding within the program purpose areas prior to the expenditure of any funds by either the Sheriff's Office or Probation Department.

Approval of this item authorizes the Sheriff's Office to enter into the grant agreement and ensures both the Sheriff's Office and Probation Department can acquire needed equipment and resources that support operational readiness, officer and staff safety, and the effective performance of core public safety functions.

The Monterey County Sheriff's Office respectfully requests approval of this agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the agreement as to legal form, and the Auditor/Controller has reviewed the fiscal provisions. The County Administrator's Office will support as needed with the development of the funding distribution agreement between the Sheriff's Office and Probation Department.

FINANCING:

The Sheriff's Office is asking support from the Board of Supervisors to increase appropriations and estimated revenues of the Adopted Budget for FY 2025-26, 001-2300-SHE001-8242-JAGETP in the amount of \$341,165, financed by \$341,165 from the Board of State and Community Corrections (BSCC) Edward Byrne Memorial Justice Assistance Grant (JAG).

Prepared by: Scott Davis, Commander, Ex#3896

Reviewed by: Timothy Lanquist, Chief Deputy, Ext#3887

Reviewed by: Keith Boyd, Undersheriff, Ext#3859

Approved by: Tina M. Nieto, Sheriff/Coroner, Ext #3750

Attachments:

Resolution

Grant Award Email

Non-Standard Agreement with Exhibits

Before the Board of Supervisors in and for the
County of Monterey, State of California

Resolution No. _____

Adopt a Resolution to:

- a. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-26 Adopted Budget (001-2300- SHE001-8242-JAGETP) by increasing appropriations and estimated revenues of \$341,165 in the Sheriff's FY 2025-26 Adopted Budget (001-2300- SHE001-8242-JAGETP), financed by the State of California Board of State and Community Corrections Edward Bryne Memorial Justice Assistance Grant (4/5 vote required).

WHEREAS, the Sheriff's Office is requesting an increase in appropriations based on revenue to be received from the State of California Board of State and Community Corrections Edward Bryne Memorial Justice Assistance Grant; and

NOW, THEREFORE, the Monterey County Board of Supervisors hereby resolved to approve the following:

- a. Authorize and direct the Auditor-Controller to amend the Sheriff's Office FY 2025-26 Adopted Budget (001-2300- SHE001-8242-JAGETP) by increasing appropriations and estimated revenues of \$341,165 in the Sheriff's FY 2025-26 Adopted Budget (001-2300- SHE001-8242-JAGETP), financed by the State of California Board of State and Community Corrections Edward Bryne Memorial Justice Assistance Grant (4/5 vote required).

PASSED AND ADOPTED upon motion of Supervisor _____, seconded by Supervisor _____ and carried this _____ day of February 2026 by the following vote, to-wit:

AYES:

NOES:

ABSENT:

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on _____.

Dated:
File Number:

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

By: _____
_____, Deputy

From: [Davis, Scott](#)
To: [Curtright, Arthur C.](#)
Cc: [Smith, Jason](#); [Bixler, Eric](#)
Subject: FW: JAG Equipment & Training Program Award
Date: Wednesday, January 21, 2026 2:46:14 PM
Attachments: [image001.png](#)

The forwarded email below was the notification I received that the Sheriff's Office received the BSCC Jag Grant. Other than this email and the documents I sent to you; I don't have anything else.

Does the forwarded email below suffice?

Thanks!



Scott Davis

Acting Commander

Monterey County Sheriff's Office
1410 Natividad Rd., Salinas CA 93906
Phone: (831) 755-3896
Work Cell: (831) 253-6017

CONFIDENTIALITY NOTICE: This e-mail communication and any attachments may contain confidential and privileged information for the use of the designated recipients named above. Distribution, reproduction or any other use of the transmission by any party other than the intended recipient is prohibited. If you have received this e-mail in error, please notify the sender immediately. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the County of Monterey or the Monterey County Sheriff's Office.

From: BSCC JAG <JAG@bscc.ca.gov>
Sent: Wednesday, September 24, 2025 3:00 PM
To: Davis, Scott <DavisSY@countyofmonterey.gov>; Lavorato, Julie L. <LavoratoJL@countyofmonterey.gov>
Cc: Silva, Ian@BSCC <Ian.Silva@bscc.ca.gov>; Tringali, Lisa@BSCC <Lisa.Tringali@bscc.ca.gov>; BSCC JAG <JAG@bscc.ca.gov>; Norred, Chad@BSCC <Chad.Norred@bscc.ca.gov>
Subject: JAG Equipment & Training Program Award

This Message Is From an External Sender

[CAUTION: This email originated from outside of the County. Do not click links or open attachments unless you recognize the sender and know the content is safe.]

Good Afternoon,

Congratulations we have reviewed your application for the JAG Equipment and Training Program and you have been awarded a federal grant in the amount of \$341,162. Your Contract and any additional required information will be sent within the next few days.

We look forward to working with you on this exciting and important grant project. If you have any questions or if we can be of assistance during the contracting process, please do not hesitate to contact me.

Again, congratulations!

Sincerely,

Chad Norred | Staff Services Manager I | CPGP
BOARD OF STATE AND COMMUNITY CORRECTIONS
2590 Venture Oaks Way, Sacramento, CA 95833
<http://www.bscc.ca.gov>
phone (916) 445-5074
email chad.norred@bscc.ca.gov
LEADERSHIP ★ EXCELLENCE ★ SUPPORT

STANDARD AGREEMENT

STD 213 (Rev 03/2019)

AGREEMENT NUMBER

BSCC 1504-25

PURCHASING AUTHORITY NUMBER (If Applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

BOARD OF STATE AND COMMUNITY CORRECTIONS

CONTRACTOR NAME

Monterey County**2. The term of this Agreement is:**

START DATE

OCTOBER 1, 2025

THROUGH END DATE

SEPTEMBER 30, 2026**3. The maximum amount of this Agreement is:****\$341,165.00****4. The parties agree to comply with the terms and conditions of the following exhibits, attachments, and appendices which are by this reference made a part of the Agreement.**

EXHIBITS	TITLE	PAGES
Exhibit A	Scope of Work	3
Exhibit B	Budget Detail and Payment Provisions	4
Exhibit C	General Terms and Conditions (04/2017)	4
Exhibit D	Special Terms and Conditions	4
Exhibit E	2022 and 2023 JAG Federal Award Conditions	40
Attachment 1	JAG Equipment and Training Program Request for Applications*	
Attachment 2	JAG Equipment and Training Program Application for Funding	10
Appendix A	JAG Executive Steering Committee	1

Items shown with an asterisk (), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at: www.bscc.ca.gov

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.**CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Monterey County

CONTRACTOR BUSINESS ADDRESS

1414 Natividad Road

CITY

Salinas

STATE

CA

ZIP

93906

PRINTED NAME OF PERSON SIGNING

Scott Davis

TITLE

Commander

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

BOARD OF STATE AND COMMUNITY CORRECTIONS

CONTRACTING AGENCY ADDRESS

2590 Venture Oaks Way, Suite 200

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

Colleen Curtin

TITLE

Deputy Director

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED



EXHIBIT A: SCOPE OF WORK

1. GRANT AGREEMENT

This Grant Agreement is between the State of California, Board of State and Community Corrections (hereafter referred to as BSCC) and Monterey County (hereafter referred to as the Grantee or Contractor).

2. PROJECT SUMMARY AND ADMINISTRATION

The Edward Byrne Memorial Justice Assistance Grant (JAG) Program allows states and units of local government, including tribes, to support a broad range of activities to prevent and control crime based on their own state and local needs and conditions. JAG Equipment and Training Program funds may be used ONLY for the purchase of equipment/fixed assets and/or supplies to support activities that fall under any one or more of the following program purpose areas: 1) law enforcement programs; 2) prosecution and court programs; 3) prevention and education programs; 5) drug treatment and enforcement programs; and 8) mental health programs and related law enforcement and corrections programs.

Grantee agrees to administer the project in accordance with Attachment 1: JAG Equipment and Training Program Request for Applications (by reference) and Attachment 2: JAG Equipment and Training Program Application for Funding, which is attached and hereto and made part of this agreement.

3. PROJECT OFFICIALS

- A. The BSCC's Executive Director or designee shall be the BSCC's representative for administration of the Grant Agreement and shall have authority to make determinations relating to any controversies that may arise under or regarding the interpretation, performance, or payment for work performed under this Grant Agreement.
- B. The Grantee's project officials shall be those identified as follows:

Authorized Officer with legal authority to sign:

Name: Scott Davis
Title: Commander
Address: 1414 Natividad Road, Salinas, CA 93906
Phone: 831-755-3896
Email: davissy@countyofmonterey.gov

Designated Financial Officer authorized to receive warrants:

Name: Julie Lavorato
Title: Finance Manager
Address: 1414 Natividad Road, Salinas, CA 93906
Phone: 831-759-7253
Email: lavoratojl@countyofmonterey.gov

Project Director authorized to administer the project:

Name: Scott Davis
Title: Commander
Address: 1414 Natividad Road, Salinas, CA 93906
Phone: 831-755-3896
Email: davissy@countyofmonterey.gov

EXHIBIT A: SCOPE OF WORK

- C. Either party may change its project representatives upon written notice to the other party.
- D. By signing this Grant Agreement, the Authorized Officer listed above warrants that he or she has full legal authority to bind the entity for which he or she signs.

4. DATA COLLECTION

Grantees will be required to comply with all data collection and reporting requirements as described in Attachment 1: JAG Equipment and Training Program Request for Applications (by reference) and Attachment 2: JAG Equipment and Training Program Application for Funding

5. REPORTING REQUIREMENTS

- A. Grantee will submit quarterly progress reports, including results for the federal performance indicators, in a format prescribed by the BSCC. These reports, which will describe progress made on program objectives and include required data, shall be submitted according to the following schedule:

Quarterly Progress Report Periods

1. October 1, 2025 to December 31, 2025
2. January 1, 2026 to March 31, 2026
3. April 1, 2026 to June 30, 2026
4. July 1, 2026 to September 30, 2026

Due no later than:

- January 15, 2026
- April 15, 2026
- July 15, 2026
- October 15, 2026

- B. The grantee shall submit all other reports and data as required by the BSCC

6. PROJECT RECORDS

- A. The Grantee shall establish an official file for the project. The file shall contain adequate documentation of all actions taken with respect to the project, including copies of this Grant Agreement, approved program/budget modifications, financial records and required reports.
- B. The Grantee shall establish separate accounting records and maintain documents and other evidence sufficient to properly reflect the amount, receipt, and disposition of all project funds, including grant funds and any matching funds by the Grantee and the total cost of the project. Source documentation includes copies of all awards, applications, approved modifications, financial records and narrative reports.
- C. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the grant, whether they are employed full-time or part-time. Time and effort reports are also required for all subcontractors and consultants.
- D. The grantee shall maintain documentation of donated goods and/or services, including the basis for valuation.
- E. Grantee agrees to protect records adequately from fire or other damage. When records are stored away from the Grantee's principal office, a written index of the location of records stored must be on hand and ready access must be assured.
- F. All Grantee records relevant to the project must be preserved a minimum of three (3) years after closeout of the grant project and shall be subject at all reasonable times to inspection, examination, monitoring, copying, excerpting, transcribing, and auditing by the BSCC or designees. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained until

EXHIBIT A: SCOPE OF WORK

the completion of the action and resolution of all issues which arise from it or until the end of the regular three-year period, whichever is later.

7. AUDIT

Grantee is required to complete an audit annually for each fiscal year/audit period, or fraction thereof, for the entire three-year grant cycle. Grantees may choose either a program-specific audit or a single federal audit. Federal guidelines allow grantees receiving \$750,000 or more in federal funds in a fiscal year to use their federal justice assistance grant funds to pay for the cost of the audit. Grantees falling below the \$750,000 threshold must use non-federal funds (i.e., match funds) to pay for audit costs. For purposes of this grant award grantee is required to check one of the boxes below to indicate how they will meet the audit requirement.

- ☐ In conformance with Federal Office of Management and Budget (OMB) CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the California State Controller’s Accounting Standards and Procedures, Chapter 23, Grant Accounting Index, the identified grant will be included in the City/County Single Federal Audit Report, which will be submitted to the BSCC within 30 days of the Grantee’s receipt of the report or within nine months following the end of the audit period, whichever is earlier.

OR

- ☐ In conformance with Federal Office of Management and Budget (OMB) CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the California State Controller’s Accounting Standards and Procedures Chapter 23, Grant Accounting Index, the grantee will provide a Program-Specific Final Audit Report to the BSCC within 30 days of the Grantee’s receipt of the report or within nine months following the end of the audit period, whichever is earlier.

OR

- ☐ In conformance with Federal Office of Management and Budget (OMB) CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the non-governmental entity grantee does not expend \$750,000 or more in total federal awards during the fiscal year and is therefore, exempt from Federal audit requirements for this grant contract period. However, the entity understands that it must keep and maintain the grant records and make them available for review or audit by appropriate officials of the Federal agency, pass-through agency (i.e., the Board of State and Community Corrections) and Governmental Accountability Office.

8. UNIQUE ENTITY IDENTIFIER (UEI)

The Contractor/grantee (entity entering into contract with the BSCC) must maintain active registration of their Unique Entity Identifier (UEI) number, used for this Grant Agreement, throughout the term of the contract. An active UEI number is also required to remain in compliance with the Federal Funding Accountability and Transparency Act (FFATA), a reporting tool Federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report subaward and executive compensation.

EXHIBIT B: BUDGET DETAIL AND PAYMENT PROVISIONS

1. INVOICING AND PAYMENTS

- A. The Grantee shall be paid in quarterly in arrears by submitting an invoice (Form 201) to the BSCC that outlines actual expenditures claimed for the invoicing period.

Quarterly Invoicing Periods:

1. October 1, 2025 to December 31, 2025
2. January 1, 2026 to March 31, 2026
3. April 1, 2026 to June 30, 2026
4. July 1, 2026 to September 30, 2026

Due no later than:

- February 15, 2026
May 15, 2026
August 15, 2026
November 15, 2026

- B. All project expenditures must be incurred by the end of the grant project period, September 30, 2026, and included on the invoice due November 15, 2026. Project expenditures incurred after September 30, 2026 will not be reimbursed.
- C. The Grantee shall submit an invoice to the BSCC each invoicing period, even if grant funds are not expended or requested during the invoicing period.
- D. Supporting documentation must be submitted for expenditures upon BSCC's request. All supporting documentation must be maintained by the grantee on site and be readily available for review during BSCC site visits.

2. GRANT AMOUNT AND LIMITATION

- A. In no event shall the BSCC be obligated to pay any amount in excess of the grant award. Grantee waives any and all claims against the BSCC, the Federal Government, and the State of California on account of project costs that may exceed the sum of the grant award.
- B. Under no circumstance will a budget item change be authorized that would cause the project to exceed the amount of the grant award identified in this Grant Agreement.

3. BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent year covered under this Grant Agreement does not appropriate funds for the purposes of this program, this Grant Agreement shall be of no further force and effect. In this event, the BSCC shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Agreement and Grantee shall not be obligated to perform any provisions of this Grant Agreement.
- B. This Grant Agreement is valid and enforceable only if sufficient funds are made available by the United States Department of Justice, Office of Justice Programs. Grantee agrees that the BSCC's obligation to pay any sum to the Grantee under any provision of this agreement is contingent upon the availability of sufficient funds.
- C. If JAG funding is reduced or falls below estimates contained within the JAG Request for Proposals, the BSCC shall have the option to either cancel this Grant Agreement with no liability occurring to the BSCC or offer an amendment to this agreement to the Grantee to reflect a reduced amount.
- D. If BSCC cancels the agreement pursuant to Paragraph 3(B) or Grantee does not agree to an amendment in accordance with the option provided by Paragraph 3(B), it is mutually agreed

EXHIBIT B: BUDGET DETAIL AND PAYMENT PROVISIONS

that the Grant Agreement shall have no further force and effect. In this event, the BSCC shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Agreement and Grantee shall not be obligated to perform any provisions of this Grant Agreement except that Grantee shall be required to maintain all project records required by Paragraph 6 of Exhibit A for a period of three (3) years following the termination of this agreement.

4. PROJECT COSTS

Grantee is responsible for ensuring that actual expenditures are for eligible project costs. "Eligible and "ineligible" project costs are set forth in the July 2023 BSCC Grant Administration Guide, which can be found under Grantee Resources, here:

https://www.bscc.ca.gov/s_correctionsplanningandprograms/

- A. The provisions of the BSCC Grant Administration Guide are incorporated by reference into this agreement and Grantee shall be responsible for adhering to the requirements set forth therein. To the extent any of the provisions of the BSCC Grant Administration Guide and this agreement conflict, the language in this agreement shall prevail.
- B. Grantee is responsible for ensuring that invoices submitted to the BSCC claim actual expenditures for eligible project costs.
- C. Grantee shall, upon demand, remit to the BSCC any grant funds not expended for eligible project costs or an amount equal to any grant funds expended by the Grantee in violation of the terms, provisions, conditions, or commitments of this Grant Agreement.
- D. Grant funds must be used to support new program activities or to augment existing funds that expand current program activities. Grant funds shall not replace (supplant) any federal, state and/or local funds that have been appropriated for the same purpose. Violations can result in recoupment of monies provided under this grantor suspension of future program funding through BSCC grants.

5. PROMPT PAYMENT CLAUSE

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

6. WITHHOLDING OF GRANT DISBURSEMENTS

- A. The BSCC may withhold all or any portion of the grant funds provided by this Grant Agreement in the event the Grantee has materially and substantially breached the terms and conditions of this Grant Agreement.
- B. At such time as the balance of state funds allocated to the Grantee reaches five percent (5%), the BSCC may withhold that amount as security, to be released to the Grantee upon compliance with all grant provisions, including:
 - 1) submittal and approval of the final invoice;
 - 2) submittal and approval of the final progress report; and
 - 3) submittal and approval of any additional required reports.

EXHIBIT B: BUDGET DETAIL AND PAYMENT PROVISIONS

- C. The BSCC will not reimburse Grantee for costs identified as ineligible for grant funding. If grant funds have been provided for costs subsequently deemed ineligible, the BSCC may either withhold an equal amount from future payments to the Grantee or require repayment of an equal amount to the State by the Grantee.
- D. In the event that grant funds are withheld from the Grantee, the BSCC's Executive Director or designee shall notify the Grantee of the reasons for withholding and advise the Grantee of the time within which the Grantee may remedy the failure or violation leading to the withholding.

7. EXECUTIVE ORDER N-6-22 – RUSSIA SANCTIONS

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

EXHIBIT B: BUDGET DETAIL AND PAYMENT PROVISIONS

8. PROJECT BUDGET

Project Budget	
Line Item	Grant Funds
1. Services and Supplies	\$341,162
2. Equipment/Fixed Assets	\$0
3. Training Expenses	\$0
4. Indirect Costs	\$0
TOTAL	\$341,165

EXHIBIT C: GENERAL TERMS AND CONDITIONS (04/2017)

- 1. APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
- 2. AMENDMENT:** No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
- 3. ASSIGNMENT:** This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
- 4. AUDIT:** Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
- 5. INDEMNIFICATION:** Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.
- 6. DISPUTES:** Contractor shall continue with the responsibilities under this Agreement during any dispute.
- 7. TERMINATION FOR CAUSE:** The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.
- 8. INDEPENDENT CONTRACTOR:** Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
- 9. RECYCLING CERTIFICATION:** The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post-consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).
- 10. NON-DISCRIMINATION CLAUSE:** During the performance of this Agreement, Contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic

EXHIBIT C: GENERAL TERMS AND CONDITIONS (04/2017)

information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article. Contractor shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. (See Cal. Code Regs., tit. 2, §11105.)

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

- 11. CERTIFICATION CLAUSES:** The CONTRACTOR CERTIFICATION CLAUSES contained in the document [CCC 04/2017](#) are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.
- 12. TIMELINESS:** Time is of the essence in this Agreement.
- 13. COMPENSATION:** The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.
- 14. GOVERNING LAW:** This contract is governed by and shall be interpreted in accordance with the laws of the State of California.
- 15. ANTITRUST CLAIMS:** The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.
 - A. The Government Code Chapter on Antitrust claims contains the following definitions:
 - 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
 - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
 - B. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective

EXHIBIT C: GENERAL TERMS AND CONDITIONS (04/2017)

at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

- C. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
- D. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

- A. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
- B. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

- A. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)
- B. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual

EXHIBIT C: GENERAL TERMS AND CONDITIONS (04/2017)

percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

- 20. LOSS LEADER:** If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a “loss leader” as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

EXHIBIT D: SPECIAL TERMS AND CONDITIONS

1. GRANTEE'S GENERAL RESPONSIBILITY

- A. Grantee agrees to comply with all terms and conditions of this Grant Agreement. Review and approval by the BSCC are solely for the purpose of proper administration of grant funds and shall not be deemed to relieve or restrict the Grantee's responsibility.
- B. Grantee is responsible for the performance of all project activities identified in Attachment 1: JAG Equipment and Training Program Request for Applications, and Attachment 2: JAG Equipment and Training Program Application for Funding.
- C. Grantee shall immediately advise the BSCC of any significant problems or changes that arise during the course of the project.

2. GRANTEE ASSURANCES AND COMMITMENTS

- A. Compliance with Laws and Regulations
This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California. Grantee shall at all times comply with all applicable State laws, rules and regulations, and all applicable local ordinances.
- B. Compliance with Federal Laws and Regulations
The Grantee hereby assures and certifies compliance with all federal statutes, regulations, policies, guidelines and requirements, including any federal conditions, which are included in this Grant Agreement as Exhibit E.
- C. Fulfillment of Assurances and Declarations
Grantee shall fulfill all assurances, declarations, representations, and statements made by the Grantee in Attachment 1: JAG Equipment and Training Program Request for Applications, and Attachment 2: JAG Equipment Program and Training Application for Funding, documents, amendments, approved modifications, and communications filed in support of its request for grant funds.
- D. Permits and Licenses
Grantee agrees to procure all permits and licenses necessary to complete the project, pay all charges and fees, and give all notices necessary or incidental to the due and lawful proceeding of the project work.

3. POTENTIAL SUBCONTRACTORS

- A. In accordance with the provisions of this Grant Agreement, the Grantee may subcontract for services needed to implement and/or support program activities. Grantee agrees that in the event of any inconsistency between this Grant Agreement and Grantee's agreement with a subcontractor, the language of this Grant Agreement will prevail.
- B. Nothing contained in this Grant Agreement or otherwise, shall create any contractual relation between the BSCC and any subcontractors, and no subcontract shall relieve the Grantee of his responsibilities and obligations hereunder. The Grantee agrees to be as fully responsible to the BSCC for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Grantee. The Grantee's obligation to pay its subcontractors is an independent obligation from the BSCC's obligation to make payments to the Grantee. As a result, the BSCC shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

EXHIBIT D: SPECIAL TERMS AND CONDITIONS

- C. Grantee shall ensure that all subcontractors comply with the eligibility requirements stated in the JAG Equipment and Training Program RFA and described in Appendix B.
- D. Grantee assures that for any subcontract awarded by the Grantee, such insurance and fidelity bonds, as is customary and appropriate, will be obtained.
- E. Grantee agrees to place appropriate language in all subcontracts for work on the project requiring the Grantee's subcontractors to:

- 1) Books and Records

Maintain adequate fiscal and project books, records, documents, and other evidence pertinent to the subcontractor's work on the project in accordance with generally accepted accounting principles. Adequate supporting documentation shall be maintained in such detail so as to permit tracing transactions from the invoices, to the accounting records, to the supporting documentation. These records shall be maintained for a minimum of three (3) years after the acceptance of the final grant project audit under the Grant Agreement and shall be subject to examination and/or audit by the BSCC or designees, state government auditors or designees, or by federal government auditors or designees.

- 2) Access to Books and Records

Make such books, records, supporting documentations, and other evidence available to the BSCC or designee, the State Controller's Office, the Department of General Services, the Department of Finance, California State Auditor, and their designated representatives during the course of the project and for a minimum of three (3) years after acceptance of the final grant project audit. The Subcontractor shall provide suitable facilities for access, monitoring, inspection, and copying of books and records related to the grant-funded project.

4. PROJECT ACCESS

Grantee shall ensure that the BSCC, or any authorized representative, will have suitable access to project activities, sites, staff and documents at all reasonable times during the grant period including those maintained by subcontractors. Access to program records will be made available by both the grantee and the subcontractors for a period of three (3) years following the end of the grant period.

5. ACCOUNTING AND AUDIT REQUIREMENTS

- A. All funds received by the Grantee shall be deposited into separate fund accounts which identify the funds and clearly show the manner of their disposition. Grantee agrees that accounting procedures for grant funds received pursuant to this Grant Agreement shall be in accordance with generally accepted government accounting principles and practices, and adequate supporting documentation shall be maintained in such detail as to provide an audit trail. Supporting documentation shall permit the tracing of transactions from such documents to relevant accounting records, financial reports and invoices.
- B. Federal Audit Requirement: Grantee is required to complete an audit annually for each fiscal year/audit period, or fraction thereof, for the entire three-year grant cycle. See Exhibit A: Scope of Work, Section 8. Audit, for federal audit requirements.
- C. The BSCC reserves the right to call for a program or financial audit at any time between the execution of this Grant Agreement and three years following the end of the grant period. At any time, the BSCC may disallow all or part of the cost of the activity or action determined to not be in compliance with the terms and conditions of this Grant Agreement or take other remedies legally available.

EXHIBIT D: SPECIAL TERMS AND CONDITIONS

6. DEBARMENT, FRAUD, THEFT OR EMBEZZLEMENT

It is the policy of the BSCC to protect grant funds from unreasonable risks of fraudulent, criminal, or other improper use. As such, the Board will not enter into contracts or provide reimbursement to grantees that have been:

1. debarred by any federal, state, or local government entities during the period of debarment; or
2. convicted of fraud, theft, or embezzlement of federal, state, or local government grant funds for a period of three years following conviction.

Furthermore, the BSCC requires grant recipients to provide an assurance that there has been no applicable debarment, disqualification, suspension, or removal from a federal, state or local grant program on the part of the grantee at the time of application and that the grantee will immediately notify the BSCC should such debarment or conviction occur during the term of the Grant contract.

BSCC also requires that all grant recipients include, as a condition of award to a subgrantee or subcontractor, a requirement that the subgrantee or subcontractor will provide the same assurances to the grant recipient. If a grant recipient wishes to consider a subgrantee or subcontractor that has been debarred or convicted, the grant recipient must submit a written request for exception to the BSCC along with supporting documentation.

All Grantees must have on file with the BSCC a completed and signed Certification of Compliance with BSCC Policies on Debarment, Fraud, Theft and Embezzlement (Required as Attachment E of the original Proposal Package).

7. MODIFICATIONS

No change or modification in the project will be permitted without prior written approval from the BSCC. Changes may include modification to project scope, changes to performance measures, compliance with collection of data elements, and other significant changes in the budget or program components contained in Attachment 1: JAG Equipment and Training Program Request for Applications, and Attachment 2: JAG Equipment Program and Training Application for Funding.

8. TERMINATION

- A. This Grant Agreement may be terminated by the BSCC at any time after grant award and prior to completion of project upon action or inaction by the Grantee that constitutes a material and substantial breach of this Grant Agreement. Such action or inaction includes but is not limited to:
- 1) substantial alteration of the scope of the grant project without prior written approval of the BSCC;
 - 2) refusal or inability to complete the grant project in a manner consistent with Attachment 1: JAG Equipment and Training Program Request for Applications, and Attachment 2: JAG Equipment Program and Training Application for Funding
 - 3) failure to provide the required local match share of the total project costs; and
 - 4) failure to meet prescribed assurances, commitments, recording, accounting, auditing, and reporting requirements of the Grant Agreement.

EXHIBIT D: SPECIAL TERMS AND CONDITIONS

- B. Prior to terminating the Grant Agreement under this provision, the BSCC shall provide the Grantee at least 30 calendar days written notice stating the reasons for termination and effective date thereof. The Grantee may appeal the termination decision in accordance with the instructions listed in Exhibit D: Special Terms and Conditions, Number 8. Settlement of Disputes.

9. SETTLEMENT OF DISPUTES

- A. The parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute persists, the Grantee shall submit to the BSCC Corrections Planning and Grant Programs Division Deputy Director a written demand for a final decision regarding the disposition of any dispute between the parties arising under, related to, or involving this Grant Agreement. Grantee's written demand shall be fully supported by factual information. The BSCC Corrections Planning and Grant Programs Division Deputy Director shall have 30 days after receipt of Grantee's written demand invoking this Section "Disputes" to render a written decision. If a written decision is not rendered within 30 days after receipt of the Grantee's demand, it shall be deemed a decision adverse to the Grantee's contention. If the Grantee is not satisfied with the decision of the BSCC Corrections Planning and Grant Programs Division Deputy Director, the Grantee may appeal the decision, in writing, within 15 days of its issuance (or the expiration of the 30-day period in the event no decision is rendered), to the BSCC Executive Director, who shall have 45 days to render a final decision. If the Grantee does not appeal the decision of the BSCC Corrections Planning and Grant Programs Division Deputy Director, the decision shall be conclusive and binding regarding the dispute and the Contractor shall be barred from commencing an action in court, or with the Victims Compensation Government Claims Board, for failure to exhaust Grantee's administrative remedies.
- B. Pending the final resolution of any dispute arising under, related to or involving this Grant Agreement, Grantee agrees to diligently proceed with the performance of this Grant Agreement, including the providing of services in accordance with the Grant Agreement. Grantee's failure to diligently proceed in accordance with the State's instructions regarding this Grant Agreement shall be considered a material breach of this Grant Agreement.
- C. Any final decision of the State shall be expressly identified as such, shall be in writing, and shall be signed by the Executive Director, if an appeal was made. If the Executive Director fails to render a final decision within 45 days after receipt of the Grantee's appeal for a final decision, it shall be deemed a final decision adverse to the Grantee's contentions. The State's final decision shall be conclusive and binding regarding the dispute unless the Grantee commences an action in a court of competent jurisdiction to contest such decision within 90 days following the date of the final decision or one (1) year following the accrual of the cause of action, whichever is later.
- D. The dates of decision and appeal in this section may be modified by mutual consent, as applicable, excepting the time to commence an action in a court of competent jurisdiction.

10. WAIVER

The parties hereto may waive any of their rights under this Grant Agreement unless such waiver is contrary to law, provided that any such waiver shall be in writing and signed by the party making such waiver.

2022 JAG Award Federal Conditions

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

1. Compliance with general appropriations-law restrictions on the use of federal funds (FY 2022)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable restrictions on the use of federal funds set out in federal appropriations statutes. Pertinent restrictions, including from various "general provisions" in the Consolidated Appropriations Act, 2022, are set out at <https://ojp.gov/funding/Explore/FY22AppropriationsRestrictions.htm>, and are incorporated by reference here.

Should a question arise as to whether a particular use of federal funds by a recipient (or a subrecipient) would or might fall within the scope of an appropriations-law restriction, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

2. Applicability of Part 200 Uniform Requirements

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, as adopted and supplemented by DOJ in 2 C.F.R. Part 2800 (together, the "Part 200 Uniform Requirements") apply to this FY 2022 award from OJP.

The Part 200 Uniform Requirements were first adopted by DOJ on December 26, 2014. If this FY 2022 award supplements funds previously awarded by OJP under the same award number (e.g., funds awarded during or before December 2014), the Part 200 Uniform Requirements apply with respect to all funds under that award number (regardless of the award date, and regardless of whether derived from the initial award or a supplemental award) that are obligated on or after the acceptance date of this FY 2022 award.

For more information and resources on the Part 200 Uniform Requirements as they relate to OJP awards and subawards ("subgrants"), see the OJP website at <https://ojp.gov/funding/Part200UniformRequirements.htm>.

Record retention and access: Records pertinent to the award that the recipient (and any subrecipient ("subgrantee") at any tier) must retain -- typically for a period of 3 years from the date of submission of the final expenditure report (SF 425), unless a different retention period applies -- and to which the recipient (and any subrecipient ("subgrantee") at any tier) must provide access, include performance measurement information, in addition to the financial records, supporting documents, statistical records, and other pertinent records indicated at 2 C.F.R. 200.334.

In the event that an award-related question arises from documents or other materials prepared or distributed by OJP that may appear to conflict with, or differ in some way from, the provisions of the Part 200 Uniform Requirements, the recipient is to contact OJP promptly for clarification.

3. Requirement to report actual or imminent breach of personally identifiable information (PII)

The recipient (and any "subrecipient" at any tier) must have written procedures in place to respond in the event of an actual or imminent "breach" (OMB M-17-12) if it (or a subrecipient) -- (1) creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of "Personally Identifiable Information (PII)" (2 CFR 200.1) within the scope of an OJP grant-funded program or activity, or (2) uses or operates a "Federal information system" (OMB Circular A-130). The recipient's breach procedures must include a requirement to report actual or imminent breach of PII to an OJP Program Manager no later than 24 hours after an occurrence of an actual breach, or the detection of an imminent breach.

4. OJP Training Guiding Principles

Any training or training materials that the recipient -- or any subrecipient ("subgrantee") at any tier -- develops or delivers with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at <https://www.ojp.gov/funding/implement/training-guiding-principles-grantees-and-subgrantees>.

5. Required training for Grant Award Administrator and Financial Manager

The Grant Award Administrator and all Financial Managers for this award must have successfully completed an "OJP financial management and grant administration training" by 120 days after the date of the recipient's acceptance of the award. Successful completion of such a training on or after October 15, 2020, will satisfy this condition.

In the event that either the Grant Award Administrator or a Financial Manager for this award changes during the period of performance, the new Grant Award Administrator or Financial Manager must have successfully completed an "OJP financial management and grant administration training" by 120 calendar days after the date the Entity Administrator enters updated Grant Award Administrator or Financial Manager information in JustGrants. Successful completion of such a training on or after January 1, 2020, will satisfy this condition.

A list of OJP trainings that OJP will consider "OJP financial management and grant administration training" for purposes of this condition is available at <https://www.ojp.gov/training/fmts.htm>. All trainings that satisfy this condition include a session on grant fraud prevention and detection.

The recipient should anticipate that OJP will immediately withhold ("freeze") award funds if the recipient fails to comply with this condition. The recipient's failure to comply also may lead OJP to impose additional appropriate conditions on this award.

6. Effect of failure to address audit issues

The recipient understands and agrees that the DOJ awarding agency (OJP or OVW, as appropriate) may withhold award funds, or may impose other related requirements, if (as determined by the DOJ awarding agency) the recipient does not satisfactorily and promptly address outstanding issues from audits required by the Part 200 Uniform Requirements (or by the terms of this award), or other outstanding issues that arise in connection with audits, investigations, or reviews of DOJ awards.

7. Requirements of the award; remedies for non-compliance or for materially false statements

The conditions of this award are material requirements of the award. Compliance with any assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance also is a material requirement of this award.

Limited Exceptions. In certain special circumstances, the U.S. Department of Justice ("DOJ") may determine that it will not enforce, or enforce only in part, one or more requirements otherwise applicable to the award. Any such exceptions regarding enforcement, including any such exceptions made during the period of performance, are (or will be during the period of performance) set out through the Office of Justice Programs ("OJP") webpage entitled "Legal Notices: Special circumstances as to particular award conditions" (ojp.gov/funding/Explore/LegalNotices-AwardReqs.htm), and incorporated by reference into the award.

By signing and accepting this award on behalf of the recipient, the authorized recipient official accepts all material requirements of the award, and specifically adopts, as if personally executed by the authorized recipient official, all assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance.

Failure to comply with one or more award requirements -- whether a condition set out in full below, a condition incorporated by reference below, or an assurance or certification related to conduct during the award period -- may result in OJP taking appropriate action with respect to the recipient and the award. Among other things, the OJP may withhold award funds, disallow costs, or suspend or terminate the award. DOJ, including OJP, also may take other legal action as appropriate.

Any materially false, fictitious, or fraudulent statement to the federal government related to this award (or concealment or omission of a material fact) may be the subject of criminal prosecution (including under 18 U.S.C. 1001 and/or 1621, and/or 34 U.S.C. 10271-10273), and also may lead to imposition of civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. 3729-3730 and 3801-3812).

Should any provision of a requirement of this award be held to be invalid or unenforceable by its terms, that provision shall first be applied with a limited construction so as to give it the maximum effect permitted by law. Should it be held, instead, that the provision is utterly invalid or - unenforceable, such provision shall be deemed severable from this award.

8. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 38

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 38 (as may be applicable from time to time), specifically including any applicable requirements regarding written notice to program beneficiaries and prospective program beneficiaries.

Currently, among other things, 28 C.F.R. Part 38 includes rules that prohibit specific forms of

discrimination on the basis of religion, a religious belief, a refusal to hold a religious belief, or refusal to attend or participate in a religious practice. Part 38, currently, also sets out rules and requirements that pertain to recipient and subrecipient ("subgrantee") organizations that engage in or conduct explicitly religious activities, as well as rules and requirements that pertain to recipients and subrecipients that are faith-based or religious organizations.

The text of 28 C.F.R. Part 38 is available via the Electronic Code of Federal Regulations (currently accessible at <https://www.ecfr.gov/cgi-bin/ECFR?page=browse>), by browsing to Title 28-Judicial Administration, Chapter 1, Part 38, under e-CFR "current" data.

9. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 42

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 42, specifically including any applicable requirements in Subpart E of 28 C.F.R. Part 42 that relate to an equal employment opportunity program.

10. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 54

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 54, which relates to nondiscrimination on the basis of sex in certain "education programs."

11. Compliance with 41 U.S.C. 4712 (including prohibitions on reprisal; notice to employees)

The recipient (and any subrecipient at any tier) must comply with, and is subject to, all applicable provisions of 41 U.S.C. 4712, including all applicable provisions that prohibit, under specified circumstances, discrimination against an employee as reprisal for the employee's disclosure of information related to gross mismanagement of a federal grant, a gross waste of federal funds, an abuse of authority relating to a federal grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal grant.

The recipient also must inform its employees, in writing (and in the predominant native language of the workforce), of employee rights and remedies under 41 U.S.C. 4712.

Should a question arise as to the applicability of the provisions of 41 U.S.C. 4712 to this award, the recipient is to contact the DOJ awarding agency (OJP or OVW, as appropriate) for guidance.

12. Compliance with applicable rules regarding approval, planning, and reporting of conferences, meetings, trainings, and other events

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable laws, regulations, policies, and official DOJ guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences (as that term is defined by DOJ), including the provision of food and/or beverages at such conferences, and costs of attendance at such conferences.

Information on the pertinent DOJ definition of conferences and the rules applicable to this award appears in the DOJ Grants Financial Guide (currently, as section 3.10 of "Postaward Requirements" in the "DOJ Grants Financial Guide").

13. Requirement for data on performance and effectiveness under the award

The recipient must collect and maintain data that measure the performance and effectiveness of work under this award. The data must be provided to OJP in the manner (including within the timeframes) specified by OJP in the program solicitation or other applicable written guidance. Data collection supports compliance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, and other applicable laws.

14. Requirements related to "de minimis" indirect cost rate

A recipient that is eligible under the Part 200 Uniform Requirements and other applicable law to use the "de minimis" indirect cost rate described in 2 C.F.R. 200.414(f), and that elects to use the "de minimis" indirect cost rate, must advise OJP in writing of both its eligibility and its election, and must comply with all associated requirements in the Part 200 Uniform Requirements. The "de minimis" rate may be applied only to modified total direct costs (MTDC) as defined by the Part 200 Uniform Requirements.

15. Determination of suitability to interact with participating minors

SCOPE. This condition applies to this award if it is indicated -- in the application for the award (as approved by DOJ)(or in the application for any subaward, at any tier), the DOJ funding announcement (solicitation), or an associated federal statute -- that a purpose of some or all of the activities to be carried out under the award (whether by the recipient, or a subrecipient at any tier) is to benefit a set of individuals under 18 years of age.

The recipient, and any subrecipient at any tier, must make determinations of suitability before certain individuals may interact with participating minors. This requirement applies regardless of an individual's employment status.

The details of this requirement are posted on the OJP web site at <https://ojp.gov/funding/Explore/Interact-Minors.htm> (Award condition: Determination of suitability required, in advance, for certain individuals who may interact with participating minors), and are incorporated by reference here.

16. Requirement to disclose whether recipient is designated "high risk" by a federal grant-making agency outside of DOJ

If the recipient is designated "high risk" by a federal grant-making agency outside of DOJ, currently or at any time during the course of the period of performance under this award, the recipient must disclose that fact and certain related information to OJP by email at OJP.ComplianceReporting@ojp.usdoj.gov. For purposes of this disclosure, high risk includes any status under which a federal awarding agency provides additional oversight due to the recipient's past performance, or other programmatic or financial concerns with the recipient. The recipient's disclosure must include the following: 1. The federal awarding agency that currently designates

the recipient high risk, 2. The date the recipient was designated high risk, 3. The high-risk point of contact at that federal awarding agency (name, phone number, and email address), and 4. The reasons for the high-risk status, as set out by the federal awarding agency.

17. Compliance with DOJ Grants Financial Guide

References to the DOJ Grants Financial Guide are to the DOJ Grants Financial Guide as posted on the OJP website (currently, the "DOJ Grants Financial Guide" available at <https://ojp.gov/financialguide/DOJ/index.htm>), including any updated version that may be posted during the period of performance. The recipient agrees to comply with the DOJ Grants Financial Guide.

18. Encouragement of policies to ban text messaging while driving

Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), DOJ encourages recipients and subrecipients ("subgrantees") to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this award, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.

19. Potential imposition of additional requirements

The recipient agrees to comply with any additional requirements that may be imposed by the DOJ awarding agency (OJP or OVW, as appropriate) during the period of performance for this award, if the recipient is designated as "high-risk" for purposes of the DOJ high-risk grantee list.

20. Employment eligibility verification for hiring under the award

1. The recipient (and any subrecipient at any tier) must--

A. Ensure that, as part of the hiring process for any position within the United States that is or will be funded (in whole or in part) with award funds, the recipient (or any subrecipient) properly verifies the employment eligibility of the individual who is being hired, consistent with the provisions of 8 U.S.C. 1324a(a)(1).

B. Notify all persons associated with the recipient (or any subrecipient) who are or will be involved in activities under this award of both--

(1) this award requirement for verification of employment eligibility, and

(2) the associated provisions in 8 U.S.C. 1324a(a)(1) that, generally speaking, make it unlawful, in the United States, to hire (or recruit for employment) certain aliens.

C. Provide training (to the extent necessary) to those persons required by this condition to be notified of the award requirement for employment eligibility verification and of the associated provisions of 8 U.S.C. 1324a(a)(1).

D. As part of the recordkeeping for the award (including pursuant to the Part 200 Uniform Requirements), maintain records of all employment eligibility verifications pertinent to compliance with this award condition in accordance with Form I-9 record retention requirements, as well as records of all pertinent notifications and trainings.

2. Monitoring

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with this condition.

3. Allowable costs

To the extent that such costs are not reimbursed under any other federal program, award funds may be obligated for the reasonable, necessary, and allocable costs (if any) of actions designed to ensure compliance with this condition.

4. Rules of construction

A. Staff involved in the hiring process

For purposes of this condition, persons "who are or will be involved in activities under this award" specifically includes (without limitation) any and all recipient (or any subrecipient) officials or other staff who are or will be involved in the hiring process with respect to a position that is or will be funded (in whole or in part) with award funds.

B. Employment eligibility confirmation with E-Verify

For purposes of satisfying the requirement of this condition regarding verification of employment eligibility, the recipient (or any subrecipient) may choose to participate in, and use, E-Verify (www.e-verify.gov), provided an appropriate person authorized to act on behalf of the recipient (or subrecipient) uses E-Verify (and follows the proper E-Verify procedures, including in the event of a "Tentative Nonconfirmation" or a "Final Nonconfirmation") to confirm employment eligibility for each hiring for a position in the United States that is or will be funded (in whole or in part) with award funds.

C. "United States" specifically includes the District of Columbia, Puerto Rico, Guam, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands.

D. Nothing in this condition shall be understood to authorize or require any recipient, any subrecipient at any tier, or any person or other entity, to violate any federal law, including any applicable civil rights or nondiscrimination law.

E. Nothing in this condition, including in paragraph 4.B., shall be understood to relieve any recipient, any subrecipient at any tier, or any person or other entity, of any obligation otherwise imposed by law, including 8 U.S.C. 1324a(a)(1).

Questions about E-Verify should be directed to DHS. For more information about E-Verify visit the E-Verify website (<https://www.e-verify.gov/>) or email E-Verify at E-Verify@dhs.gov. E-Verify

employer agents can email E-Verify at E-VerifyEmployerAgent@dhs.gov.

Questions about the meaning or scope of this condition should be directed to OJP, before award acceptance.

21. Restrictions and certifications regarding non-disclosure agreements and related matters

No recipient or subrecipient ("subgrantee") under this award, or entity that receives a procurement contract or subcontract with any funds under this award, may require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts, or purports to prohibit or restrict, the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of a federal department or agency authorized to receive such information.

The foregoing is not intended, and shall not be understood by the agency making this award, to contravene requirements applicable to Standard Form 312 (which relates to classified information), Form 4414 (which relates to sensitive compartmented information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

1. In accepting this award, the recipient--

a. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

b. certifies that, if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

2. If the recipient does or is authorized under this award to make subawards ("subgrants"), procurement contracts, or both--

a. it represents that--

(1) it has determined that no other entity that the recipient's application proposes may or will receive award funds (whether through a subaward ("subgrant"), procurement contract, or subcontract under a procurement contract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

(2) it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and

b. it certifies that, if it learns or is notified that any subrecipient, contractor, or subcontractor entity that receives funds under this award is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds to or by that entity, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

22. Reclassification of various statutory provisions to a new Title 34 of the United States Code

On September 1, 2017, various statutory provisions previously codified elsewhere in the U.S. Code were editorially reclassified (that is, moved and renumbered) to a new Title 34, entitled "Crime Control and Law Enforcement." The reclassification encompassed a number of statutory provisions pertinent to OJP awards (that is, OJP grants and cooperative agreements), including many provisions previously codified in Title 42 of the U.S. Code.

Effective as of September 1, 2017, any reference in this award document to a statutory provision that has been reclassified to the new Title 34 of the U.S. Code is to be read as a reference to that statutory provision as reclassified to Title 34. This rule of construction specifically includes references set out in award conditions, references set out in material incorporated by reference through award conditions, and references set out in other award requirements.

23. All subawards ("subgrants") must have specific federal authorization

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements for authorization of any subaward. This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a "subaward" (and therefore does not consider a procurement "contract").

The details of the requirement for authorization of any subaward are posted on the OJP web site at <https://ojp.gov/funding/Explore/SubawardAuthorization.htm> (Award condition: All subawards ("subgrants") must have specific federal authorization), and are incorporated by reference here.

24. Requirements related to System for Award Management and Universal Identifier Requirements

The recipient must comply with applicable requirements regarding the System for Award Management (SAM), currently accessible at <https://www.sam.gov/>. This includes applicable requirements regarding registration with SAM, as well as maintaining the currency of information in SAM.

The recipient also must comply with applicable restrictions on subawards ("subgrants") to first-tier subrecipients (first-tier "subgrantees"), including restrictions on subawards to entities that do not acquire and provide (to the recipient) the unique entity identifier required for SAM registration.

The details of the recipient's obligations related to SAM and to unique entity identifiers are posted on the OJP web site at <https://ojp.gov/funding/Explore/SAM.htm> (Award condition: System for Award Management (SAM) and Universal Identifier Requirements), and are incorporated by reference here.

This condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

25. Restrictions on "lobbying"

In general, as a matter of federal law, federal funds awarded by OJP may not be used by the recipient, or any subrecipient ("subgrantee") at any tier, either directly or indirectly, to support or oppose the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government. See 18 U.S.C. 1913. (There may be exceptions if an applicable federal statute specifically authorizes certain activities that otherwise would be barred by law.)

Another federal law generally prohibits federal funds awarded by OJP from being used by the recipient, or any subrecipient at any tier, to pay any person to influence (or attempt to influence) a federal agency, a Member of Congress, or Congress (or an official or employee of any of them) with respect to the awarding of a federal grant or cooperative agreement, subgrant, contract, subcontract, or loan, or with respect to actions such as renewing, extending, or modifying any such award. See 31 U.S.C. 1352. Certain exceptions to this law apply, including an exception that applies to Indian tribes and tribal organizations.

Should any question arise as to whether a particular use of federal funds by a recipient (or subrecipient) would or might fall within the scope of these prohibitions, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

26. Specific post-award approval required to use a noncompetitive approach in any procurement contract that would exceed \$250,000

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements to obtain specific advance approval to use a noncompetitive approach in any procurement contract that would exceed the Simplified Acquisition Threshold (currently, \$250,000). This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a procurement "contract" (and therefore does not consider a subaward).

The details of the requirement for advance approval to use a noncompetitive approach in a procurement contract under an OJP award are posted on the OJP web site at <https://ojp.gov/funding/Explore/NoncompetitiveProcurement.htm> (Award condition: Specific post-award approval required to use a noncompetitive approach in a procurement contract (if contract would exceed \$250,000)), and are incorporated by reference here.

27. Requirements pertaining to prohibited conduct related to trafficking in persons (including reporting requirements and OJP authority to terminate award)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements (including requirements to report allegations) pertaining to prohibited conduct related to the trafficking of persons, whether on the part of recipients, subrecipients ("subgrantees"), or individuals defined (for purposes of this condition) as "employees" of the

recipient or of any subrecipient.

The details of the recipient's obligations related to prohibited conduct related to trafficking in persons are posted on the OJP web site at <https://ojp.gov/funding/Explore/ProhibitedConduct-Trafficking.htm> (Award condition: Prohibited conduct by recipients and subrecipients related to trafficking in persons (including reporting requirements and OJP authority to terminate award)), and are incorporated by reference here.

28. Requirement to report potentially duplicative funding

If the recipient currently has other active awards of federal funds, or if the recipient receives any other award of federal funds during the period of performance for this award, the recipient promptly must determine whether funds from any of those other federal awards have been, are being, or are to be used (in whole or in part) for one or more of the identical cost items for which funds are provided under this award. If so, the recipient must promptly notify the DOJ awarding agency (OJP or OVW, as appropriate) in writing of the potential duplication, and, if so requested by the DOJ awarding agency, must seek a budget-modification or change-of-project-scope Grant Award Modification (GAM) to eliminate any inappropriate duplication of funding.

29. Reporting potential fraud, waste, and abuse, and similar misconduct

The recipient, and any subrecipients ("subgrantees") at any tier, must promptly refer to the DOJ Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has, in connection with funds under this award-- (1) submitted a claim that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct.

Potential fraud, waste, abuse, or misconduct involving or relating to funds under this award should be reported to the OIG by--(1) online submission accessible via the OIG webpage at <https://oig.justice.gov/hotline/contact-grants.htm> (select "Submit Report Online"); (2) mail directed to: U.S. Department of Justice, Office of the Inspector General, Investigations Division, ATTN: Grantee Reporting, 950 Pennsylvania Ave., NW, Washington, DC 20530; and/or (3) by facsimile directed to the DOJ OIG Investigations Division (Attn: Grantee Reporting) at (202) 616-9881 (fax).

Additional information is available from the DOJ OIG website at <https://oig.justice.gov/hotline>.

30. FFATA reporting: Subawards and executive compensation

The recipient must comply with applicable requirements to report first-tier subawards ("subgrants") of \$30,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients (first-tier "subgrantees") of award funds. The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the OJP web site at <https://ojp.gov/funding/Explore/FFATA.htm> (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here.

This condition, including its reporting requirement, does not apply to-- (1) an award of less than

\$30,000, or (2) an award made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

- 31.** The recipient agrees to comply with OJP grant monitoring guidelines, protocols, and procedures, and to cooperate with BJA and OCFO on all grant monitoring requests, including requests related to desk reviews, enhanced programmatic desk reviews, and/or site visits. The recipient agrees to provide to BJA and OCFO all documentation necessary to complete monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by BJA and OCFO for providing the requested documents. Failure to cooperate with BJA's/OCFO's grant monitoring activities may result in sanctions affecting the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to grant funds; referral to the Office of the Inspector General for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).

32. Required monitoring of subawards

The recipient must monitor subawards under this award in accordance with all applicable statutes, regulations, award conditions, and the DOJ Grants Financial Guide, and must include the applicable conditions of this award in any subaward. Among other things, the recipient is responsible for oversight of subrecipient spending and monitoring of specific outcomes and benefits attributable to use of award funds by subrecipients. The recipient agrees to submit, upon request, documentation of its policies and procedures for monitoring of subawards under this award.

33. Use of program income

Program income (as defined in the Part 200 Uniform Requirements) must be used in accordance with the provisions of the Part 200 Uniform Requirements. Program income earnings and expenditures both must be reported on the quarterly Federal Financial Report, SF 425.

34. Justice Information Sharing

Information sharing projects funded under this award must comply with DOJ's Global Justice Information Sharing Initiative (Global) guidelines. The recipient (and any subrecipient at any tier) must conform to the Global Standards Package (GSP) and all constituent elements, where applicable, as described at: https://it.ojp.gov/gsp_grantcondition. The recipient (and any subrecipient at any tier) must document planned approaches to information sharing and describe compliance with the GSP and appropriate privacy policy that protects shared information, or provide detailed justification for why an alternative approach is recommended.

35. Avoidance of duplication of networks

To avoid duplicating existing networks or IT systems in any initiatives funded by BJA for law enforcement information sharing systems which involve interstate connectivity between jurisdictions, such systems shall employ, to the extent possible, existing networks as the communication backbone to achieve interstate connectivity, unless the recipient can demonstrate

to the satisfaction of BJA that this requirement would not be cost effective or would impair the functionality of an existing or proposed IT system.

36. Compliance with 28 C.F.R. Part 23

With respect to any information technology system funded or supported by funds under this award, the recipient (and any subrecipient at any tier) must comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies, if OJP determines this regulation to be applicable. Should OJP determine 28 C.F.R. Part 23 to be applicable, OJP may, at its discretion, perform audits of the system, as per the regulation. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 34 U.S.C. 10231(c)-(d). The recipient may not satisfy such a fine with federal funds.

37. Protection of human research subjects

The recipient (and any subrecipient at any tier) must comply with the requirements of 28 C.F.R. Part 46 and all OJP policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.

38. Confidentiality of data

The recipient (and any subrecipient at any tier) must comply with all confidentiality requirements of 34 U.S.C. 10231 and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. The recipient further agrees, as a condition of award approval, to submit a Privacy Certificate that is in accord with requirements of 28 C.F.R. Part 22 and, in particular, 28 C.F.R. 22.23.

39. The award recipient agrees to participate in a data collection process measuring program outputs and outcomes. The data elements for this process will be outlined by the Office of Justice Programs.

40. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.

41. Law enforcement task forces - required training

Within 120 days of award acceptance, each current member of a law enforcement task force funded with award funds who is a task force commander, agency executive, task force officer, or other task force member of equivalent rank, must complete required online (internet-based) task force training. Additionally, all future task force members must complete this training once during the period of performance for this award, or once every four years if multiple OJP awards include this requirement.

The required training is available free of charge online through the BJA-funded Center for Task Force Integrity and Leadership (www.ctfli.org). The training addresses task force effectiveness, as well as other key issues including privacy and civil liberties/rights, task force performance

measurement, personnel selection, and task force oversight and accountability. If award funds are used to support a task force, the recipient must compile and maintain a task force personnel roster, along with course completion certificates.

Additional information regarding the training is available through BJA's web site and the Center for Task Force Integrity and Leadership (www.ctfli.org).

42. Justification of consultant rate

Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day. A detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds.

- 43.** The recipient understands that, in accepting this award, the Authorized Representative declares and certifies, among other things, that he or she possesses the requisite legal authority to accept the award on behalf of the recipient entity and, in so doing, accepts (or adopts) all material requirements that relate to conduct throughout the period of performance under this award. The recipient further understands, and agrees, that it will not assign anyone to the role of Authorized Representative during the period of performance under the award without first ensuring that the individual has the requisite legal authority.

44. Compliance with National Environmental Policy Act and related statutes

Upon request, the recipient (and any subrecipient at any tier) must assist BJA in complying with the National Environmental Policy Act (NEPA), the National Historic Preservation Act, and other related federal environmental impact analyses requirements in the use of these award funds, either directly by the recipient or by a subrecipient. Accordingly, the recipient agrees to first determine if any of the following activities will be funded by the grant, prior to obligating funds for any of these purposes. If it is determined that any of the following activities will be funded by the award, the recipient agrees to contact BJA.

The recipient understands that this condition applies to new activities as set out below, whether or not they are being specifically funded with these award funds. That is, as long as the activity is being conducted by the recipient, a subrecipient, or any third party, and the activity needs to be undertaken in order to use these award funds, this condition must first be met. The activities covered by this condition are:

- a. New construction;
- b. Minor renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;
- c. A renovation, lease, or any proposed use of a building or facility that will either (a) result in a change in its basic prior use or (b) significantly change its size;
- d. Implementation of a new program involving the use of chemicals other than chemicals that are

(a) purchased as an incidental component of a funded activity and (b) traditionally used, for example, in office, household, recreational, or education environments; and

e. Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

The recipient understands and agrees that complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. The recipient further understands and agrees to the requirements for implementation of a Mitigation Plan, as detailed at <https://bjagov/Funding/nepa.html>, for programs relating to methamphetamine laboratory operations.

Application of This Condition to Recipient's Existing Programs or Activities: For any of the recipient's or its subrecipients' existing programs or activities that will be funded by these award funds, the recipient, upon specific request from BJA, agrees to cooperate with BJA in any preparation by BJA of a national or program environmental assessment of that funded program or activity.

45. Establishment of trust fund

If award funds are being drawn down in advance, the recipient (or a subrecipient, with respect to a subaward) is required to establish a trust fund account. Recipients (and subrecipients) must maintain advance payments of federal awards in interest-bearing accounts, unless regulatory exclusions apply (2 C.F.R. 200.305(b)(8)). The trust fund, including any interest, may not be used to pay debts or expenses incurred by other activities beyond the scope of the Edward Byrne Memorial Justice Assistance Grant Program (JAG). The recipient also agrees to obligate the award funds in the trust fund (including any interest earned) during the period of performance for the award and expend within 90 days thereafter. Any unobligated or unexpended funds, including interest earned, must be returned to OJP at the time of closeout.

- 46.** All State and Local JAG recipients must submit quarterly Federal Financial Reports (SF-425). Additionally, State JAG and Local JAG Category Two (\$25K or more) must submit semi-annual performance reports through JustGrants and Local JAG Category One (Less than \$25K) must submit annual performance reports through JustGrants. Consistent with the Department's responsibilities under the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, the recipient must provide data that measure the results of its work. The recipient must submit quarterly performance metrics reports through BJA's Performance Measurement Tool (PMT) website (www.bjaperformancetools.org). For more detailed information on reporting and other JAG requirements, refer to the JAG reporting requirements webpage. Failure to submit required JAG reports by established deadlines may result in the freezing of grant funds and future High Risk designation.

47. Required data on law enforcement agency training

Any law enforcement agency receiving direct or sub-awarded funding from this JAG award must submit quarterly accountability metrics data related to training that officers have received on the use of force, racial and ethnic bias, de-escalation of conflict, and constructive engagement with the public.

48. Expenditures prohibited without waiver

No funds under this award may be expended on the purchase of items prohibited by the JAG program statute, unless, as set forth at 34 U.S.C. 10152, the BJA Director certifies that extraordinary and exigent circumstances exist, making such expenditures essential to the maintenance of public safety and good order.

49. Authorization to obligate (federal) award funds to reimburse certain project costs incurred on or after October 1, 2021

The recipient may obligate (federal) award funds only after the recipient makes a valid acceptance of the award. As of the first day of the period of performance for the award (October 1, 2021), however, the recipient may choose to incur project costs using non-federal funds, but any such project costs are incurred at the recipient's risk until, at a minimum-- (1) the recipient makes a valid acceptance of the award, and (2) all applicable withholding conditions are removed by OJP (via an Award Condition Modification (ACM)). (A withholding condition is a condition in the award document that precludes the recipient from obligating, expending, or drawing down all or a portion of the award funds until the condition is removed.)

Except to the extent (if any) that an award condition expressly precludes reimbursement of project costs incurred "at-risk," if and when the recipient makes a valid acceptance of this award and OJP removes each applicable withholding condition through an Award Condition Modification (ACM), the recipient is authorized to obligate (federal) award funds to reimburse itself for project costs incurred "at-risk" earlier during the period of performance (such as project costs incurred prior to award acceptance or prior to removal of an applicable withholding condition), provided that those project costs otherwise are allowable costs under the award.

50. If award funds are used for DNA testing of evidentiary materials, any resulting eligible DNA profiles must be uploaded to the Combined DNA Index System ("CODIS," the DNA database operated by the FBI) by a government DNA laboratory with access to CODIS. No profiles generated under this award may be entered or uploaded into any non-governmental DNA database without prior express written approval from BJA. Award funds may not be used for the purchase of DNA equipment and supplies unless the resulting DNA profiles may be accepted for entry into CODIS. Booking agencies should work with their state CODIS agency to ensure all requirements are met for participation in Rapid DNA (see National Rapid DNA Booking Operational Procedures Manual).

51. Recipients utilizing award funds for forensic genealogy testing must adhere to the United States Department of Justice Interim Policy Forensic Genealogical DNA Analysis and Searching (<https://www.justice.gov/olp/page/file/1204386/download>), and must collect and report the metrics identified in Section IX of that document to BJA.

52. Submission of eligible records relevant to the National Instant Background Check System

Consonant with federal statutes that pertain to firearms and background checks -- including 18 U.S.C. 922 and 34 U.S.C. ch. 409 -- if the recipient (or any subrecipient at any tier) uses this award to fund (in whole or in part) a specific project or program (such as a law enforcement,

prosecution, or court program) that results in any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the National Instant Background Check System (NICS), or that has as one of its purposes the establishment or improvement of records systems that contain any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS, the recipient (or subrecipient, if applicable) must ensure that all such court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS are promptly made available to the NICS or to the "State" repository/database that is electronically available to (and accessed by) the NICS, and -- when appropriate -- promptly must update, correct, modify, or remove such NICS-relevant "eligible records".

In the event of minor and transitory non-compliance, the recipient may submit evidence to demonstrate diligent monitoring of compliance with this condition (including subrecipient compliance). DOJ will give great weight to any such evidence in any express written determination regarding this condition.

53. Prohibition on use of award funds for match under BVP program

JAG funds may not be used as the 50% match for purposes of the DOJ Bulletproof Vest Partnership (BVP) program.

54. Certification of body armor "mandatory wear" policies, and compliance with NIJ standards

If recipient uses funds under this award to purchase body armor, the recipient must submit a signed certification that each law enforcement agency receiving body armor purchased with funds from this award has a written "mandatory wear" policy in effect. The recipient must keep signed certifications on file for any subrecipients planning to utilize funds from this award for ballistic-resistant and stab-resistant body armor purchases. This policy must be in place for at least all uniformed officers before any funds from this award may be used by an agency for body armor. There are no requirements regarding the nature of the policy other than it be a mandatory wear policy for all uniformed officers while on duty.

Ballistic-resistant and stab-resistant body armor purchased with award funds may be purchased at any threat level, make or model, from any distributor or manufacturer, as long as the body armor has been tested and found to comply with applicable National Institute of Justice ballistic or stab standards, and is listed on the NIJ Compliant Body Armor Model List. In addition, ballistic-resistant and stab-resistant body armor purchased must be made in the United States and must be uniquely fitted, as set forth in 34 U.S.C. 10202(c)(1)(A). The latest NIJ standard information and the NIJ Compliant Body Armor List may be found by following the links located on the NIJ Body Armor page: <https://nij.ojp.gov/topics/equipment-and-technology/body-armor>

55. Extreme risk protection programs funded by JAG must include, at a minimum: pre-deprivation and post-deprivation due process rights that prevent any violation or infringement of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive or procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). Such programs must

include, at the appropriate phase to prevent any violation of constitutional rights, at minimum, notice, the right to an in-person hearing, an unbiased adjudicator, the right to know opposing evidence, the right to present evidence, and the right to confront adverse witnesses; the right to be represented by counsel at no expense to the government; pre-deprivation and post-deprivation heightened evidentiary standards and proof which mean not less than the protections afforded to a similarly situated litigant in Federal court or promulgated by the State's evidentiary body, and sufficient to ensure the full protections of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive and procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). The heightened evidentiary standards and proof under such programs must, at all appropriate phases to prevent any violation of any constitutional right, at minimum, prevent reliance upon evidence that is unsworn or unaffirmed, irrelevant, based on inadmissible hearsay, unreliable, vague, speculative, and lacking a foundation; and penalties for abuse of the program.

- 56.** The recipient agrees that no funds under this grant award (including via subcontract or subaward, at any tier) may be used for unmanned aircraft systems (UAS), which includes unmanned aircraft vehicles (UAV), or for any accompanying accessories to support UAS.

- 57.** "Methods of Administration" - monitoring compliance with civil rights laws and nondiscrimination provisions

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with applicable federal civil rights laws and nondiscrimination provisions. Within 90 days of the date of award acceptance, the recipient must submit to OJP's Office for Civil Rights (at CivilRightsMOA@usdoj.gov) written Methods of Administration ("MOA") for subrecipient monitoring with respect to civil rights requirements. In addition, upon request by OJP (or by another authorized federal agency), the recipient must make associated documentation available for review.

The details of the recipient's obligations related to Methods of Administration are posted on the OJP web site at <https://ojp.gov/funding/Explore/StateMethodsAdmin-FY2017update.htm> (Award condition: "Methods of Administration" - Requirements applicable to States (FY 2017 Update)), and are incorporated by reference here.

- 58.** Recipient integrity and performance matters: Requirement to report information on certain civil, criminal, and administrative proceedings to SAM and FAPIIS

The recipient must comply with any and all applicable requirements regarding reporting of information on civil, criminal, and administrative proceedings connected with (or connected to the performance of) either this OJP award or any other grant, cooperative agreement, or procurement contract from the federal government. Under certain circumstances, recipients of OJP awards are required to report information about such proceedings, through the federal System for Award Management (known as "SAM"), to the designated federal integrity and performance system (currently, "FAPIIS").

The details of recipient obligations regarding the required reporting (and updating) of information

on certain civil, criminal, and administrative proceedings to the federal designated integrity and performance system (currently, "FAPIS") within SAM are posted on the OJP web site at <https://ojp.gov/funding/FAPIS.htm> (Award condition: Recipient Integrity and Performance Matters, including Recipient Reporting to FAPIS), and are incorporated by reference here.

59. BJA- JAG - Withholding of funds for program narrative

Withholding of funds: Program narrative

The recipient may not expend or draw down any award funds until the recipient submits, and OJP reviews and accepts, the program narrative for this award, and an Award Condition Modification has been issued to remove this condition.

60. Withholding - Certification with respect to Federal taxes - award exceeding \$5 million (updated Aug. 2017)

The recipient may not obligate, expend, or draw down any funds under this award until it has submitted to the program manager, in a format acceptable to OJP, a formal written certification directed to OJP and executed by an official with authority to sign on behalf of the recipient, that the recipient (unless an exemption applies by operation of law, as described below)-- (1) has filed all Federal tax returns required for the three tax years immediately preceding the tax year in which the certification is made; (2) has not been convicted of a criminal offense under the Internal Revenue Code of 1986; and (3) has not, more than 90 days prior to this certification, been notified of any unpaid federal tax assessment for which the liability remains unsatisfied, unless the assessment is the subject of an installment agreement or offer in compromise that has been approved by the Internal Revenue Service and is not in default, or the assessment is the subject of a non-frivolous administrative or judicial proceeding; and until an Award Condition Modification (ACM) has been issued to remove this condition.

61. BJA- JAG - Withholding of Funds for Chief Executive Certification

Withholding of funds: Required certification from the chief executive of the applicant government

The recipient may not expend or draw down any award funds until the recipient submits the required "Certifications and Assurances by the Chief Executive of the Applicant Government," properly-executed (as determined by OJP), and an Award Condition Modification has been issued to remove this condition.

62. BJA- JAG - Withholding of Funds for State Strategic Plan submission

Withholding of funds: Required State Strategic Plan submission

The recipient may not expend or draw down any award funds until the recipient submits a sufficient Statewide Strategic Plan (to include an Annual Report in each year in which the Statewide Strategic Plan is not fully updated), and an Award Condition Modification has been issued to remove this condition.

63. BJA- JAG - SORNA Appeal Limits

The recipient acknowledges the final agency decision made by DOJ that recipient's jurisdiction did not substantially implement the Sex Offender Registration and Notification Act (Public Law 109-248, "SORNA") before the deadline, and understands that, as a result of that final agency decision, the amount of this JAG award was reduced, pursuant to 34 U.S.C. 20927. By accepting this specific award, the recipient voluntarily agrees that if it elects to file a judicial appeal of that final agency decision, which was integral in determining this particular funding amount, no such appeal may commence more than 6 months after the date of acceptance of this award.

- 64.** In accepting this award, the recipient agrees that grant funds cannot be used for Facial Recognition Technology (FRT) unless the recipient has policies and procedures in place to ensure that the FRT will be utilized in an appropriate and responsible manner that promotes public safety, and protects privacy, civil rights, and civil liberties and complies with all applicable provisions of the U.S. Constitution, including the Fourth Amendment's protection against unreasonable searches and seizures and the First Amendment's freedom of association and speech, as well as other laws and regulations. Recipients utilizing funds for FRT must make such policies and procedures available to DOJ upon request.

2023 JAG Award Federal Conditions

1. Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards

Consistent with Executive Order 14074, "Advancing Effective, Accountable Policing and Criminal Justice Practices To Enhance Public Trust and Public Safety," OJP has prohibited the use of federal funds under this award for purchases or transfers of specified equipment by law enforcement agencies. In addition, OJP requires the recipient, and any subrecipient ("subgrantee") at any tier, to put in place specified controls prior to using federal funds under this award to acquire or transfer any property identified on the "controlled equipment" list. The details of the requirement are posted on the OJP web site at <https://www.ojp.gov/funding/explore/prohibited-and-controlled-equipment> (Award condition: Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards), and are incorporated by reference here.

2. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 54

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 54, which relates to nondiscrimination on the basis of sex in certain "education programs."

3. Compliance with 41 U.S.C. 4712 (including prohibitions on reprisal; notice to employees)

The recipient (and any subrecipient at any tier) must comply with, and is subject to, all applicable provisions of 41 U.S.C. 4712, including all applicable provisions that prohibit, under specified circumstances, discrimination against an employee as reprisal for the employee's disclosure of information related to gross mismanagement of a federal grant, a gross waste of federal funds, an abuse of authority relating to a federal grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal grant.

4. Applicability of Part 200 Uniform Requirements

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, as adopted and supplemented by DOJ in 2 C.F.R. Part 2800 (together, the "Part 200 Uniform Requirements") apply to this FY 2022 award from OJP.

The Part 200 Uniform Requirements were first adopted by DOJ on December 26, 2014. If this FY 2022 award supplements funds previously awarded by OJP under the same award number (e.g., funds awarded during or before December 2014), the Part 200 Uniform Requirements apply with respect to all funds under that award number (regardless of the award date, and regardless of whether derived from the initial award or a supplemental award) that are obligated on or after the acceptance date of this FY 2022 award.

For more information and resources on the Part 200 Uniform Requirements as they relate to OJP awards and subawards ("subgrants"), see the OJP website at <https://ojp.gov/funding/Part200UniformRequirements.htm>.

Record retention and access: Records pertinent to the award that the recipient (and any subrecipient ("subgrantee") at any tier) must retain -- typically for a period of 3 years from the date of submission of the final expenditure report (SF 425), unless a different retention period applies -- and to which the recipient (and any subrecipient ("subgrantee") at any tier) must provide access, include performance measurement information, in addition to the financial records, supporting documents, statistical records, and other pertinent records indicated at 2 C.F.R. 200.334.

In the event that an award-related question arises from documents or other materials prepared or distributed by OJP that may appear to conflict with, or differ in some way from, the provisions of the Part 200 Uniform Requirements, the recipient is to contact OJP promptly for clarification.

5. Compliance with applicable rules regarding approval, planning, and reporting of conferences, meetings, trainings, and other events

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable laws, regulations, policies, and official DOJ guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences (as that term is defined by DOJ), including the provision of food and/or beverages at such conferences, and costs of attendance at such conferences.

Information on the pertinent DOJ definition of conferences and the rules applicable to this award appears in the DOJ Grants Financial Guide (currently, as section 3.10 of "Postaward Requirements" in the "DOJ Grants Financial Guide").

6. Requirement for data on performance and effectiveness under the award

The recipient must collect and maintain data that measure the performance and effectiveness of work under this award. The data must be provided to OJP in the manner (including within the timeframes) specified by OJP in the program solicitation or other applicable written guidance. Data collection supports compliance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, and other applicable laws.

7. Compliance with DOJ Grants Financial Guide

References to the DOJ Grants Financial Guide are to the DOJ Grants Financial Guide as posted on the OJP website (currently, the "DOJ Grants Financial Guide" available at <https://ojp.gov/financialguide/DOJ/index.htm>), including any updated version that may be posted during the period of performance. The recipient agrees to comply with the DOJ Grants Financial Guide.

8. Compliance with general appropriations-law restrictions on the use of federal funds (FY 2022)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable restrictions on the use of federal funds set out in federal appropriations statutes. Pertinent restrictions, including from various "general provisions" in the Consolidated Appropriations Act, 2022, are set out at <https://www.ojp.gov/funding/Explore/FY22AppropriationsRestrictions.htm>,

and are incorporated by reference here.

Should a question arise as to whether a particular use of federal funds by a recipient (or a subrecipient) would or might fall within the scope of an appropriations-law restriction, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

9. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 38

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 38 (as may be applicable from time to time), specifically including any applicable requirements regarding written notice to program beneficiaries and prospective program beneficiaries.

Currently, among other things, 28 C.F.R. Part 38 includes rules that prohibit specific forms of discrimination on the basis of religion, a religious belief, a refusal to hold a religious belief, or refusal to attend or participate in a religious practice. Part 38, currently, also sets out rules and requirements that pertain to recipient and subrecipient ("subgrantee") organizations that engage in or conduct explicitly religious activities, as well as rules and requirements that pertain to recipients and subrecipients that are faith-based or religious organizations.

The text of 28 C.F.R. Part 38 is available via the Electronic Code of Federal Regulations (currently accessible at <https://www.ecfr.gov/cgi-bin/ECFR?page=browse>), by browsing to Title 28-Judicial Administration, Chapter 1, Part 38, under e-CFR "current" data.

10. Effect of failure to address audit issues

The recipient understands and agrees that the DOJ awarding agency (OJP or OVW, as appropriate) may withhold award funds, or may impose other related requirements, if (as determined by the DOJ awarding agency) the recipient does not satisfactorily and promptly address outstanding issues from audits required by the Part 200 Uniform Requirements (or by the terms of this award), or other outstanding issues that arise in connection with audits, investigations, or reviews of DOJ awards.

11. Requirements of the award; remedies for non-compliance or for materially false statements

The conditions of this award are material requirements of the award. Compliance with any assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance also is a material requirement of this award.

Limited Exceptions. In certain special circumstances, the U.S. Department of Justice ("DOJ") may determine that it will not enforce, or enforce only in part, one or more requirements otherwise applicable to the award. Any such exceptions regarding enforcement, including any such exceptions made during the period of performance, are (or will be during the period of performance) set out through the Office of Justice Programs ("OJP") webpage entitled "Legal Notices: Special circumstances as to particular award conditions" (<https://ojp.gov/funding/Explore/LegalNotices-AwardReqs.htm>), and incorporated by reference

into the award.

By signing and accepting this award on behalf of the recipient, the authorized recipient official accepts all material requirements of the award, and specifically adopts, as if personally executed by the authorized recipient official, all assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance.

Failure to comply with one or more award requirements -- whether a condition set out in full below, a condition incorporated by reference below, or an assurance or certification related to conduct during the award period -- may result in OJP taking appropriate action with respect to the recipient and the award. Among other things, the OJP may withhold award funds, disallow costs, or suspend or terminate the award. DOJ, including OJP, also may take other legal action as appropriate.

Any materially false, fictitious, or fraudulent statement to the federal government related to this award (or concealment or omission of a material fact) may be the subject of criminal prosecution (including under 18 U.S.C. 1001 and/or 1621, and/or 34 U.S.C. 10271-10273), and also may lead to imposition of civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. 3729-3730 and 3801-3812).

Should any provision of a requirement of this award be held to be invalid or unenforceable by its terms, that provision shall first be applied with a limited construction so as to give it the maximum effect permitted by law. Should it be held, instead, that the provision is utterly invalid or - unenforceable, such provision shall be deemed severable from this award.

12. Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 42

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 42, specifically including any applicable requirements in Subpart E of 28 C.F.R. Part 42 that relate to an equal employment opportunity program.

13. Requirements related to "de minimis" indirect cost rate

A recipient that is eligible under the Part 200 Uniform Requirements and other applicable law to use the "de minimis" indirect cost rate described in 2 C.F.R. 200.414(f), and that elects to use the "de minimis" indirect cost rate, must advise OJP in writing of both its eligibility and its election, and must comply with all associated requirements in the Part 200 Uniform Requirements. The "de minimis" rate may be applied only to modified total direct costs (MTDC) as defined by the Part 200 Uniform Requirements.

14. Employment eligibility verification for hiring under the award

1. The recipient (and any subrecipient at any tier) must--

A. Ensure that, as part of the hiring process for any position within the United States that is or will be funded (in whole or in part) with award funds, the recipient (or any subrecipient) properly verifies the employment eligibility of the individual who is being hired, consistent with the

provisions of 8 U.S.C. 1324a(a)(1).

B. Notify all persons associated with the recipient (or any subrecipient) who are or will be involved in activities under this award of both--

(1) this award requirement for verification of employment eligibility, and

(2) the associated provisions in 8 U.S.C. 1324a(a)(1) that, generally speaking, make it unlawful, in the United States, to hire (or recruit for employment) certain aliens.

C. Provide training (to the extent necessary) to those persons required by this condition to be notified of the award requirement for employment eligibility verification and of the associated provisions of 8 U.S.C. 1324a(a)(1).

D. As part of the recordkeeping for the award (including pursuant to the Part 200 Uniform Requirements), maintain records of all employment eligibility verifications pertinent to compliance with this award condition in accordance with Form I-9 record retention requirements, as well as records of all pertinent notifications and trainings.

2. Monitoring

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with this condition.

3. Allowable costs

To the extent that such costs are not reimbursed under any other federal program, award funds may be obligated for the reasonable, necessary, and allocable costs (if any) of actions designed to ensure compliance with this condition.

4. Rules of construction

A. Staff involved in the hiring process

For purposes of this condition, persons "who are or will be involved in activities under this award" specifically includes (without limitation) any and all recipient (or any subrecipient) officials or other staff who are or will be involved in the hiring process with respect to a position that is or will be funded (in whole or in part) with award funds.

B. Employment eligibility confirmation with E-Verify

For purposes of satisfying the requirement of this condition regarding verification of employment eligibility, the recipient (or any subrecipient) may choose to participate in, and use, E-Verify (www.e-verify.gov), provided an appropriate person authorized to act on behalf of the recipient (or subrecipient) uses E-Verify (and follows the proper E-Verify procedures, including in the event of a "Tentative Nonconfirmation" or a "Final Nonconfirmation") to confirm employment eligibility for each hiring for a position in the United States that is or will be funded (in whole or in part) with award funds.

C. "United States" specifically includes the District of Columbia, Puerto Rico, Guam, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands.

D. Nothing in this condition shall be understood to authorize or require any recipient, any subrecipient at any tier, or any person or other entity, to violate any federal law, including any applicable civil rights or nondiscrimination law.

E. Nothing in this condition, including in paragraph 4.B., shall be understood to relieve any recipient, any subrecipient at any tier, or any person or other entity, of any obligation otherwise imposed by law, including 8 U.S.C. 1324a(a)(1).

Questions about E-Verify should be directed to DHS. For more information about E-Verify visit the E-Verify website (<https://www.e-verify.gov/>) or email E-Verify at E-Verify@dhs.gov. E-Verify employer agents can email E-Verify at E-VerifyEmployerAgent@dhs.gov.

Questions about the meaning or scope of this condition should be directed to OJP, before award acceptance.

15. OJP Training Guiding Principles

Any training or training materials that the recipient -- or any subrecipient ("subgrantee") at any tier -- develops or delivers with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at <https://www.ojp.gov/funding/implement/training-guiding-principles-grantees-and-subgrantees>.

16. Determination of suitability to interact with participating minors

SCOPE. This condition applies to this award if it is indicated -- in the application for the award (as approved by DOJ)(or in the application for any subaward, at any tier), the DOJ funding announcement (solicitation), or an associated federal statute -- that a purpose of some or all of the activities to be carried out under the award (whether by the recipient, or a subrecipient at any tier) is to benefit a set of individuals under 18 years of age.

The recipient, and any subrecipient at any tier, must make determinations of suitability before certain individuals may interact with participating minors. This requirement applies regardless of an individual's employment status.

The details of this requirement are posted on the OJP web site at <https://ojp.gov/funding/Explore/Interact-Minors.htm> (Award condition: Determination of suitability required, in advance, for certain individuals who may interact with participating minors), and are incorporated by reference here.

17. Potential imposition of additional requirements

The recipient agrees to comply with any additional requirements that may be imposed by the DOJ awarding agency (OJP or OVW, as appropriate) during the period of performance for this award, if the recipient is designated as "high-risk" for purposes of the DOJ high-risk grantee list.

18. Required training for Grant Award Administrator and Financial Manager

The Grant Award Administrator and all Financial Managers for this award must have successfully completed an "OJP financial management and grant administration training" by 120 days after the date of the recipient's acceptance of the award. Successful completion of such a training on or after October 15, 2020, will satisfy this condition.

In the event that either the Grant Award Administrator or a Financial Manager for this award changes during the period of performance, the new Grant Award Administrator or Financial Manager must have successfully completed an "OJP financial management and grant administration training" by 120 calendar days after the date the Entity Administrator enters updated Grant Award Administrator or Financial Manager information in JustGrants. Successful completion of such a training on or after October 15, 2020, will satisfy this condition.

A list of OJP trainings that OJP will consider "OJP financial management and grant administration training" for purposes of this condition is available at <https://onlinegfmt.training.ojp.gov/>. All trainings that satisfy this condition include a session on grant fraud prevention and detection.

The recipient should anticipate that OJP will immediately withhold ("freeze") award funds if the recipient fails to comply with this condition. The recipient's failure to comply also may lead OJP to impose additional appropriate conditions on this award.

19. Restrictions and certifications regarding non-disclosure agreements and related matters

No recipient or subrecipient ("subgrantee") under this award, or entity that receives a procurement contract or subcontract with any funds under this award, may require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts, or purports to prohibit or restrict, the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of a federal department or agency authorized to receive such information.

The foregoing is not intended, and shall not be understood by the agency making this award, to contravene requirements applicable to Standard Form 312 (which relates to classified information), Form 4414 (which relates to sensitive compartmented information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

1. In accepting this award, the recipient--

a. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

b. certifies that, if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately

stop any further obligations of award funds, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

2. If the recipient does or is authorized under this award to make subawards ("subgrants"), procurement contracts, or both--

a. it represents that--

(1) it has determined that no other entity that the recipient's application proposes may or will receive award funds (whether through a subaward ("subgrant"), procurement contract, or subcontract under a procurement contract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

(2) it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and

b. it certifies that, if it learns or is notified that any subrecipient, contractor, or subcontractor entity that receives funds under this award is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds to or by that entity, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

20. Reclassification of various statutory provisions to a new Title 34 of the United States Code

On September 1, 2017, various statutory provisions previously codified elsewhere in the U.S. Code were editorially reclassified (that is, moved and renumbered) to a new Title 34, entitled "Crime Control and Law Enforcement." The reclassification encompassed a number of statutory provisions pertinent to OJP awards (that is, OJP grants and cooperative agreements), including many provisions previously codified in Title 42 of the U.S. Code.

Effective as of September 1, 2017, any reference in this award document to a statutory provision that has been reclassified to the new Title 34 of the U.S. Code is to be read as a reference to that statutory provision as reclassified to Title 34. This rule of construction specifically includes references set out in award conditions, references set out in material incorporated by reference through award conditions, and references set out in other award requirements.

21. Requirement to report actual or imminent breach of personally identifiable information (PII)

The recipient (and any "subrecipient" at any tier) must have written procedures in place to respond in the event of an actual or imminent "breach" (OMB M-17-12) if it (or a subrecipient) -- (1) creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of "Personally Identifiable Information (PII)" (2 CFR 200.1) within the scope of an OJP grant-funded program or activity, or (2) uses or operates a "Federal information system" (OMB Circular A-130).

The recipient's breach procedures must include a requirement to report actual or imminent breach of PII to an OJP Program Manager no later than 24 hours after an occurrence of an actual breach, or the detection of an imminent breach.

22. Requirement to disclose whether recipient is designated "high risk" by a federal grant-making agency outside of DOJ

If the recipient is designated "high risk" by a federal grant-making agency outside of DOJ, currently or at any time during the course of the period of performance under this award, the recipient must disclose that fact and certain related information to OJP by email at OJP.ComplianceReporting@ojp.usdoj.gov. For purposes of this disclosure, high risk includes any status under which a federal awarding agency provides additional oversight due to the recipient's past performance, or other programmatic or financial concerns with the recipient. The recipient's disclosure must include the following: 1. The federal awarding agency that currently designates the recipient high risk, 2. The date the recipient was designated high risk, 3. The high-risk point of contact at that federal awarding agency (name, phone number, and email address), and 4. The reasons for the high-risk status, as set out by the federal awarding agency.

23. Encouragement of policies to ban text messaging while driving

Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), DOJ encourages recipients and subrecipients ("subgrantees") to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this award, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.

24. All subawards ("subgrants") must have specific federal authorization

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements for authorization of any subaward. This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a "subaward" (and therefore does not consider a procurement "contract").

The details of the requirement for authorization of any subaward are posted on the OJP web site at <https://ojp.gov/funding/Explore/SubawardAuthorization.htm> (Award condition: All subawards ("subgrants") must have specific federal authorization), and are incorporated by reference here.

25. Specific post-award approval required to use a noncompetitive approach in any procurement contract that would exceed \$250,000

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements to obtain specific advance approval to use a noncompetitive approach in any procurement contract that would exceed the Simplified Acquisition Threshold (currently, \$250,000). This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a procurement "contract" (and therefore does not consider a subaward).

The details of the requirement for advance approval to use a noncompetitive approach in a procurement contract under an OJP award are posted on the OJP web site at <https://ojp.gov/funding/Explore/NoncompetitiveProcurement.htm> (Award condition: Specific post-award approval required to use a noncompetitive approach in a procurement contract (if contract would exceed \$250,000)), and are incorporated by reference here.

26. Specific post-award approval required to use a noncompetitive approach in any procurement contract that would exceed \$250,000

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements to obtain specific advance approval to use a noncompetitive approach in any procurement contract that would exceed the Simplified Acquisition Threshold (currently, \$250,000). This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a procurement "contract" (and therefore does not consider a subaward).

The details of the requirement for advance approval to use a noncompetitive approach in a procurement contract under an OJP award are posted on the OJP web site at <https://ojp.gov/funding/Explore/NoncompetitiveProcurement.htm> (Award condition: Specific post-award approval required to use a noncompetitive approach in a procurement contract (if contract would exceed \$250,000)), and are incorporated by reference here.

27. Requirement to report potentially duplicative funding

If the recipient currently has other active awards of federal funds, or if the recipient receives any other award of federal funds during the period of performance for this award, the recipient promptly must determine whether funds from any of those other federal awards have been, are being, or are to be used (in whole or in part) for one or more of the identical cost items for which funds are provided under this award. If so, the recipient must promptly notify the DOJ awarding agency (OJP or OVW, as appropriate) in writing of the potential duplication, and, if so requested by the DOJ awarding agency, must seek a budget-modification or change-of-project-scope Grant Award Modification (GAM) to eliminate any inappropriate duplication of funding.

28. Reporting potential fraud, waste, and abuse, and similar misconduct

The recipient, and any subrecipients ("subgrantees") at any tier, must promptly refer to the DOJ Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has, in connection with funds under this award-- (1) submitted a claim that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct.

Potential fraud, waste, abuse, or misconduct involving or relating to funds under this award should be reported to the OIG by--(1) online submission accessible via the OIG webpage at <https://oig.justice.gov/hotline/contact-grants.htm> (select "Submit Report Online"); (2) mail directed to: U.S. Department of Justice, Office of the Inspector General, Investigations Division, ATTN: Grantee Reporting, 950 Pennsylvania Ave., NW, Washington, DC 20530; and/or (3) by facsimile directed to the DOJ OIG Investigations Division (Attn: Grantee Reporting) at (202) 616-9881 (fax).

Additional information is available from the DOJ OIG website at <https://oig.justice.gov/hotline>.

29. Requirements related to System for Award Management and Universal Identifier Requirements

The recipient must comply with applicable requirements regarding the System for Award Management (SAM), currently accessible at <https://www.sam.gov/>. This includes applicable requirements regarding registration with SAM, as well as maintaining the currency of information in SAM.

The recipient also must comply with applicable restrictions on subawards ("subgrants") to first-tier subrecipients (first-tier "subgrantees"), including restrictions on subawards to entities that do not acquire and provide (to the recipient) the unique entity identifier required for SAM registration.

The details of the recipient's obligations related to SAM and to unique entity identifiers are posted on the OJP web site at <https://ojp.gov/funding/Explore/SAM.htm> (Award condition: System for Award Management (SAM) and Universal Identifier Requirements), and are incorporated by reference here.

This condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

30. Restrictions on "lobbying"

In general, as a matter of federal law, federal funds awarded by OJP may not be used by the recipient, or any subrecipient ("subgrantee") at any tier, either directly or indirectly, to support or oppose the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government. See 18 U.S.C. 1913. (There may be exceptions if an applicable federal statute specifically authorizes certain activities that otherwise would be barred by law.)

Another federal law generally prohibits federal funds awarded by OJP from being used by the recipient, or any subrecipient at any tier, to pay any person to influence (or attempt to influence) a federal agency, a Member of Congress, or Congress (or an official or employee of any of them) with respect to the awarding of a federal grant or cooperative agreement, subgrant, contract, subcontract, or loan, or with respect to actions such as renewing, extending, or modifying any such award. See 31 U.S.C. 1352. Certain exceptions to this law apply, including an exception that applies to Indian tribes and tribal organizations.

Should any question arise as to whether a particular use of federal funds by a recipient (or subrecipient) would or might fall within the scope of these prohibitions, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

31. Recipient integrity and performance matters: Requirement to report information on certain civil, criminal, and administrative proceedings to SAM and FAPIIS

The recipient must comply with any and all applicable requirements regarding reporting of information on civil, criminal, and administrative proceedings connected with (or connected to the performance of) either this OJP award or any other grant, cooperative agreement, or procurement

contract from the federal government. Under certain circumstances, recipients of OJP awards are required to report information about such proceedings, through the federal System for Award Management (known as "SAM"), to the designated federal integrity and performance system (currently, "FAPIS").

The details of recipient obligations regarding the required reporting (and updating) of information on certain civil, criminal, and administrative proceedings to the federal designated integrity and performance system (currently, "FAPIS") within SAM are posted on the OJP web site at <https://ojp.gov/funding/FAPIS.htm> (Award condition: Recipient Integrity and Performance Matters, including Recipient Reporting to FAPIS), and are incorporated by reference here.

32. Justice Information Sharing

Information sharing projects funded under this award must comply with DOJ's Global Justice Information Sharing Initiative (Global) guidelines. The recipient (and any subrecipient at any tier) must conform to the Global Standards Package (GSP) and all constituent elements, where applicable, as described at: https://it.ojp.gov/gsp_grantcondition. The recipient (and any subrecipient at any tier) must document planned approaches to information sharing and describe compliance with the GSP and appropriate privacy policy that protects shared information, or provide detailed justification for why an alternative approach is recommended.

33. Avoidance of duplication of networks

To avoid duplicating existing networks or IT systems in any initiatives funded by BJA for law enforcement information sharing systems which involve interstate connectivity between jurisdictions, such systems shall employ, to the extent possible, existing networks as the communication backbone to achieve interstate connectivity, unless the recipient can demonstrate to the satisfaction of BJA that this requirement would not be cost effective or would impair the functionality of an existing or proposed IT system.

34. Law enforcement task forces - required training

Within 120 days of award acceptance, each current member of a law enforcement task force funded with award funds who is a task force commander, agency executive, task force officer, or other task force member of equivalent rank, must complete required online (internet-based) task force training. Additionally, all future task force members must complete this training once during the period of performance for this award, or once every four years if multiple OJP awards include this requirement.

The required training is available free of charge online through the BJA-funded Center for Task Force Integrity and Leadership (www.ctfli.org). The training addresses task force effectiveness, as well as other key issues including privacy and civil liberties/rights, task force performance measurement, personnel selection, and task force oversight and accountability. If award funds are used to support a task force, the recipient must compile and maintain a task force personnel roster, along with course completion certificates.

Additional information regarding the training is available through BJA's web site and the Center for Task Force Integrity and Leadership (www.ctfli.org).

35. Required monitoring of subawards

The recipient must monitor subawards under this award in accordance with all applicable statutes, regulations, award conditions, and the DOJ Grants Financial Guide, and must include the applicable conditions of this award in any subaward. Among other things, the recipient is responsible for oversight of subrecipient spending and monitoring of specific outcomes and benefits attributable to use of award funds by subrecipients. The recipient agrees to submit, upon request, documentation of its policies and procedures for monitoring of subawards under this award.

36. Any written, visual, or audio publications funded in whole or in part under this award, with the exception of press releases, shall contain the following statements: "This project was supported by Grant No. <AWARD_NUMBER> awarded by the Bureau of Justice Assistance. The Bureau of Justice Assistance is a component of the Department of Justice's Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, the Office for Victims of Crime, and the SMART Office. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the U.S. Department of Justice." The current edition of the DOJ Grants Financial Guide provides guidance on allowable printing and publication activities.

37. Any Web site that is funded in whole or in part under this award must include the following statement on the home page, on all major entry pages (i.e., pages (exclusive of documents) whose primary purpose is to navigate the user to interior content), and on any pages from which a visitor may access or use a Web-based service, including any pages that provide results or outputs from the service: "This Web site is funded in whole or in part through a grant from the Bureau of Justice Assistance, Office of Justice Programs, U.S. Department of Justice. Neither the U.S. Department of Justice nor any of its components operate, control, are responsible for, or necessarily endorse, this Web site (including, without limitation, its content, technical infrastructure, and policies, and any services or tools provided)." The full text of the foregoing statement must be clearly visible on the home page. On other pages, the statement may be included through a link, entitled "Notice of Federal Funding and Federal Disclaimer," to the full text of the statement.

38. Verification and updating of recipient contact information

The recipient must verify its Grant Award Administrator, Financial Manager, and Authorized Representative contact information in JustGrants, including telephone number and e-mail address. If any information is incorrect or has changed, the award recipient's Entity Administrator must make changes to contact information through DIAMD. Instructions on how to update contact information in JustGrants can be found at <https://justicegrants.usdoj.gov/training/training-entity-management>.

39. Recipients utilizing award funds for forensic genealogy testing must adhere to the United States Department of Justice Interim Policy Forensic Genealogical DNA Analysis and Searching (<https://www.justice.gov/olp/page/file/1204386/download>), and must collect and report the metrics identified in Section IX of that document to BJA.

- 40.** The recipient agrees that no funds under this grant award (including via subcontract or subaward, at any tier) may be used for unmanned aircraft systems (UAS), which includes unmanned aircraft vehicles (UAV), or for any accompanying accessories to support UAS.

41. FFATA reporting: Subawards and executive compensation

The recipient must comply with applicable requirements to report first-tier subawards ("subgrants") of \$30,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients (first-tier "subgrantees") of award funds. The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the OJP web site at <https://ojp.gov/funding/Explore/FFATA.htm> (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here.

This condition, including its reporting requirement, does not apply to-- (1) an award of less than \$30,000, or (2) an award made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

- 42.** Applicants must ensure that Limited English Proficiency persons have meaningful access to the services under this program(s). National origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with Title VI and the Safe Streets Act, recipients are required to take reasonable steps to ensure that LEP persons have meaningful access to their programs. Meaningful access may entail providing language assistance services, including oral and written translation when necessary. The U.S. Department of Justice has issued guidance for grantees to help them comply with Title VI requirements. The guidance document can be accessed on the Internet at www.lep.gov.

43. Cooperating with OJP Monitoring

The recipient agrees to cooperate with OJP monitoring of this award pursuant to OJP's guidelines, protocols, and procedures, and to cooperate with OJP (including the grant manager for this award and the Office of Chief Financial Officer (OCFO)) requests related to such monitoring, including requests related to desk reviews and/or site visits. The recipient agrees to provide to OJP all documentation necessary for OJP to complete its monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by OJP for providing the requested documents. Failure to cooperate with OJP's monitoring activities may result in actions that affect the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to award funds; referral to the DOJ OIG for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).

44. Use of program income

Program income (as defined in the Part 200 Uniform Requirements) must be used in accordance with the provisions of the Part 200 Uniform Requirements. Program income earnings and expenditures both must be reported on the quarterly Federal Financial Report, SF 425.

45. Compliance with 28 C.F.R. Part 23

With respect to any information technology system funded or supported by funds under this award, the recipient (and any subrecipient at any tier) must comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies, if OJP determines this regulation to be applicable. Should OJP determine 28 C.F.R. Part 23 to be applicable, OJP may, at its discretion, perform audits of the system, as per the regulation. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 34 U.S.C. 10231(c)-(d). The recipient may not satisfy such a fine with federal funds.

46. Protection of human research subjects

The recipient (and any subrecipient at any tier) must comply with the requirements of 28 C.F.R. Part 46 and all OJP policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.

47. Confidentiality of data

The recipient (and any subrecipient at any tier) must comply with all confidentiality requirements of 34 U.S.C. 10231 and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. The recipient further agrees, as a condition of award approval, to submit a Privacy Certificate that is in accord with requirements of 28 C.F.R. Part 22 and, in particular, 28 C.F.R. 22.23.

48. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.

49. The recipient understands that, in accepting this award, the Authorized Representative declares and certifies, among other things, that he or she possesses the requisite legal authority to accept the award on behalf of the recipient entity and, in so doing, accepts (or adopts) all material requirements that relate to conduct throughout the period of performance under this award. The recipient further understands, and agrees, that it will not assign anyone to the role of Authorized Representative during the period of performance under the award without first ensuring that the individual has the requisite legal authority.

50. In accepting this award, the recipient agrees that grant funds cannot be used for Facial Recognition Technology (FRT) unless the recipient has policies and procedures in place to ensure that the FRT will be utilized in an appropriate and responsible manner that promotes public safety, and protects privacy, civil rights, and civil liberties and complies with all applicable provisions of the U.S. Constitution, including the Fourth Amendment's protection against unreasonable searches and seizures and the First Amendment's freedom of association and speech, as well as other laws and regulations. Recipients utilizing funds for FRT must make such policies and procedures available to DOJ upon request.

51. "Methods of Administration" - monitoring compliance with civil rights laws and nondiscrimination provisions

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with applicable federal civil rights laws and nondiscrimination provisions. Within 90 days of the date of award acceptance, the recipient must submit to OJP's Office for Civil Rights (at CivilRightsMOA@usdoj.gov) written Methods of Administration ("MOA") for subrecipient monitoring with respect to civil rights requirements. In addition, upon request by OJP (or by another authorized federal agency), the recipient must make associated documentation available for review.

The details of the recipient's obligations related to Methods of Administration are posted on the OJP web site at <https://ojp.gov/funding/Explore/StateMethodsAdmin-FY2017update.htm> (Award condition: "Methods of Administration" - Requirements applicable to States (FY 2017 Update)), and are incorporated by reference here.

52. Submission of eligible records relevant to the National Instant Background Check System

Consonant with federal statutes that pertain to firearms and background checks -- including 18 U.S.C. 922 and 34 U.S.C. ch. 409 -- if the recipient (or any subrecipient at any tier) uses this award to fund (in whole or in part) a specific project or program (such as a law enforcement, prosecution, or court program) that results in any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the National Instant Background Check System (NICS), or that has as one of its purposes the establishment or improvement of records systems that contain any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS, the recipient (or subrecipient, if applicable) must ensure that all such court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS are promptly made available to the NICS or to the "State" repository/database that is electronically available to (and accessed by) the NICS, and -- when appropriate -- promptly must update, correct, modify, or remove such NICS-relevant "eligible records".

In the event of minor and transitory non-compliance, the recipient may submit evidence to demonstrate diligent monitoring of compliance with this condition (including subrecipient compliance). DOJ will give great weight to any such evidence in any express written determination regarding this condition.

53. Compliance with National Environmental Policy Act and related statutes

Upon request, the recipient (and any subrecipient at any tier) must assist BJA in complying with the National Environmental Policy Act (NEPA), the National Historic Preservation Act, and other related federal environmental impact analyses requirements in the use of these award funds, either directly by the recipient or by a subrecipient. Accordingly, the recipient agrees to first determine if any of the following activities will be funded by the grant, prior to obligating funds for any of these purposes. If it is determined that any of the following activities will be funded by the award, the recipient agrees to contact BJA.

The recipient understands that this condition applies to new activities as set out below, whether or

not they are being specifically funded with these award funds. That is, as long as the activity is being conducted by the recipient, a subrecipient, or any third party, and the activity needs to be undertaken in order to use these award funds, this condition must first be met. The activities covered by this condition are:

- a. New construction;
- b. Minor renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;
- c. A renovation, lease, or any proposed use of a building or facility that will either (a) result in a change in its basic prior use or (b) significantly change its size;
- d. Implementation of a new program involving the use of chemicals other than chemicals that are (a) purchased as an incidental component of a funded activity and (b) traditionally used, for example, in office, household, recreational, or education environments; and
- e. Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

The recipient understands and agrees that complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. The recipient further understands and agrees to the requirements for implementation of a Mitigation Plan, as detailed at <https://bja.gov/Funding/nepa.html>, for programs relating to methamphetamine laboratory operations.

Application of This Condition to Recipient's Existing Programs or Activities: For any of the recipient's or its subrecipients' existing programs or activities that will be funded by these award funds, the recipient, upon specific request from BJA, agrees to cooperate with BJA in any preparation by BJA of a national or program environmental assessment of that funded program or activity.

54. Establishment of trust fund

If award funds are being drawn down in advance, the recipient (or a subrecipient, with respect to a subaward) is required to establish a trust fund account. Recipients (and subrecipients) must maintain advance payments of federal awards in interest-bearing accounts, unless regulatory exclusions apply (2 C.F.R. 200.305(b)(8)). The trust fund, including any interest, may not be used to pay debts or expenses incurred by other activities beyond the scope of the Edward Byrne Memorial Justice Assistance Grant Program (JAG). The recipient also agrees to obligate the award funds in the trust fund (including any interest earned) during the period of performance for the award and expend within 90 days thereafter. Any unobligated or unexpended funds, including interest earned, must be returned to OJP at the time of closeout.

55. Certification of body armor "mandatory wear" policies, and compliance with NIJ standards

If recipient uses funds under this award to purchase body armor, the recipient must submit a signed certification that each law enforcement agency receiving body armor purchased with funds from this award has a written "mandatory wear" policy in effect. The recipient must keep signed certifications on file for any subrecipients planning to utilize funds from this award for ballistic-resistant and stab-resistant body armor purchases. This policy must be in place for at least all uniformed officers before any funds from this award may be used by an agency for body armor. There are no requirements regarding the nature of the policy other than it be a mandatory wear policy for all uniformed officers while on duty.

Ballistic-resistant and stab-resistant body armor purchased with award funds may be purchased at any threat level, make or model, from any distributor or manufacturer, as long as the body armor has been tested and found to comply with applicable National Institute of Justice ballistic or stab standards, and is listed on the NIJ Compliant Body Armor Model List. In addition, ballistic-resistant and stab-resistant body armor purchased must be made in the United States and must be uniquely fitted, as set forth in 34 U.S.C. 10202(c)(1)(A). The latest NIJ standard information and the NIJ Compliant Body Armor List may be found by following the links located on the NIJ Body Armor page: <https://nij.ojp.gov/topics/equipment-and-technology/body-armor>

56. Prohibition on use of award funds for match under BVP program

JAG funds may not be used as the 50% match for purposes of the DOJ Bulletproof Vest Partnership (BVP) program.

57. If award funds are used for DNA testing of evidentiary materials, any resulting eligible DNA profiles must be uploaded to the Combined DNA Index System ("CODIS," the DNA database operated by the FBI) by a government DNA laboratory with access to CODIS. With the exception of Forensic Genetic Genealogy, no profiles generated under this award may be entered or uploaded into any non-governmental DNA database without prior express written approval from BJA. Award funds may not be used for the purchase of DNA equipment and supplies unless the resulting DNA profiles may be accepted for entry into CODIS. Booking agencies should work with their state CODIS agency to ensure all requirements are met for participation in Rapid DNA (see National Rapid DNA Booking Operational Procedures Manual).

58. Extreme risk protection programs funded by JAG must include, at a minimum: pre-deprivation and post-deprivation due process rights that prevent any violation or infringement of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive or procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). Such programs must include, at the appropriate phase to prevent any violation of constitutional rights, at minimum, notice, the right to an in-person hearing, an unbiased adjudicator, the right to know opposing evidence, the right to present evidence, and the right to confront adverse witnesses; the right to be represented by counsel at no expense to the government; pre-deprivation and post-deprivation heightened evidentiary standards and proof which mean not less than the protections afforded to a similarly situated litigant in Federal court or promulgated by the State's evidentiary body, and sufficient to ensure the full protections of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive and procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United

States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). The heightened evidentiary standards and proof under such programs must, at all appropriate phases to prevent any violation of any constitutional right, at minimum, prevent reliance upon evidence that is unsworn or unaffirmed, irrelevant, based on inadmissible hearsay, unreliable, vague, speculative, and lacking a foundation; and penalties for abuse of the program.

59. Exceptions regarding Prohibited and Controlled Equipment under OJP awards

Notwithstanding any provision to the contrary in the other terms and conditions of this award, including in the condition regarding "Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards," the requirements for the "Transfer/Sale of Award-Funded Controlled Equipment to Other LEAs" and the requirements for the "Transfer/Sale of Award-Funded Controlled Equipment to NON-LEAs" do not apply to this award.

60. Expenditures prohibited without waiver

No funds under this award may be expended on the purchase of items prohibited by the JAG program statute, unless, as set forth at 34 U.S.C. 10152, the BJA Director certifies that extraordinary and exigent circumstances exist, making such expenditures essential to the maintenance of public safety and good order.

61. Authorization to obligate (federal) award funds to reimburse certain project costs incurred on or after October 1, 2022

The recipient may obligate (federal) award funds only after the recipient makes a valid acceptance of the award. As of the first day of the period of performance for the award (October 1, 2022), however, the recipient may choose to incur project costs using non-federal funds, but any such project costs are incurred at the recipient's risk until, at a minimum-- (1) the recipient makes a valid acceptance of the award, and (2) all applicable withholding conditions are removed by OJP (via an Award Condition Modification (ACM)). (A withholding condition is a condition in the award document that precludes the recipient from obligating, expending, or drawing down all or a portion of the award funds until the condition is removed.)

Except to the extent (if any) that an award condition expressly precludes reimbursement of project costs incurred "at-risk," if and when the recipient makes a valid acceptance of this award and OJP removes each applicable withholding condition through an Award Condition Modification (ACM), the recipient is authorized to obligate (federal) award funds to reimburse itself for project costs incurred "at-risk" earlier during the period of performance (such as project costs incurred prior to award acceptance or prior to removal of an applicable withholding condition), provided that those project costs otherwise are allowable costs under the award.

62. Required data on law enforcement agency training

Any law enforcement agency receiving direct or sub-awarded funding from this JAG award must submit quarterly accountability metrics data related to training that officers have received on the use of force, racial and ethnic bias, de-escalation of conflict, and constructive engagement with the public.

63. All State and Local JAG recipients must submit quarterly Federal Financial Reports (SF-425). Additionally, State JAG and Local JAG Category Two (\$25K or more) must submit semi-annual performance reports through JustGrants and Local JAG Category One (Less than \$25K) must submit annual performance reports through JustGrants. Consistent with the Department's responsibilities under the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, the recipient must provide data that measure the results of its work. The recipient must submit quarterly performance metrics reports through BJA's Performance Measurement Tool (PMT) website: <https://bjapmt.ojp.gov/>. For more detailed information on reporting and other JAG requirements, refer to the JAG reporting requirements webpage (<https://bjapmt.ojp.gov/help/jagdocs.html>). Failure to submit required JAG reports by established deadlines may result in the freezing of grant funds and future High Risk designation.

64. BJA- JAG - SORNA Appeal Limits

The recipient acknowledges the final agency decision made by DOJ that recipient's jurisdiction did not substantially implement the Sex Offender Registration and Notification Act (Public Law 109-248, "SORNA") before the deadline, and understands that, as a result of that final agency decision, the amount of this JAG award was reduced, pursuant to 34 U.S.C. 20927. By accepting this specific award, the recipient voluntarily agrees that if it elects to file a judicial appeal of that final agency decision, which was integral in determining this particular funding amount, no such appeal may commence more than 6 months after the date of acceptance of this award.

65. Withholding of funds for Required certification from the chief executive of the applicant government

The recipient may not expend or draw down any award funds until the recipient submits the required "Certifications and Assurances by the Chief Executive of the Applicant Government," properly-executed (as determined by OJP), and an Award Condition Modification has been issued to remove this condition.

66. Withholding of funds for Budget narrative or information

The recipient may not expend or draw down any award funds until the recipient submits, and OJP reviews and accepts, the required budget information or narrative for the award, and an Award Condition Modification has been issued to remove this condition.

Title	Monterey County Sheriff's Office	09/07/2025
	by Scott Davis in Edward Byrne Memorial Justice Assistance Grant Program (JAG) Equipment and Training Program	id. 51579355
	davissy@countyofmonterey.gov	

Original Submission	09/07/2025

Score	n/a
The Edward Byrne Memorial Justice Assistance Grant (JAG) Equipment and Training Program Application is divided into four sections as identified below: Background Information Contact Information Proposal Narrative and Budget Attachments Each section has a series of questions that require a response. Applicants will be prompted to provide written text, select options from a drop down menu, select options from a multiple choice menu, or upload attachments. Questions marked "(required)" in red require responses. Applicants will not be able to submit the JAG Equipment and Training Program Application until all questions marked "(required)" have been completed. Applicants may reference the JAG Equipment and Training Program Request for Applications (RFA) for background information, key dates, rating factors, and other important information to aid in the completion of the Grant Program Application. The JAG RFA is available on the BSCC website JAG Homepage NOTE: Applicants may start and stop their application but must select "Save Draft" at the bottom of the application before existing.	
SECTION 1 - BACKGROUND INFORMATION	This section requests information about the project name and location, federal identification, funding requested, and an overview of the project.
Name of Applicant (County)	Monterey County Sheriff's Office
Applicant's Physical Address	1414 Natividad Road Salinas CA 93906 US 36.7012939 -121.6307983
Applicant's Mailing Address (If different than physical address)	

Mailing Address for Payment	1414 Natividad Road Salinas CA 93906 US 36.7012939 -121.6307983
Tax Identification Number	94-6000524
Federal Employer ID	94-6000524
Unique Entity Identifier (UEI)	JKHSNNJ5H3Y5
Lead Public Agency	Monterey County Sheriff's Office
Project Title	SAFE Response Initiative
Program Purpose Areas (PPA)	Applicants are required to identify the Program Purpose Areas (PPA) and Priority Areas of Need for which equipment, supplies, and/or training initiatives JAG funds will be used. A total of five eligible PPAs are identified in the JAG RFA (Page 7): PPA 1: Law enforcement programs PPA 2: Prosecution and court programs PPA 3: Prevention and education programs PPA 5: Drug treatment and enforcement programs PPA 8: Mental health programs and related law enforcement and corrections programs Applicants are required to address a minimum of one Program Purpose Area and one corresponding Priority Area of Need. Applicants are not required to address each PPA or Priority Area of Need.
Law Enforcement Programs (PPA 1)	Drug enforcement Violent crime reduction initiatives
Prosecution and Court Programs (PPA 2)	
Prevention and Education Programs (PPA 3)	
Drug Treatment and Enforcement Programs (PPA 5)	
Mental Health Programs and Related Law Enforcement and Corrections Programs (PPA 8)	

Proposal Summary	The Monterey County Sheriff's Office requests funding for specialized safety equipment to enhance violent crime reduction and drug enforcement operations. Fire-resistant outer jackets and pants will protect deputies investigating illegal marijuana grows and wildland fires where such operations are present. Full riot gear will equip personnel to manage civil unrest, riots, and jail disturbances, and statewide mutual aid deployments. iEvac smoke hoods will improve staff and incarcerated persons safety during fires, riots, and emergency evacuations. This project strengthens deputy protection, community safety, and operational readiness.
SECTION 2 - CONTACT INFORMATION	This section requests contact information for the individuals identified as the Project Director, Financial Officer, Day-to-Day Project Contact, Day-to-Day Fiscal Contact, and the Authorized Signature.
Project Director	Scott Davis
Project Director's Title with Agency/Department/Organization	Commander
Project Director's Email Address	davissy@countyofmonterey.gov
Project Director's Phone Number	+18317553896
Project Director's Address	1414 Natividad Road Salinas CA 93906 US 36.7012939 -121.6307983
Financial Officer	Julie Lavorato
Financial Officer's Title with Agency/Department/Organization	Finance Manager
Financial Officer's Email Address	LavoratoJL@countyofmonterey.gov
Financial Officer's Phone Number	+18317597253

Financial Officer's Address	1414 Natividad Road Salinas CA 93906 US 36.7012939 -121.6307983

Day-To-Day Program Contact	Scott Davis

Day-To-Day Program Contact's Title with Agency/Department/Organization	Commander

Day-To-Day Program Contact's Email Address	davissy@countyofmonterey.gov

Day-To-Day Program Contact's Phone Number	+18317553896

Day-To-Day Fiscal Contact	Julie Lavorato

Day-To-Day Fiscal Contact's Title with Agency/Department/Organization	Fiscal Manager

Day-To-Day Fiscal Contact's Email Address	LavoratoJL@countyofmonterey.gov

Day-To-Day Fiscal Contact's Phone Number	+18317597253

Name of Authorized Officer*	Scott Davis

Authorized Officer's Title with Agency/Department/Organization	Commander

Authorized Officer's Email Address	davissy@countyofmonterey.gov

Authorized Officer's Phone Number	+18317553896

Authorized Officer Assurances	checked

SECTION 3 -
PROJECT
NARRATIVE AND
BUDGET

This section requests responses to the items to be addressed in the Project Narrative.

Project Narrative
Instructions

The Project Narrative must address the following, as described in the JAG RFA (Page 15): Identify to need Describe the need(s) to be addressed, the process used to determine the need(s) and how the need(s) are related to the identified JAG Program Purpose Areas and Priority Areas of Need. For each PPA and Priority Area of Need identified: a) Describe the equipment and supplies to be purchased and explain how those purchases will support that PPA and Priority Area of Need, and/or b) Describe the training that will be offered and how it will support that PPA and Priority Area of Need. When responding, clearly identify each item being addressed (i.e. Description of Need, PPAs identified, etc.). The Project Narrative may not exceed 6,692 total characters (includes punctuation, numbers, spacing and any text). In Microsoft Word, this is approximately 3 pages in Arial 12-point font with one-inch margins on all four sides and at 1.5-line spacing. A character counter is automatically enabled that shows the number of characters used and the remaining number of characters before the limit is met. If the limit is exceeded, a red prompt will appear with the message "You have exceeded the character limit". Applicants will be prohibited from submit the JAG Equipment and Training Program Application until they comply with the character limit requirements. NOTE: It is up to the applicant to determine how to use the total word limit in addressing each section item to be addressed.

Project Narrative

Identification of Need

The Monterey County Sheriff's Office (MCSO) is responsible for addressing a broad range of violent crime and drug enforcement challenges across urban, suburban, rural, and custodial environments. Our county has experienced repeated incidents where illegal marijuana cultivation sites have been discovered during wildland fires, placing both first responders and deputies at significant risk. These operations often involve volatile chemicals, electrical hazards, and armed individuals protecting illicit grows. Deputies entering these environments require enhanced fire-resistant protective equipment to ensure their safety while carrying out eradication and enforcement activities.

Beyond outdoor enforcement, MCSO must also be prepared to respond to riots, civil disturbances, and large-scale protests within Monterey County and, through mutual aid obligations, throughout California. Recent years have demonstrated growing potential for rapid escalation during civil unrest, which poses a threat not only to community safety but also to law enforcement personnel. The Sheriff's Office currently lacks sufficient modern riot gear to equip teams for safe and effective response to these volatile environments.

Within the Monterey County Jail, violent incidents, including disturbances and planned assaults, require specialized extraction teams. Deputies must enter confined housing units where smoke, improvised weapons, and incarcerated person resistance present significant hazards. Incarcerated persons and staff are at risk during riots, disturbances, and fire-related

emergencies. At present, the jail lacks adequate iEvac smoke hoods and fire-resistant safety equipment that would allow for safe evacuation of both personnel and incarcerated persons in the event of earthquake, fire, or smoke infiltration. These gaps in equipment compromise the safety of deputies, incarcerated persons, and community members.

Equipment to be Purchased and How it Supports PPA 1

- **Fire-Resistant Outer Jackets and Pants:** These garments provide essential flame protection for deputies tasked with entering areas where illegal marijuana grows intersect with wildland fires as well as fires within the jail facility. Their dual utility also ensures deputies are protected during crowd control operations involving incendiary devices such as Molotov cocktails. By mitigating burn risk, this equipment directly supports deputy safety during violent crime suppression and drug enforcement activities.
- **Full Riot Gear:** Comprehensive protective equipment including helmet, face shields, body armor, shin and arm protection, batons, and riot shields, will allow deputies to manage civil unrest, quell disturbances within the jail, and provide assistance to other jurisdictions through mutual aid requests. Properly outfitted personnel reduce the likelihood of injury, improve crowd control effectiveness, and support de-escalation by providing a professional, prepared presence.
- **iEvac Smoke Hoods:** These devices will be issued for use within the jail environment to protect deputies and incarcerated persons during fire emergencies. The hoods provide 15-30 minutes of breathable air, enabling safe evacuation or tactical movement in smoke-filled environments. This investment strengthens emergency preparedness, reduces risk of smoke inhalation injuries, and directly enhances custodial safety.

Impact and Outcomes

Acquisition of these resources will directly support MCSO's capacity to reduce violent crime, suppress drug related operations, and maintain order during civil unrest. The primary outcomes of this project include:

- Increased deputy safety and survivability in high-risk environments.
- Enhanced operations readiness for violent crime suppression and drug enforcement.
- Improved ability to manage civil unrest and jail disturbances without unnecessary escalation.
- Safer evacuation protocols within the jail environment, protecting both staff and incarcerated persons.
- Expanded capacity to fulfill mutual aid obligations and support regional law enforcement partners.

Alignment with JAG Program Purpose Areas

This project aligns directly with PPA 1: Violent Crime Reduction Initiatives and Drug Enforcement. The requested equipment provides deputies with the means to safely investigate and dismantle illegal marijuana grows, respond effectively to violent crime and disturbances, and protect the community during high-risk incidents. Furthermore, by ensuring deputies are properly equipped, the Sheriff's Office can reduce reliance on reactive measures and instead proactively safeguard the community.

Conclusion

The Monterey County Sheriff's Office is committed to protecting the safety of our deputies, incarcerated persons, and the community we serve. Investment in fire-resistant clothing, riot gear, and iEvac smoke hoods is not simply an enhancement, it is a necessity driven by documented operational needs. These resources will provide deputies with the tools required to respond safely, effectively, and professionally to violent crime, drug enforcement challenges, and civil disturbances, both within our county and throughout California. This project represents a critical step in ensuring readiness, resilience, and the long-term protection of public safety.

Budget Instructions	Applicants are required to submit a Project Budget and Budget Narrative (Budget Attachment). Upon submission the Budget Attachment will become the Proposal Budget (Budget Tables & Narrative) making up part of the official proposal. The Budget Attachment must be filled out completely and accurately. Applicants are solely responsible for the accuracy and completeness of the information entered in the Budget Table and Budget Narrative. The grant budget must cover the entire grant period. Funding will be allocated to counties based on county population as shown in Table 2 below on page 9-10 of the JAG RFA . This is a non-competitive grant. Applicants may apply for any dollar amount up to and including the available amount allocated to their county. For additional guidance related to grant budgets, refer to the BSCC Grant Administration Guide. The JAG Project Budget Attachment is provided as a stand-alone document on the BSCC website on the JAG Homepage.

Attachment A: JAG Project Budget Attachment

[Attachment-A-JAG-RFA-Budget-Attachment_Final.xlsx](#)

SECTION 4 - ATTACHMENTS	This section list the attachments that may be submitted with the application. Appendix B: · Governing Board Resolution or Other Proof of Signing Authority (not required at time of application, but must be submitted prior to contract execution) Appendix C: Certification of Compliance with BSCC Policies on Debarment, Fraud, Theft, and Embezzlement (not required at time of application, but must be submitted prior to contract execution)

OPTIONAL: Appendix
B: Governing Board
Resolution or Other
Proof of Signing
Authority

OPTIONAL:
Certification of
Compliance with
BSCC Policies On
Debarment, Fraud,
Theft, and
Embezzlement
(Appendix C)

CONFIDENTIALITY
NOTICE:

All documents submitted as a part of the Edward Byrne Memorial Justice Assistance Grant Program proposal are public documents and may be subject to a request pursuant to the California Public Records Act. The BSCC cannot ensure the confidentiality of any information submitted in or with this proposal. (Gov. Code, § 6250 et seq.)

JAG Equipment and Training Program		
Name of County Applicant: <i>Monterey County Sheriff's Office</i>		
Note: Rows 7-10 will auto-populate based on the information entered in the budget Categories (Services and Supplies, etc.)		
Budget Category	Total	
1. Services and Supplies	\$341,162	
2. Equipment/Fixed Assets	\$0	
3. Training Expenses	\$0	
4. Indirect Costs	\$0	
TOTAL	\$341,162	
1a. Services and Supplies		
Itemized List of Services or Supplies	Calculation for Expenditure	Total
Example: Office Supplies (Paper, Pens, etc.)	\$350/month x 12 Months	\$4,200
Fire-Resistant Interface Coat	\$413 per unit x 350 units	\$144,550
Fire-Resistant Interface Pant	\$316.60 per unit x 350 units	\$110,810
IEvac Hoods	\$196 per unit x 38 units	\$7,448
Full Riot Protective Equipment	\$940 per unit x 50 units	\$47,000
Wall Mount Storage for IEvac Hoods	\$23 per unit x 38 units	\$874
Canisters for Gas Masks	\$240 per unit x 127 units	\$30,480
TOTAL	\$341,162	
1b. Services and Supplies Narrative:		
The Monterey County Sheriff's Office seeks supplies to enhance deputy, incarcerated person, and community safety during drug enforcement, violent crime suppression, and jail operations. Fire-resistant coats and pants will protect deputies in hazardous marijuana grows and fire environments. IEvac hoods with wall mounts will provide critical respiratory protection and quick access during jail fires or emergencies. Full riot gear ensures safe response to civil unrest, jail disturbances, and mutual aid deployments throughout California. Gas mask canisters maintain readiness for riot control and hazardous exposures.		
2a. Equipment/Fixed Assets		
Itemized List of Professional Service(s)	Calculation for Expenditure	Total
Example: Purchase of Vehicle	Toyota Prius @ Market Value	\$24,000
TOTAL	\$0	
2b. Equipment/Fixed Assets Narrative		
Enter narrative here. You may expand cell height if needed.		
3a. Training Expenses		
Itemized of Equipment/Fixed Asset	Calculation for Expense	Total
Example Crisis Response Training	\$1200 Reg. Fees * 4 Participants + Lodging 2 rooms @ \$200/night * 2 nights + Per Diem \$150/person * 2 days	\$6,800
TOTALS	\$0	
3b. Training Expenses		

Enter narrative here. You may expand cell height if needed.

4a. Indirect Costs

For this grant program, indirect costs may be charged using only **one** of the two options below:

If the applicant does not have a federally approved indirect cost rate, the applicant may claim indirect costs using the Federal De Minimis, 15% of Modified Total Direct Costs (calculated as 15% multiplied by total direct costs, minus equipment, plus up to the first \$50,000 of each subcontract)

Rate

Direct Costs

Max. Allowable
Indirect Costs

Grant Funds

15.00%

\$341,162

\$51,174

***If the amount entered in H277 turns red, please adjust it to not exceed the line item limit noted in G277**

If the applicant has a federally approved indirect cost rate, may claim indirect costs up to the organization's federally approved indirect cost rate.

\$341,162

\$0

***If the amount entered in H278 turns red, please adjust it to not exceed the line item limit noted in G278**

TOTAL

\$0

4b. Indirect Costs Narrative

Enter narrative here. You may expand cell height if needed.

APPENDIX A: JAG EXECUTIVE STEERING COMMITTEE ROSTER

2018 JAG Executive Steering Committee

	Name	Title	Organization
1	Linda Penner (Chair)	Chairperson	Board of State and Community Corrections
2	Mark Delgado	Executive Director	Los Angeles County's Countywide Criminal Justice Coordination Committee, Los Angeles County
3	Eric Durnell	Ph. D. Candidate	Social Psychology, California State University, San Francisco, San Francisco County
4	David Fernandez	Senior Special Agent	California Department of Corrections and Rehabilitation, Sacramento County
5	Robin Lipetzky	Public Defender	Contra Costa County
6	Lyle Martin	Police Chief	Bakersfield Police Department, Kern County
7	Steven Meinrath	Attorney	Sacramento County
8	Debbie Paolinelli	Assistant County Administrative Officer	Fresno County
9	Jonathan Raven	Chief Deputy District Attorney	Yolo County
10	Darren Thompson	Sheriff-Coroner	San Benito County
11	Erik Upson	Police Chief	Benicia Police Department, Solano County
12	Erica Webster	Master's Candidate	Luskin School of Public Affairs, University of California Los Angeles, Los Angeles County
13	Charles White, Ph. D.	Director, Criminal Justice	Azusa Pacific University, San Diego County



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-027

February 10, 2026

Introduced: 1/30/2026

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

- a. Adopt a Resolution approving the forms of and authorizing the execution and delivery of a Site Lease, Lease Agreement, Trust Agreement, Escrow Agreement, Certificate Purchase Agreement, and a Continuing Disclosure Certificate in connection with the offering and sale of the County of Monterey 2026 Refunding Certificates of Participation (Public Facilities Refinancing) (the "2026 COPs"), and authorizing the distribution of an Official Statement and an Official Notice of Sale in connection therewith and authorizing execution of necessary documents, certificates, and certain other related actions; and
- b. Direct the Authorized Officers and the officers and employees of the County the authority to amend and execute documents, determine appropriateness of bond terms and conditions, and to carry out, give effect to, and comply with the terms and intent of this Resolution.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Adopt a Resolution approving the forms of and authorizing the execution and delivery of a Site Lease, Lease Agreement, Trust Agreement, Escrow Agreement, Certificate Purchase Agreement, and a Continuing Disclosure Certificate in connection with the offering and sale of the County of Monterey Certificates of Participation (2026 Public Facilities Refinancing) (the "2026 COPs"), and authorizing the distribution of an Official Statement and an Official Notice of Sale in connection therewith and authorizing execution of necessary documents, certificates, and certain other related actions; and
- b. Direct the Authorized Officers and the officers and employees of the County the authority to amend and execute documents, determine appropriateness of bond terms and conditions, and to carry out, give effect to, and comply with the terms and intent of this Resolution.

SUMMARY:

Given favorable conditions in the municipal market and a low interest rate environment, the County Administrative Office has been monitoring debt service savings opportunities associated with the County of Monterey Certificates of Participation 2015 Issuance "COPs". It is estimated that refunding the COPs will result in approximately \$3.23 million in gross cash flow savings, or approximately \$2.43 million of net present value savings (which equates to 6.21% of the par amount of refunded 2015 COPs), based on current market conditions. Given the dynamic nature of the interest rate market, the actual refinancing savings may vary depending on the municipal market conditions at the time of pricing, which is scheduled to occur in late February 2026. Because the feasibility and value of a refunding are completely dependent on municipal market yields, this authorization is requested now to enable the County to move quickly to maximize savings, when yields are favorable.

DISCUSSION:

In 2015, the County issued \$48.44 million of (Tax Exempt) Certificates of Participation (2015 Public Facilities Financing) (the “2015 COPs”). The 2015 COPs were issued to fund the renovations and tenant improvements of the County’s Schilling Campus. The COPs were callable on October 1, 2025, at a redemption price of 100 percent (no premium) and eligible for a current refunding beginning on July 3, 2025 (90 days before the call date). The municipal market continues to perform strong and demand for Monterey County transactions is favorable. All outstanding callable maturities of the 2015 COPs will be refunded.

Based on current market conditions, the refunding is estimated to reduce total debt service payments over the next twenty years (2026-2046) by approximately \$3.23 million. The refinancing is expected to create approximately \$160,000 in annual budgetary savings.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board by the County’s financing team. The distribution of the Preliminary Official Statement by the County and the Corporation is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Refunding Certificates. Information is “material information” if there is a substantial likelihood it would have actual significance in the deliberations of a reasonable investor when deciding whether to buy or sell securities. The resolution approves the Preliminary Official Statement, and delegates to staff (a) the ability to make additional changes if needed, and (b) to sign a certificate on behalf of the County that deems the Preliminary Official Statement final for purposes of the federal securities laws.

The Securities and Exchange Commission (SEC), the federal agency with regulatory authority over compliance with the federal securities laws, has indicated that, if a member of a legislative body like the Board of Supervisors has knowledge of any facts or circumstances that an investor would want to know about prior to investing in securities like the Refunding Certificates, whether relating to the County and its financial status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. The steps that a member of the Board of Supervisors could take to fulfill this obligation include becoming familiar with the Preliminary Official Statement and questioning staff and other members of the financing team about the disclosure of such facts.

The attached Board Resolution authorizes the execution and delivery of the Refunding Certificates and related financing and sale documents, and provide that the Refunding Certificates may only be sold if the principal amount does not exceed \$41,000,000.00, the term of the Lease Agreement does not extend beyond October 1, 2045 (except for an extension in the event of nonpayment of Lease Payments), and the net present value interest rate savings with respect to the refinancing of the Prior Certificates is at least 3.0% (as provided in the County of Monterey Public Finance Policy dated July 25, 2017).

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

The Auditor-Controller, Treasurer-Tax Collector, and County Counsel, are working with the County Administrative Office and the County of Monterey Public Improvement Corporation on the 2026 COPs transaction.

FINANCING:

It is estimated that refinancing the 2015 COPs and issuance of the 2026 COPs will result in approximately \$3.23 million in gross cash flow savings, or approximately \$2.43 million of net present value savings (which equates to 6.21% of the par amount of refunded 2015 COPs), based on current market conditions. All costs of issuance will be paid from bond proceeds.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

The issuance of COPs to refinance the 2015 COPs correlates with the Board's Administration policy area. Refinancing is estimated to create \$3.23 million in gross cash flow savings, or approximately \$2.43 million of net present value savings, which equates to 6.21% of the par amount of refunded 2015 COPs, thus advancing the County's commitment to achieve a balanced budget that sustains core services and efficiently allocates resources.

Mark a check to the related Board of Supervisors Strategic Plan Goals:

- ☐ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy
- ☒ Administrative

Link to the Strategic Plan:

[<https://www.countyofmonterey.gov/home/showdocument?id=139569>](https://www.countyofmonterey.gov/home/showdocument?id=139569)

Prepared and approved by: Michael Beaton, Assistant County Administrative Officer, ext. 3835

Attachments:

County Resolution
Site Lease
Lease Agreement
Assignment Agreement
Trust Agreement
Escrow Agreement
Official Notice of Sale
Certificate Purchase Agreement
Preliminary Official Statement, including Continuing Disclosure Certificate



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-027

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- ☐ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
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Prepared and approved by: Michael Beaton, Assistant County Administrative Officer, ext. 3835

Attachments:

County Resolution
Site Lease
Lease Agreement
Assignment Agreement
Trust Agreement
Escrow Agreement
Official Notice of Sale
Certificate Purchase Agreement
Preliminary Official Statement, including Continuing Disclosure Certificate

*Before the Board of Supervisors in and for the
County of Monterey, State of California*

RESOLUTION NO. _____

Adopt a resolution:

Authorizing the execution and delivery by the County)
of certain lease financing documents with respect to)
Monterey County 2026 Certificates of Participation)
(Public Facilities Refinancing) in a principal amount)
not to exceed \$41,000,000, and authorizing execution)
of necessary documents and certificates and related actions...)

WHEREAS, pursuant to a Trust Agreement dated as of December 1, 2015, by and among the County of Monterey (the “County”), the County of Monterey Public Improvement Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the County caused the execution and delivery of certificates of participation captioned “\$48,440,000 County of Monterey Certificates of Participation (2015 Public Facilities Financing)” (the “2015 Certificates”);

WHEREAS, the 2015 Certificates are secured by leased payments made by the County under the Lease Agreement dated as of September 1, 2015 (the “2015 Lease Agreement”) by and between the County and the Corporation;

WHEREAS, the County desires to prepay lease payments to be made by the County under the 2015 Lease Agreement, and cause the concurrent defeasance and subsequent prepayment of the 2015 Certificates;

WHEREAS, in order to obtain funds to prepay the lease payments under the 2015 Lease Agreement, the County will lease certain real property and the improvements thereto, consisting generally of the portion of the Schilling Place Complex located at 1441 Schilling Place consisting of the South Building (the “Leased Property”), to the Corporation under a Site Lease (the “Site Lease”) by and between the County as lessor and the Corporation as lessee, and the Corporation has agreed to sublease the Leased Property back to the County pursuant to a Lease Agreement (the “Lease Agreement”) by and between the Corporation as sublessor and the County as sublessee;

WHEREAS, the County and the Corporation have determined that it would be in the best interests of the County and the Corporation to provide the funds necessary to prepay lease payments to be made by the County under the 2015 Lease Agreement through the execution and delivery, pursuant to a Trust Agreement (the “Trust Agreement”), by and among the Corporation, the County and the Trustee, of a series of certificates of participation captioned “County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)” (the “Certificates”) evidencing direct, fractional undivided interests in the base rental payments (the “Lease Payments”) to be made by the County under the Lease Agreement;

WHEREAS, the 2015 Certificates will be defeased and prepaid through a deposit of the net proceeds of the Certificates with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), under an Escrow Agreement (the “Escrow Agreement”) by and among the County, the Corporation and the Escrow Agent;

WHEREAS, in accordance with Government Code Section 5852.1, the County has obtained and wishes to disclose the information set forth in Appendix A hereto;

WHEREAS, the Board of Supervisors (the “Board”) wishes at this time to authorize all proceedings relating to the execution, delivery and sale of the Certificates for the purpose of refinancing the 2015 Lease Agreement, the 2015 Certificates, and the obligations of the County with respect thereto;

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. Recitals. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. Approval of Refinancing Plan. The Board hereby approves the refinancing plan as recited above for the purpose of providing funds to refinance the 2015 Lease Agreement and the 2015 Certificates; provided that the principal amount of the Certificates shall not exceed \$41,000,000.

Section 3. Approval of Refinancing Documents. The Board hereby authorizes and approves each of the following financing documents, in substantially the respective forms on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by an Authorized Officer (as defined below), whose execution thereof shall be conclusive evidence of such approval:

- (a) the Site Lease, by and between the Corporation and the County, under which the County leases the Leased Property to the Corporation in consideration of the agreement by the Corporation to provide funds sufficient to carry out the refinancing plan as recited above;
- (b) the Lease Agreement, by and between the Corporation and the County, under which the Corporation leases the Leased Property back to the County and under which the County agrees to pay semiannual Lease Payments calculated at fixed rates of interest;
- (c) the Trust Agreement, by and among the Corporation, the County and the Trustee, providing the terms and conditions for the execution and delivery of the Certificates; and
- (d) the Escrow Agreement, by and among the County, the Corporation and the Escrow Agent, providing the terms and conditions for the defeasance and prepayment of the 2015 Certificates.

Each of the Chair of the Board, and any such other member of the Board as the Chair may designate, the County Administrative Officer, the County Auditor-Controller, the County Treasurer-Tax Collector, and the designee of any of them (the “Authorized Officers”), is hereby

authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Site Lease, Lease Agreement, Trust Agreement and Escrow Agreement in the forms submitted to this meeting, with such changes, insertions and omissions as any Authorized Officer may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Site Lease, Lease Agreement, Trust Agreement and Escrow Agreement by an Authorized Officer. The Board hereby authorizes the delivery and performance of each of the foregoing documents.

Section 4. Execution and Delivery of Certificates. The execution and delivery of Certificates evidencing principal in an aggregate amount not to exceed \$41,000,000, payable in the years and in the amounts, and evidencing interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved; provided, that the term of the Lease Agreement shall not extend beyond October 1, 2045 (except for an extension in the event of nonpayment of Lease Payments as set forth in the Lease Agreement), and the net present value interest rate savings with respect to the refinancing of the 2015 Certificates shall be at least 3.00% (as provided in the County of Monterey Public Finance Policy dated July 25, 2017).

Section 5. Sale of Certificates.

(a) The Certificates shall be sold by competitive sale, subject to the limitations set forth in Section 4 of this Resolution, pursuant to the Official Notice of Sale relating to the Certificates (the “Official Notice of Sale”), in substantially the form on file with the Clerk of the Board, which is hereby approved.

Jones Hall LLP, as bond counsel to the County, is hereby authorized and directed to cause a Notice of Intention to sell the Certificates, in form and substance acceptable to said firm, to be published once in *The Bond Buyer* in accordance with Section 53692 of the Government Code.

(b) Notwithstanding the provisions of Section 5(a), the Certificates may be sold on a negotiated sale basis, upon: (i) the determination by KNN Public Finance, LLC, the County’s municipal advisor (the “Municipal Advisor”) that the municipal credit markets are not, at the time scheduled for the sale of the Certificates, in the judgment of the Municipal Advisor, conducive to a successful competitive sale of the Certificates; and (ii) an Authorized Officer’s concurrence with the conclusion of the Municipal Advisor. In such event, the Certificates may be sold on a negotiated basis, to a firm selected by the Municipal Advisor through a competitive selection process, pursuant to a contract of purchase, between the County and the underwriting firm so selected to purchase the Certificates, in substantially the form on file with the Clerk of the Board (the “Contract of Purchase”), and any Authorized Officer is hereby authorized and directed to execute the Contract of Purchase on behalf of the County; provided, however, that the principal amount and minimum savings threshold with respect to the Certificates shall not exceed the amounts set forth in Section 4 above, and the underwriter’s discount shall not exceed 1.00% of the original aggregate principal amount of the Certificates.

Section 6. Preliminary Official Statement. The form of Preliminary Official Statement, on file with the Clerk of the Board, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Each Authorized Officer is hereby authorized to certify in writing on behalf of the County that the

Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 7. Official Statement. The preparation and delivery of an Official Statement, and its use by the underwriter of the Certificates in connection with the offering and sale of the Certificates, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the County, to execute the final Official Statement and any amendment or supplement thereto.

Section 8. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate, attached as an appendix to the Preliminary Official Statement on file with the Clerk of the Board, with such changes therein as may be approved by an Authorized Officer, is hereby approved. Each Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Continuing Disclosure Certificate.

Section 9. Professionals Appointed. The selection of KNN Public Finance, LLC, as municipal advisor to the County, and Jones Hall LLP, as special counsel and disclosure counsel to the County, in connection with the execution and delivery of the Certificates and the other documents authorized to be delivered in connection therewith, is hereby confirmed.

Section 10. Official Actions. The Authorized Officers and the officers and employees of the County are hereby authorized and directed, in the name and on behalf of the County, to execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, certificates of acceptance of property conveyed to the County, certificates of termination relating to prior lease financings, and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved pursuant to this Resolution, each in form approved by counsel, including without limitation any documents needed to obtain a municipal bond rating with respect to the Certificates and to procure municipal bond insurance for the Certificates. Whenever in this Resolution any officer of the County is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable. Any actions previously taken by any officers and employees of the County upon consultation with counsel in connection with the offering, sale, execution and delivery of the Certificates, the refinancing of the 2015 Certificates, and the other actions contemplated by this Resolution, are hereby approved, confirmed and ratified.

Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED on this 10th day of February 2026, by the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board Supervisors duly made and entered in the minutes thereof at page _____ of Minute Book , on _____.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors County of Monterey,
State of California.

By _____
Deputy

APPENDIX A

Government Code Section 5852.1 Disclosure

The following information consists of estimates with respect to the execution and delivery of the Certificates that have been provided by KNN Public Finance, LLC, the municipal advisor to the County, which have been represented by them to have been provided in good faith:

- (A) True interest cost: 3.585223%
- (B) Finance charge (sum of all fees/charges paid to third parties): \$424,900.00
- (C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$39,215,612.15
- (D) Total gross payment amount through maturity: \$55,324,750.00

The foregoing estimates constitute good faith estimates only. Actual amounts and other items described above may differ from such good faith estimates due to (a) the actual date of the execution and delivery of the Certificates being different than the date assumed for purposes of such estimates, (b) the actual principal components of the Certificates being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the principal components of the Certificates being different than the amortization assumed for purposes of such estimates, (d) other market conditions, or (d) alterations in the County's refinancing plan, or a combination of such factors. The actual date of execution and delivery of the Certificates and the actual principal components of the Certificates payable thereunder will be determined by the County based on the timing of the need for proceeds thereof and other factors. The actual interest rates borne by the principal components of the Certificates will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the County.

RECORDING REQUESTED BY:
Stewart Title Guaranty Company

AND WHEN RECORDED
RETURN TO:
Jones Hall LLP
4 West 4th Avenue, Suite 406
San Mateo, CA 94402
Attention: Scott R. Ferguson, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF MONTEREY AND IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE. THIS PROPERTY IS SUBJECT TO A LEASE TERM AND OPTIONS OF LESS THAN 35 YEARS.

Transfer Tax \$0.00

SITE LEASE

Dated as of March 1, 2026

by and between

**COUNTY OF MONTEREY,
as lessor**

and

**COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION,
as lessee**

Relating to

**\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)**

SITE LEASE

THIS SITE LEASE (this "Site Lease"), dated for convenience as of March 1, 2026, is by and between the COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California, as lessor (the "County"), and the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessee (the "Corporation");

WITNESSETH:

WHEREAS, the County has determined that it is in the best interests of the County at this time to provide for the refinancing of the cost of the construction, rehabilitation, renovation, acquisition and installation of certain facilities comprising tenant improvements at 1441 Schilling Place and renovations of the Courthouse Complex through the prepayment of lease obligations represented by the certificates of participation of the County captioned "\$48,440,000 County of Monterey Certificates of Participation (2015 Public Facilities Financing)" (the "Prior Certificates") and the concurrent defeasance of the Prior Certificates; and

WHEREAS, in order to provide the funds for said purpose, under this Site Lease, the County has agreed to lease to the Corporation, and the Corporation has agreed to lease from the County, the following land and improvements thereon, as more fully described on Exhibit A hereto (the "Leased Property"), in return for an upfront site lease payment that will be applied toward the defeasance and prepayment of the Prior Certificates:

- the portion of the Schilling Place Complex located at 1441 Schilling Place in Salinas, California, consisting of the South Building, *except* the 2023 Solar Equipment (as defined in the Lease Agreement), which is hereby excluded from the encumbrance of this Site Lease;

WHEREAS, the Corporation has agreed to sublease the Leased Property back to the County under that certain unrecorded Lease Agreement dated as of March 1, 2026, by and between the Corporation, as sublessor, and the County, as sublessee (the "Lease Agreement") and evidenced of record by that certain Memorandum of Lease Agreement dated as of March 1, 2026, and recorded concurrently herewith, and to assign its rights to receive lease payments to be made by the County under the Lease Agreement to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, under that certain Trust Agreement dated as of March 1, 2026, by and among the Corporation, the County and the Trustee (the "Trust Agreement"), the Trustee agrees to execute and deliver certificates of participation captioned "County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" in the principal amount of \$_____ (the "Certificates") representing the direct, undivided fractional interests of the owners thereof in such lease payments; and

WHEREAS, the County and the Corporation are authorized to enter into this Site Lease; and

WHEREAS, the Corporation and the County wish to enter into this Site Lease to provide the terms and conditions relating to the lease of the Leased Property by the Corporation from the County;

NOW, THEREFORE, in consideration of the above property and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Site Lease. The County hereby leases the Leased Property to the Corporation, and the Corporation hereby leases the Leased Property from the County, on the terms and conditions hereinafter set forth.

SECTION 2. Term; Possession. The term of this Site Lease shall commence on the Closing Date (as defined in the Trust Agreement), and the Corporation shall be entitled to possession of the Leased Property hereunder on said date. This Site Lease shall end, and the right of the Corporation hereunder to possession of the Leased Property shall thereupon cease, on October 1, 2045, or such earlier or later date on which the Lease Payments (as such term is defined in the Lease Agreement) are paid in full or provisions made for such payment, but in no event later than October 1, 2055, being ten years after the stated maturity date of the Certificates.

SECTION 3. Rental. The Corporation shall pay to the County, as and for rental of the Leased Property hereunder, the Site Lease Payment in the amount of \$_____, which shall become due and payable upon the execution and delivery hereof. The County hereby directs the Corporation to cause the Trustee to receive the net proceeds of the sale of the Certificates in full payment of the Site Lease Payment. The Trustee will apply such amounts in accordance with Section 4.01 of the Trust Agreement.

SECTION 4. Lease Back to County. The Corporation shall sublease the Leased Property back to the County under the Lease Agreement.

SECTION 5. Assignments and Subleases. Unless the County is in default under the Lease Agreement, the Corporation may not assign its rights under this Site Lease or sublet all or any portion of the Leased Property, except as provided in the Lease Agreement, without the prior written consent of the County.

SECTION 6. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Leased Property, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 7. Termination. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the Leased Property was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Property, shall remain thereon and title thereto shall vest thereupon in the County for no additional consideration.

SECTION 8. Default. If the Corporation is in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which continues for 30 days following notice and demand for correction thereof to the Corporation, the County may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease

Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as the Lease Agreement remains in effect, the lease payments payable by the County under the Lease Agreement shall continue to be paid to the Trustee.

SECTION 9. Quiet Enjoyment. The Corporation at all times during the term of this Site Lease Agreement shall peaceably and quietly have, hold and enjoy all of the Leased Property, subject to the provisions of the Lease Agreement and subject only to Permitted Encumbrances (as such term is defined in the Lease Agreement).

SECTION 10. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Corporation are solely corporate liabilities of the Corporation, and the County hereby releases each and every member and officer of the Corporation of and from any personal or individual liability under this Site Lease. No member or officer of the Corporation or its governing board shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 11. Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and any improvements thereon.

SECTION 12. Eminent Domain. In the event the whole or any part of the Leased Property or any improvements thereon shall be taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid principal components of the lease payments payable under the Lease Agreement and the balance of the award, if any, shall be paid to the County.

SECTION 13. Notices. Any notice, request, complaint, demand or other communication under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto, or by electronic transmission or other form of telecommunication, at its address set forth below. Notice shall be effective either (a) upon confirmation of a successful transmission by email or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The County and the Corporation may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County: County of Monterey
Administrative Office
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Email: _____

If to the Corporation: County of Monterey Public Improvement Corporation
c/o County of Monterey
Administrative Office
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Email: _____

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: _____
Email: _____

SECTION 14. Governing Law. This Site Lease shall be construed in accordance with and governed by the laws of the State of California.

SECTION 15. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Corporation, the County and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 16. Severability of Invalid Provisions. If any one or more of the provisions contained in this Site Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Site Lease and such invalidity, illegality or unenforceability shall not affect any other provision of this Site Lease, and this Site Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the County each hereby declares that it would have entered into this Site Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Site Lease may be held illegal, invalid or unenforceable.

SECTION 17. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 18. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Corporation and the County, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the County.

* * * * *

IN WITNESS WHEREOF, the County and the Corporation have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

COUNTY OF MONTEREY, as lessor

By: _____
Jake Stroud,
Treasurer-Tax Collector

ATTEST:

By: _____
Clerk of the Board of Supervisors

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION, as lessee**

By: _____
_____,
President

ATTEST:

By: _____
Secretary

[NOTARY ACKNOWLEDGMENTS]

[CERTIFICATE OF ACCEPTANCE]

EXHIBIT A

LEGAL DESCRIPTION OF LEASED PROPERTY

1441 SCHILLING PLACE – SOUTH BUILDING

The land referred to herein is situated in the State of California, County of Monterey, City of Salinas and described as follows:

APN: _____

EXHIBIT A continued

1441 SCHILLING PLACE – SOUTH BUILDING
DIAGRAM

LEASE AGREEMENT

Dated as of March 1, 2026

by and between

the

**COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION,
as sublessor**

and

**COUNTY OF MONTEREY,
as sublessee**

Relating to

**\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)**

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LEASE AGREEMENT

This Lease Agreement (the "Lease" or "Lease Agreement"), dated as of March 1, 2026, is by and between the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as sublessor (the "Corporation"), and COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California, as sublessee (the "County");

WITNESSETH:

WHEREAS, the County has determined that it is in the best interests of the County at this time to provide for the refinancing of the cost of the construction, rehabilitation, renovation, acquisition and installation of certain facilities comprising tenant improvements at 1441 Schilling Place and renovations of the Courthouse Complex through the prepayment of lease obligations represented by the certificates of participation of the County captioned "\$48,440,000 County of Monterey Certificates of Participation (2015 Public Facilities Financing)" (the "Prior Certificates") and the concurrent defeasance of the Prior Certificates; and

WHEREAS, in order to provide funds for such purpose, under a Site Lease dated as of March 1, 2026, between the Corporation and the County (the "Site Lease"), the County has agreed to lease to the Corporation, and the Corporation has agreed to lease from the County, the following land and improvements thereon, as more fully described on Exhibit A hereto (the "Leased Property"), in return for an upfront site lease payment (the "Site Lease Payment") that will be applied toward the defeasance and prepayment of the Prior Certificates:

- the portion of the Schilling Place Complex located at 1441 Schilling Place in Salinas, California, consisting of the South Building, *except* the 2023 Solar Equipment (as defined herein), which is hereby excluded from the encumbrance of this Lease Agreement;

WHEREAS, the Corporation has agreed to sublease the Leased Property back to the County under this Lease Agreement in return for semi-annual lease payments to be made by the County, and to assign its rights to receive such lease payments to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and

WHEREAS, under that certain Trust Agreement dated as of March 1, 2026, by and among the Corporation, the County and the Trustee (the "Trust Agreement"), the Trustee agrees to execute and deliver certificates of participation captioned "County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" in the aggregate principal amount of \$_____ (the "Certificates") representing the direct, undivided fractional interests of the owners thereof in such lease payments; and

WHEREAS, under the Site Lease, the net proceeds of the Certificates will be deposited with the Trustee in full payment of the Site Lease Payment; and

WHEREAS, the County and the Corporation are authorized to enter into this Lease Agreement; and

WHEREAS, the Corporation and the County wish to enter into this Lease Agreement to provide the terms and conditions relating to the sublease of the Leased Property by the County from the Corporation;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease shall have the respective meanings specified in Section 1.01 of the Trust Agreement. In addition, the following terms heretofore defined in this Lease and the following terms defined in this Section shall, for all purposes of this Lease, have the respective meanings herein specified.

“Event of Default” means any of the events of default defined as such in Section 8.1.

“Fiscal Year” means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period established by the County as its fiscal year pursuant to written notice filed with the Trustee.

“Lease Payment Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month immediately preceding such Interest Payment Date; provided, that if the 15th day of said month is not a Business Day, then the Lease Payment Date shall be the Business Day preceding said 15th day.

“Lease Payments” means the amounts payable by the County under Section 4.4(a), including any prepayment thereof under Article IX and including any amounts payable upon a delinquency in the payment thereof, as more particularly set forth in Exhibit B hereto.

“Leased Property” means the real property described in Exhibit A hereto, including all improvements located thereon as of the Closing Date *except* the 2023 Solar Equipment, which is hereby excluded from the encumbrance of this Lease Agreement.

“Permitted Encumbrances” means, as of any time:

(a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may permit to remain unpaid under Article V;

(b) the Site Lease, this Lease and any recorded memorandum hereof, the Trust Agreement, the Assignment Agreement and any other agreement or document contemplated hereunder to be recorded against the Leased Property;

(c) all encumbrances, leases and other items shown of record against the Leased Property in the CLTA Standard Coverage Policy issued by Stewart Title Guaranty Company on the Closing Date, including without limitation the 2023 Equipment Lease;

(d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and

(e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the County hereby certifies will not materially impair the use of the Leased Property for its intended purposes.

“*Site Lease*” means the Site Lease dated as of March 1, 2026, by and between the County, as lessor, and the Corporation, as lessee, as originally executed or as thereafter amended by any duly authorized and executed amendments thereto.

“*Site Lease Payment*” means the amount of \$_____, payable by the Corporation to the County on the Closing Date as rental for the Leased Property under the Site Lease.

“*Term of this Lease*” means the time during which this Lease is in effect, as provided in Section 4.2.

“*2023 Equipment Lease*” means the agreement entitled “Rooftop System Site Lease Agreement” dated as of July 18, 2023, by and between the County, as lessor, and Monterey Solar 1 LLC, a California limited liability company, as lessee.

“*2023 Solar Equipment*” means the photovoltaic solar energy generation and storage equipment and associated facilities described in the 2023 Equipment Lease and owned by Monterey Solar 1 LLC.

“*Trust Agreement*” means the Trust Agreement dated as of March 1, 2026, by and among the Trustee, the Corporation and the County, together with any duly authorized and executed amendments thereto.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease Agreement; the words “herein”, “hereof”, “hereby”, “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the County. The County makes the following covenants, representations and warranties to the Corporation as of the date of the execution and delivery of this Lease:

(a) *Due Organization and Existence.* The County is duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Lease, the Site Lease, and the Trust Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the County has duly authorized the execution and delivery of this Lease, the Site Lease and the Trust Agreement.

(b) *Due Execution.* The representatives of the County executing this Lease and the Trust Agreement have been fully authorized to execute the same under a resolution duly adopted by the Board of Supervisors of the County.

(c) *Valid, Binding and Enforceable Obligations.* This Lease, the Site Lease, and the Trust Agreement have been duly authorized, executed and delivered by the County and constitute the legal, valid and binding agreements of the County enforceable against the County in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of this Lease, the Site Lease, the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the County is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the County, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease and the Trust Agreement or the financial condition, assets, properties or operations of the County or its properties.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the County or of the voters of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease or the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse

effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease or the Trust Agreement, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease or the Trust Agreement or the financial conditions, assets, properties or operations of the County or its properties.

(g) *Essentiality of Leased Property.* The Leased Property is essential to the operation of the County.

Section 2.2. Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence.* The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement.

(b) *Due Execution.* The representatives of the Corporation executing this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement are fully authorized to execute the same pursuant to official action taken by the Board of Directors of the Corporation.

(c) *Valid, Binding and Enforceable Obligations.* This Lease, the Site Lease, the Trust Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation or its properties.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement or the financial conditions, assets, properties or operations of the Corporation or its properties.

ARTICLE III

DEPOSIT OF MONEYS; SUBSTITUTION AND REMOVAL OF LEASED PROPERTY

Section 3.1. Deposit of Moneys. On the Closing Date, the Corporation shall cause the proceeds of sale of the Certificates to be deposited with the Trustee. Under Section 4.01 of the Trust Agreement, from the proceeds of sale of the Certificates, the estimated amount of the Costs of Issuance shall be deposited in the Costs of Issuance Fund, and the remainder of such proceeds shall be applied toward the defeasance and prepayment of the Prior Certificates.

Section 3.2. Substitution of Leased Property. (i) The County shall have, and is hereby granted, the option at any time and from time to time during the Term of this Lease, to substitute other land, facilities, improvements or other property (a "Substitute Property") for the Leased Property or any portion thereof (a "Former Property"), provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) As certified by an officer of the County, no event of default has occurred and is continuing under this Lease Agreement.

(b) As certified by a County Representative, the County shall take all actions and shall execute all documents required to subject such Substitute Property to the terms and provisions of this Lease, including the filing with the Corporation and the Trustee an amended Exhibit A which adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property, and including the recordation of this Lease or a memorandum hereof with respect to such Substitute Property in the office of the County Recorder, and shall file and cause to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

(c) The County shall provide to the Corporation and the Trustee a certificate of a County Representative that states that the annual fair rental value of such Substitute Property is no less than the maximum annual Lease Payments remaining unpaid hereunder at the time of the proposed substitution, using the factors set forth in Section 4.4(d).

(d) The County shall certify in writing to the Corporation and the Trustee that such Substitute Property serves the public purposes of the County and is essential to the operation of the County.

(e) The County shall certify in writing to the Corporation and the Trustee that the estimated useful life of such Substitute Property at least extends to the date on which the final Lease Payment becomes due and payable hereunder.

(f) The County shall cause to be filed with the Trustee an opinion of Special Counsel substantially to the effect that such substitution will not (i) affect the obligation of the County to continue to pay Lease Payments in the amounts and at the times and in the manner required by this Lease, or (ii) cause interest with respect to the Certificates to become includable in the gross income of the Certificate Owners for federal or State of California income tax purposes.

(g) With respect to the Substitute Property, the County shall file with the Trustee a CLTA policy of title insurance insuring the County's leasehold estate hereunder in the Substitute Property, subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such Substitute Property and as will not result in an abatement of Lease Payments payable by the County under this Lease Agreement, as certified by a County Representative.

(ii) From and after the date on which all of the foregoing conditions precedent to such substitution are satisfied, the Term of this Lease shall cease with respect to the Former Property and shall be continued with respect to the Substitute Property, and all references herein to the Former Property shall apply with full force and effect to the Substitute Property. The County shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Section 3.3. Removal of Property from Leased Property. The County shall have, and is hereby granted, the option at any time and from time to time during the Term of this Lease, to remove any property (the "Removed Property") from the description of the Leased Property, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such removal:

(a) As certified by a County Representative, no event of default has occurred and is continuing under the Lease.

(b) As certified by a County Representative, the County shall take all actions and shall execute all documents required to remove the Removed Property from the encumbrance of this Lease, including the filing with the Corporation and the Trustee an amended Exhibit A which removes therefrom a description of the Removed Property, and including the recordation of an amendment to this Lease or a memorandum hereof with respect to such Removed Property in the office of the County Recorder, and shall file and cause to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

(c) The County shall provide to the Corporation and the Trustee a certificate of a County Representative that states that the annual fair rental value of the Leased Property remaining after such removal is no less than the maximum annual Lease Payments remaining unpaid hereunder at the time of the proposed substitution, using the factors set forth in Section 4.4(d).

(d) The County shall obtain and cause to be filed with the Trustee an opinion of Special Counsel stating that such removal is permitted hereunder and does not cause interest with respect to the Certificates to become includable in the gross income of the Certificate Owners for federal or State of California income tax purposes.

From and after the date on which all of the foregoing conditions precedent to such removal are satisfied, the Term of this Lease shall cease with respect to the property which is so removed. The County shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such removal.

ARTICLE IV

LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS

Section 4.1. Lease. The Corporation hereby subleases the Leased Property to the County, and the County hereby subleases the Leased Property from the Corporation, upon the terms and conditions set forth in this Lease.

Section 4.2. Term. The Term of this Lease shall commence on the Closing Date and shall end on the earlier of the date on which the Trust Agreement is discharged under and in accordance with Section 13.01 thereof or October 1, 2045, but under any circumstances not later than October 1, 20545, being ten years after the stated maturity date of the Certificates. The provisions of this Section are subject to the provisions of Section 6.2 relating to the taking of the Leased Property in eminent domain proceedings or under the threat thereof.

Section 4.3. Possession of the Leased Property. As of the Closing Date, the County has possession of the Leased Property.

Section 4.4. Lease Payments.

(a) *Obligation to Pay*. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX hereof, the County agrees to pay to the Corporation the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit B hereto, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Exhibit B, and to be deposited by the County with the Trustee on each of the Lease Payment Dates specified in Exhibit B. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article IX and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) shall be credited towards the Lease Payment then required to be paid hereunder; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Fiscal Year shall be for the use of the Leased Property during such Fiscal Year.

(b) *Effect of Prepayment*. In the event that the County prepays all Lease Payments in full under Sections 9.2 or 9.3, the County's obligations under this Lease shall thereupon cease and terminate, including but not limited to the County's obligation to pay Lease Payments under this Section. In the event that the County prepays the Lease Payments in part but not in whole under Sections 9.2 or 9.3, the principal components of the remaining Lease Payments shall be reduced in integral multiples of \$5,000 as determined by the County (and in the absence of such determination, pro rata among principal components of Lease Payments); and the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid under Sections 3.01(a) or 3.01(b) of the Trust Agreement, as the case may be.

(c) *Rate on Overdue Payments*. In the event the County should fail to make any of the payments required in this Section, the payment in default shall continue as an

obligation of the County until the amount in default shall have been fully paid, and the County agrees to pay the same with interest thereon, from the date of default to the date of payment at a rate equal to the highest rate payable with respect to the Certificates.

(d) *Fair Rental Value.* The Lease Payments during each Fiscal Year shall constitute the total rental for the Leased Property for such Fiscal Year, and shall be paid by the County in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Fiscal Year. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, other obligations of the parties under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

(e) *Source of Payments; Budget and Appropriation.* The Lease Payments shall be payable from any source of available funds of the County, subject to the provisions of Sections 6.2, 6.3 and 9.1. The County covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the County.

(f) *Assignment.* The County understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, under the Assignment Agreement, for the benefit of the Owners of the Certificates, and the County hereby assents to such assignment. The Corporation hereby directs the County, and the County hereby agrees to pay to the Trustee at its Office, all payments payable by the County under this Section and all amounts payable by the County under Article IX.

Section 4.5. Quiet Enjoyment. From and after the Closing Date, and continuing throughout the Term of this Lease, the Corporation shall provide the County with quiet use and enjoyment of the Leased Property and the County shall peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the County and at the County's cost, join in any legal action in which the County asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Leased Property as provided in Section 7.2.

Section 4.6. Title; No Merger. At all times during the term of the Site Lease and subject to all of the terms and provisions thereof, the County shall hold title to the Leased Property. Upon the termination of this Lease, other than upon the termination hereof under Section 8.2(b), all right, title and interest of the Corporation hereunder in and to the Leased Property shall be transferred to and vested in the County. Upon the payment in full of all Lease Payments, or upon the deposit by the County of security for such Lease Payments as provided in Section 9.1, all interest of the Corporation hereunder in and to the Leased Property shall be terminated. The

Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the County to consummate the termination of its interests hereunder.

Section 4.7. Additional Payments. In addition to the Lease Payments, the County shall pay when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), indemnification and annual compensation due to the Trustee and all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants. Such costs and expenses shall be payable as additional amounts of rental hereunder in consideration of the right of the County to the use and occupancy of the Leased Property.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The County waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver shall not limit any of the rights of the County under the terms of this Lease.

The County shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the County affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Section 5.2. Modification of Leased Property. The County shall, at its own expense, have the right to remodel the Leased Property, or to make additions, modifications and improvements thereto. All additions, modifications and improvements to the Leased Property shall thereafter comprise part thereof and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the County under this Section; provided that if any such lien is established and the County shall first notify or cause to be notified the Corporation of the County's intention to do so, the County may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period

of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the County.

Section 5.3. Comprehensive General Liability Insurance. The County shall maintain or cause to be maintained, throughout the Term of this Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Corporation, County, and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the County deems adequate and prudent. Such liability insurance may be maintained as self-insurance or as part of or in conjunction with any other liability insurance coverage carried by the County. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid.

Section 5.4. Fire and Extended Coverage Insurance. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, insurance against loss or damage to any structures constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall include earthquake coverage only if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the County, whose determination is final and conclusive.

Such insurance shall be in an amount equal to the lesser of 100% of the replacement cost of the structures located on the Leased Property, or the outstanding principal amount of the Certificates of Participation. If the County elects to provide property and casualty insurance in an amount that is equal to the par amount of the Certificates but less than the replacement cost of the structures located on the Leased Property, the Net Proceeds of such casualty insurance must be paid to the Trustee and applied to the prepayment of the Certificates in accordance with the Trust Agreement, unless such proceeds, together with any additional funds deposited with the Trustee, are sufficient to fully rebuild or repair the structures located on the Leased Property. Full payment of insurance Net Proceeds up to the required policy dollar limit in connection with damage to the Leased Property shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the County. Such insurance may be maintained as self-insurance or as part of or in conjunction with any other fire and extended coverage insurance carried by the County.

Section 5.5. Rental Interruption Insurance. The County shall procure and maintain throughout the Term of this Lease Agreement, rental interruption or use and possession insurance to cover loss, total or partial, of the use of any structures constituting any part of the Leased Property during the Term of this Lease Agreement as a result of any of the hazards covered in the insurance required by Section 5.4 hereof in an amount at least equal to Lease Payments due during a 24-month period. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable. The County may not satisfy the requirement for rental interruption or use and occupancy insurance by self-insurance.

Section 5.6. Recordation Hereof; Title Insurance. On or prior to the Closing Date, the County shall, at its expense, (a) cause this Lease, or a memorandum thereof in form and substance approved by Special Counsel, the Site Lease, and the Assignment Agreement to be recorded in the office of the County Recorder with respect to the Leased Property; and (b) obtain one or more CLTA title insurance policies insuring the County's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the principal amount of the Certificates of Participation. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the prepayment of the remaining Lease Payments under Section 9.3.

Section 5.7. Insurance; Form of Policies. Each policy of insurance required by Sections 5.4 and 5.5 hereof shall provide that all Net Proceeds thereunder shall be payable to the Trustee and applied as provided in Section 6.2. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement, and shall promptly furnish or cause to be furnished evidence of such payments to the Corporation. All such policies shall provide that the Trustee shall be given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. Annually, on or before each October 1, the County shall cause to be delivered to the Trustee a written certificate executed by a County Representative that the insurance policies required by this Lease Agreement are in full force and effect. All policies shall name the County and the Corporation as insureds, and the Trustee as loss payee.

Section 5.8. Installation of County's Equipment. The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the County, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the County at any time, provided that the County shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent the County from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

Section 5.9. Liens. The County shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than Permitted Encumbrances and such encumbrances as the County certifies in writing to the Trustee do not adversely affect the leasehold estate in the Leased Property hereunder. Except as expressly provided in this Article, the County shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The County shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Advances. If the County fails to perform any of its obligations under this Article V, the Corporation shall take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such

advances as additional rental hereunder, with interest at a rate of interest equal to the Trustee's cost of funds.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Application of Net Proceeds. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty, or from any title insurance award, shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, and deposited in the Insurance and Condemnation Fund to be applied as set forth in Section 6.01 of the Trust Agreement. The Net Proceeds of any eminent domain award with respect to the Leased Property resulting from any event described in Section 6.2 shall be paid by the County to the Trustee and deposited in the Insurance and Condemnation Fund to be applied as set forth in Section 6.01 of the Trust Agreement.

Section 6.2. Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property shall be taken temporarily, under the power of eminent domain, (a) this Lease shall continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section to the extent that proceeds of an eminent domain award or rental interruption insurance proceeds are available to pay Lease Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Section 6.3. Abatement Due to Damage or Destruction. The amount of Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the County of the Leased Property or any portion thereof. The parties agree that the amount of the Lease Payments under such circumstances shall not be less than the amount of the unpaid Lease Payments required to pay principal and interest with respect to the Certificates, as scheduled, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Property not damaged or destroyed (giving due consideration to the factors identified in the last sentence of Section 4.4(d)), based upon the opinion of an MAI appraiser with expertise in valuing such properties, or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect, and the County waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

ARTICLE VII

DISCLAIMER OF WARRANTIES; OTHER COVENANTS OF THE COUNTY

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE COUNTY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE COUNTY ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease or the Trust Agreement for the existence, furnishing, functioning or County's use of the Leased Property.

Section 7.2. Access to the Leased Property. The County agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any portion thereof. The County further agrees that the Corporation, any Corporation Representative and the Corporation's successors or assigns shall have such rights of access to the Leased Property or any portion thereof as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the County to perform its obligations hereunder.

Section 7.3. Release and Indemnification Covenants. The County shall and hereby agrees to indemnify and save the Corporation and the Trustee and their respective officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses (including the allocated costs of in-house counsel), arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the County, including but not limited to the presence on, under or about, or the release from, the Leased Property of any substances, materials or wastes which are or which become regulated or classified as hazardous or toxic under state, federal or local law, (b) any breach or default on the part of the County in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, or (d) any intentional misconduct or negligence of any lessee of the County with respect to the Leased Property. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence, under this Lease by the Corporation or the Trustee, or their respective officers, agents, employees, successors, (other than a successor Trustee) or assigns.

Section 7.4. Assignment by the Corporation. The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments, have been assigned to the Trustee under the Assignment Agreement, to which assignment the County hereby consents.

Section 7.5. Assignment and Subleasing by the County. This Lease may not be assigned by the County. The County may sublease the Leased Property, or any portion thereof, but only with the written consent of the Corporation (which consent shall not be unreasonably withheld), and subject to all of the following conditions:

(a) This Lease and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County.

(b) The County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trustee a true and complete copy of such sublease.

(c) No such sublease by the County shall cause the Leased Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California.

(d) The County shall furnish the Corporation and the Trustee with a written opinion of Special Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal or State of California personal income taxation.

Section 7.6. Amendment of Lease Agreement. The Corporation and the County may at any time amend or modify any of the provisions of this Lease, without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the County may deem necessary or desirable, provided that, in the opinion of Special Counsel, such modifications or amendments shall not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by the Certificates under the Tax Code, in the opinion of Special Counsel;

(iv) to amend the description of the Leased Property set forth in Exhibit A hereto to reflect accurately the property originally intended to be included therein, or to amend the description in connection with a substitution of Leased Property under Section 3.2 or a removal of Leased Property under Section 3.3; or

(v) to obligate the County to pay additional amounts of rental hereunder for the use and occupancy of the Leased Property, provided that (A) such additional amounts of rental do not cause the total rental payments made by the County hereunder to exceed the fair rental value of the Leased Property, as set forth in a certificate of a County Representative filed with the Trustee and the Corporation, (B) the County shall have obtained and filed with the Trustee and the Corporation an appraisal of the Leased Property showing that the estimated fair market value thereof is not less than the aggregate unpaid principal components

of the Lease Payments and the aggregate principal components of such additional amounts of rental, and (C) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized under the applicable laws of the State of California.

ARTICLE VIII

EVENTS OF DEFAULTS AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events shall constitute an Event of Default hereunder:

(a) Failure by the County to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clause (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation or the Trustee; *provided, however*, that if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the County commences to cure such failure within such 30-day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(c) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

Section 8.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available under law or granted under this Lease; *provided, however*, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; *provided*, that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation shall have and is granted each and every one of the following remedies.

(a) Enforcement of Payments Without Termination. In the event the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) of this Section, the County agrees to and shall remain liable for the payment of all Lease Payments and other amounts payable hereunder, and the performance of all conditions herein contained, and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property; or, in the event the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments and such other amounts to the end of the Term of this Lease, but the Lease Payments and such other amounts and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of the Lease Payments and such other amounts hereunder, notwithstanding such entry or re-entry by

the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation. The County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Property in the event of default by the County in the performance of any covenants herein contained to be performed by the County and to remove all personal property whatsoever situated upon the Leased Property to place such property in storage or other suitable place in the County for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) of this Section. The County further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any portion of the Leased Property. In the event of the termination of this Lease by the Corporation at its option and in the manner hereinafter provided on account of default by the County (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the County nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and other amounts payable hereunder. Any surplus received by the Corporation from such re-leasing shall be deposited in the Lease Payment Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Lease. The County covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) Proceedings at Law or In Equity. If an event of default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6. Application of Proceeds. All net proceeds received from the re-lease of the Leased Property under this Article VIII, and all other amounts derived by the Corporation or the Trustee as a result of the occurrence of an Event of Default, shall be transferred to the Trustee promptly upon receipt thereof and shall be deposited by the Trustee and applied as set forth in Section 12.03 of the Trust Agreement.

Section 8.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Trustee under the Assignment Agreement. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease, the County may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Trust Agreement, is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit B, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.4(a), as the County shall instruct at the time of said deposit. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.2, (a) the Term of this Lease shall continue, (b) all obligations of the County under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the County to make, or cause to be made all of the Lease Payments from such security deposit, and (c) under Section 4.6, title to the Leased Property shall vest in the County on the date of said deposit automatically and without further action by the County or the Corporation. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

Section 9.2. Optional Prepayment. The County may exercise its option to prepay the principal component of the Lease Payments, in whole or in part, on any date on or after October 1, 20__, by paying a prepayment price equal to the aggregate or a portion of the unpaid principal components of the remaining Lease Payments, together with the interest component of the Lease Payment required to be paid on such date, and premium due in connection with the prepayment of the Certificates, if any. The County shall notify the Corporation and the Trustee as to which of the Lease Payments it wishes to prepay. Such prepayment price shall be deposited by the Trustee in the Lease Payment Fund to be applied to the prepayment of the Certificates under Section 3.01 of the Trust Agreement. The County shall give the Trustee notice of its intention to exercise its option not less than 30 days in advance of the date of exercise. If the Lease Payments have been fully paid, and the County prepays the entire unpaid principal component of the Lease Payments in whole, the term of this Agreement shall cease and all right, title and interest of the Corporation hereunder in and to the Leased Property shall be transferred to and vested in the County, free and clear of any encumbrance created by this Agreement.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The County shall be obligated to prepay the principal components of the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Lease Payment Fund for such purpose under Article VI hereof and Article VI of the Trust Agreement. The County and the Corporation hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the County's obligations under this Section.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto, or by electronic transmission or other form of telecommunication, at its address set forth below. Notice shall be effective either (a) upon confirmation of a successful transmission by email or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The County and the Corporation may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County:	County of Monterey Administrative Office 168 West Alisal Street, 3rd Floor Salinas, CA 93901 Email: _____
If to the Corporation:	County of Monterey Public Improvement Corporation c/o County of Monterey Administrative Office 168 West Alisal Street, 3rd Floor Salinas, CA 93901 Email: _____
If to the Trustee:	The Bank of New York Mellon Trust Company, N.A. 333 South Hope Street, Suite 2525 Los Angeles, CA 90071 Attention: _____ Email: _____

Section 10.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease shall be deemed and construed to be a “net-net-net lease” and the County hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Corporation and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

Section 10.6. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 10.8. Corporation and County Representatives. Whenever under the provisions of this Lease the approval of the Corporation or the County is required, or the Corporation or the County is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the County by a County Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

IN WITNESS WHEREOF, the Corporation and the County have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION, as
sublessor**

By: _____

President

ATTEST:

By: _____
Secretary

COUNTY OF MONTEREY, as sublessee

By: _____
Jake Stroud,
Treasurer-Tax Collector

ATTEST:

By: _____
Clerk of the Board of Supervisors

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

1441 SCHILLING PLACE – SOUTH BUILDING

The land referred to herein is situated in the State of California, County of Monterey, City of Salinas and described as follows:

APN: _____

EXHIBIT A continued

1441 SCHILLING PLACE – SOUTH BUILDING
DIAGRAM

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

Interest Payment Date*	Principal Component	Interest Component	Total Lease Payment
10/1/2026			
4/1/2027			
10/1/2027			
4/1/2028			
10/1/2028			
4/1/2029			
10/1/2029			
4/1/2030			
10/1/2030			
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10/1/2042			
4/1/2043			
10/1/2043			
4/1/2044			
10/1/2044			
4/1/2045			
10/1/2045			
Total:			

* Lease Payments are payable on each Lease Payment Date, defined as the 15th calendar day of the month immediately preceding each Interest Payment Date shown above; provided, that if the 15th day of said month is not a Business Day, then the Lease Payment Date shall be the Business Day preceding said 15th day.

RECORDING REQUESTED BY:
Stewart Title Guaranty Company

AND WHEN RECORDED

RETURN TO:

Jones Hall LLP
4 West 4th Avenue, Suite 406
San Mateo, CA 94402
Attention: Scott R. Ferguson, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF MONTEREY AND IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.
Transfer Tax \$0.00

ASSIGNMENT AGREEMENT

Relating to

**\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)**

THIS ASSIGNMENT AGREEMENT, made and entered into as of March 1, 2026, is by and between the County of Monterey Public Improvement Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

SECTION 1. Recitals.

(a) The Corporation and the County of Monterey, a county duly organized and existing under the laws of the State of California (the "County") have entered into an unrecorded agreement entitled "Lease Agreement" dated as of March 1, 2026, (the "Lease") as evidenced of record by a Memorandum of Lease Agreement which is recorded concurrently herewith, whereby the Corporation has subleased to the County, and the County has subleased from the Corporation, certain land and improvements more particularly described in Exhibit A attached hereto and made a part hereof (the "Leased Property") in the manner and on the terms set forth in the Lease, which include, without limitation, the obligation of the County to pay semiannual Lease Payments to the Corporation in consideration of the County's use and enjoyment of the Leased Property thereunder.

(b) Under the Lease, the Corporation is required to cause to be deposited with the Trustee, certain sums of money to be credited, held and applied in accordance with the Lease and with a Trust Agreement dated as of March 1, 2026, (the "Trust Agreement") by and among the Corporation, the County and the Trustee. For the purpose of obtaining such moneys, the Corporation is willing to convey to certain persons (the "Owners") direct, undivided fractional interests in the Lease Payments, such interests to be evidenced by the certificates of participation captioned "\$_____ County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" (the "Certificates"). The Corporation is willing to assign and transfer its rights under the Lease to the Trustee for the benefit of the Owners, in consideration of the deposit with the Trustee of the purchase price of the Certificates. Concurrently with the delivery of this Agreement, the Trustee is executing and delivering the Certificates to the original purchasers thereof. The proceeds of sale of the Certificates are anticipated by the Corporation to be sufficient to permit the Corporation to make the deposits required under the Lease and the Trust Agreement.

(c) Each of the parties has authority to enter into this Assignment Agreement, and has taken all actions necessary to authorize its officers to execute it.

SECTION 2. Assignment. The Corporation hereby transfers, assigns and sets over to the Trustee, for the benefit of the Owners of Certificates executed and delivered under the Trust Agreement, all of the Corporation's rights under the Lease (excepting only the Corporation's rights under Sections 4.7, 5.10, 7.3 and 8.4 of the Lease), including without limitation:

(a) the right to receive and collect all of the Lease Payments from the County,

(b) the right to receive and collect any proceeds of any insurance maintained thereunder, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property, and

(c) the right to exercise such rights and remedies conferred on the Corporation under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (ii) otherwise to protect the interests of the Owners in the event of a default by the County under the Lease.

All rights assigned by the Corporation shall be administered by the Trustee in accordance with the provisions of the Trust Agreement and for the benefit of the Owners of Certificates.

SECTION 3. Acceptance. The Trustee hereby accepts the assignments made herein for the purpose of securing the payments due under the Lease and Trust Agreement to, and the rights under the Lease and Trust Agreement of, the Owners of the Certificates delivered under the Trust Agreement, all subject to the provisions of the Trust Agreement. The recitals contained herein are those of the Corporation and not of the Trustee, and the Trustee assumes no responsibility for the correctness thereof.

SECTION 4. Governed by California Law. This Assignment Agreement shall be construed in accordance with and governed by the laws of the State of California.

SECTION 5. Conditions. This Assignment Agreement shall confer no rights or impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 6. Execution in Counterparts. This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION, as lessee**

By: _____
_____,
President

ATTEST:

By: _____
Secretary

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Representative

NOTARY ACKNOWLEDGEMENTS

EXHIBIT A

LEGAL DESCRIPTION

1441 SCHILLING PLACE – SOUTH BUILDING

The land referred to herein is situated in the State of California, County of Monterey, City of Salinas and described as follows:

APN: _____

EXHIBIT A continued

**1441 SCHILLING PLACE – SOUTH BUILDING
DIAGRAM**

TRUST AGREEMENT

Dated as of March 1, 2026

by and among

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

the

COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION

and

COUNTY OF MONTEREY

Relating to

**\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)**

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EXHIBIT A FORM OF CERTIFICATE OF PARTICIPATION

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of March 1, 2026, is by and among THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California (the "County");

WITNESSETH:

WHEREAS, the County has determined that it is in the best interests of the County at this time to provide for the refinancing of the cost of the construction, rehabilitation, renovation, acquisition and installation of certain facilities comprising tenant improvements at 1441 Schilling Place and renovations of the Courthouse Complex through the prepayment of lease obligations represented by the certificates of participation of the County captioned "\$48,440,000 County of Monterey Certificates of Participation (2015 Public Facilities Financing)" (the "Prior Certificates") and the concurrent defeasance of the Prior Certificates; and

WHEREAS, in order to provide funds for such purpose, under a Site Lease dated as of March 1, 2026, between the Corporation and the County (the "Site Lease"), the County has agreed to lease to the Corporation, and the Corporation has agreed to lease from the County, the following land and improvements thereon described on Exhibit A to the Site Lease (the "Leased Property"), in return for an upfront site lease payment that will be applied toward the defeasance and prepayment of the Prior Certificates:

- the portion of the Schilling Place Complex located at 1441 Schilling Place in Salinas, California, consisting of the South Building, *except* the 2023 Solar Equipment (as defined in the Lease Agreement), which is excluded from the encumbrance of the Lease Agreement;

WHEREAS, the Corporation has agreed to sublease the Leased Property back to the County, in return for semi-annual lease payments to be made by the County, under that certain Lease Agreement dated as of March 1, 2026, by and between the Corporation, as sublessor, and the County, as sublessee (the "Lease Agreement"); and

WHEREAS, under an Assignment Agreement dated as of March 1, 2026, by and between the Corporation and the Trustee, the Corporation proposes to assign and transfer to the Trustee certain of its rights under the Lease, and in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver certificates of participation captioned "County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" in the aggregate principal amount of \$_____, each evidencing a direct, undivided fractional interest in the Lease Payments to be made by the County under the Lease Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified. In addition, all terms defined in the Lease and not otherwise defined herein shall have the respective meanings specified in the Lease.

“Assignment Agreement” means the Assignment Agreement dated as of March 1, 2026, by and between the Corporation, as assignor, and the Trustee, as assignee, as originally executed or as thereafter amended by any duly authorized and executed amendments thereto.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are not closed for corporate trust business, or a day on which the Federal Reserve System is closed.

“Certificates” means the \$_____ aggregate principal amount of County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing), executed and delivered and at any time Outstanding hereunder.

“Closing Date” means _____, 2026, the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the County and dated the date of issuance and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporation” means the County of Monterey Public Improvement Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

“Corporation Representative” means the President, Vice President, the Treasurer or the Secretary of the Corporation, or any other person authorized by the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to this Trust Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the execution and delivery of the Lease or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, title insurance premiums, bond insurance premiums, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 4.02.

“*County*” means the County of Monterey, a county duly organized and existing under the laws of the State of California.

“*County Representative*” means the Chairman, Vice Chairman, County Executive Officer, Assistant County Executive Officer, the Auditor-Controller, the Treasurer-Tax Collector, or any other person authorized by resolution of the Board of Supervisors of the County to act on behalf of the County under or with respect to this Trust Agreement.

“*Depository*” means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository under Section 2.04.

“*Depository System Participant*” means any participant in the Depository's book-entry system.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*Escrow Agent*” means The Bank of New York Mellon Trust Company, N.A., and its successors and assigns.

“*Escrow Agreement*” means the Escrow Agreement dated as of March 1, 2026, by and among the County, the Corporation and the Escrow Agent.

“*Event of Default*” means an event of default under the Lease, as defined in Section 8.1 thereof.

“*Fair Market Value*” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“*Federal Securities*” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds purported to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Information Services” means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the County may designate in a written request delivered to the Trustee.

“Insurance and Condemnation Fund” means the fund by that name to be established and held by the Trustee under Section 6.01.

“Interest Payment Date” means, with respect to any Certificate, October 1, 2026, and each October 1 and April 1 thereafter, to and including the date of maturity or prepayment of such Certificate.

“Lease” means the Lease Agreement dated as of March 1, 2026, by and between the Corporation as lessor and the County as lessee, as originally executed or as thereafter amended by any duly authorized and executed amendments thereto.

“Leased Property” has the meaning given to such term in the recitals hereto.

“Lease Payment Fund” means the fund by that name established and held by the Trustee under Section 5.02.

“Lease Payments” means all payments required to be paid by the County under Section 4.4(a) of the Lease, including any prepayment thereof under Article IX of the Lease.

“Moody’s” means Moody’s Investors Service, New York, New York or its successors.

“Net Proceeds” means any title insurance proceeds, casualty insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Office” means the designated corporate trust office of the Trustee, initially its corporate trust office located in San Francisco, California, or at such other address or addresses designated by the Trustee in written notice filed with the County and the Corporation.

“Original Purchaser” means _____, the original purchaser of the Certificates.

“Outstanding”, when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 13.05) all Certificates theretofore executed and delivered by the Trustee hereunder except:

(a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or prepayment of which funds or Federal Securities in a sufficient amount have theretofore been deposited with the Trustee (whether upon or

prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment has been given as provided in Section 3.03 or provision satisfactory to the Trustee has been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates have been executed and delivered by the Trustee under Section 2.09.

“Owner,” or “Registered Owner,” when used with respect to a Certificate, means the person in whose name the ownership of such Certificate is registered on the Registration Books.

“Participating Underwriter” has the meaning set forth in the Continuing Disclosure Certificate.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value (provided, that the Trustee shall have no duty to investigate the Fair Market Value of any Permitted Investments):

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration; (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHAs); (ix) Federal Housing Administration and (x) Federal Financing Bank;

(c) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated on the date of purchase “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC); senior debt obligations of other government-sponsored agencies; obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, time deposits, certificates of deposit (including those placed by a third party pursuant to a separate agreement between the County and the Trustee), other deposit products, federal funds, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts and banker’s acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(e) commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P, and which matures not more than 270 days after the date of purchase;

(f) investments in a money market mutual fund rated at the time of purchase “Aaam” or “AAAm-G” or better by S&P, including any such money market fund from which the Trustee or its affiliates receive and retain fees for services to such fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(g) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s and S&P or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) general obligations of States with a rating at the time of purchase of at least “A2/A” or higher by both Moody’s and S&P;

(i) the Local Agency Investment Fund maintained by the State of California; and

(j) Treasury Investment Pool maintained by the County Auditor-Controller.

“*Rating Category*” means, with respect to any Permitted Investment, one or more of the generic categories of rating by Moody’s or S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign or otherwise.

“*Record Date*” means the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“*Registration Books*” means the records maintained by the Trustee under Section 2.12 for registration of the ownership and transfer of ownership of the Certificates.

“*Responsible Officer*” means any officer of the Trustee expressly assigned to administer its duties hereunder.

“*S&P*” means S&P Global, a division of McGraw-Hill, its successors and assigns.

“*Securities Depositories*” means, initially, the Depository Trust Company, New York, New York, and its successors and assigns, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a written request of the County delivered to the Trustee.

“*Site Lease*” means the Site Lease dated as of March 1, 2026, by and between the County, as lessor, and the Corporation, as lessee, as originally executed or as thereafter amended by any duly authorized and executed amendments thereto.

“*Site Lease Payment*” means the amount of \$_____, which is payable by the Corporation to the County on the Closing Date as rental for the Leased Property under the Site Lease.

“*Special Counsel*” means (a) Jones Hall LLP, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

“*Tax Code*” means the Internal Revenue Code of 1986 as in effect on the date of delivery of the Certificates or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of delivery of the Certificates, together with applicable temporary and final regulations promulgated and applicable official public guidance published, under the Code.

“*Tax Regulations*” means temporary and permanent regulations of the United States Department of the Treasury promulgated under the Tax Code.

“*Trust Agreement*” means this Trust Agreement, as originally executed or as thereafter amended by any amendments hereto permitted to be made hereunder.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., or any successor thereto acting as Trustee under this Trust Agreement.

Section 1.02. Legal Authority. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation to register, execute and deliver to the Original Purchaser, Certificates in the aggregate principal amount of \$_____. The Certificates shall evidence direct, undivided fractional ownership interests of the Owners thereof in the Lease Payments.

Section 2.02. Dated Date; Calculation of Interest. Each Certificate shall be dated as of the date of its execution and interest represented thereby shall be payable from the Interest Payment Date next preceding the date of execution thereof, (a) unless it is executed following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest represented thereby shall be payable from such Interest Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date; *provided, however*, that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate.

Section 2.03. Terms of Certificates. Principal represented by the Certificates shall be payable on October 1 in each of the respective years and in the respective amounts, and interest represented thereby shall be computed at the respective rates, as follows:

Maturity (October 1)	Principal Amount	Interest Rate
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		

The Certificates shall be delivered in the form of fully registered Certificates without coupons in the authorized denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Certificates shall be

assigned such alphabetical and numerical designation as shall be deemed appropriate by the Trustee.

Section 2.04. Book Entry System.

(a) *Original Delivery.* The Certificates shall be initially delivered in the form of a separate single fully registered Certificate (which may be typewritten) for each maturity of the Certificates. Upon initial delivery, the ownership of each such Certificate shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Certificates shall be registered in the name of the Nominee on the Registration Books.

With respect to Certificates the ownership of which is registered in the name of the Nominee, the County and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the County holds an interest in the Certificates.

Without limiting the generality of the immediately preceding sentence, the County and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any notice with respect to the Certificates, including any notice of prepayment, (iii) the selection by the Depository of the beneficial interests in the Certificates to be prepaid in the event the County elects to prepay the Certificates in part, (iv) the payment to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Certificates or (v) any consent given or other action taken by the Depository as Owner of the Certificates.

The County and the Trustee may treat and consider the person in whose name each Certificate is registered as the absolute owner of such Certificate for the purpose of payment of principal, premium, if any, and interest represented by such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers of ownership of such Certificate, and for all other purposes whatsoever.

The Trustee shall pay the principal, interest and premium, if any, represented by the Certificates only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Certificates to the extent of the sum or sums so paid. No person other than a Certificate Owner shall receive a Certificate evidencing the obligation of the County to make payments of principal, interest and premium, if any, under this Trust Agreement.

Upon delivery by the Depository to the County of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the County shall promptly deliver a copy of the same to the Trustee.

(b) *Representation Letter.* In order to qualify the Certificates for the Depository's book-entry system, the County shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Certificates. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the County or the Trustee any obligation whatsoever with respect to persons having interests in the Certificates other than the Certificate Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the County in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the County may take any other actions, not inconsistent with this Trust Agreement, to qualify the Certificates for the Depository's book-entry program.

(c) *Transfers Outside Book-Entry System.* If either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the County determines to terminate the Depository as such, then the County shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the County and the Trustee in the execution and delivery of replacement Certificates by providing the Trustee with a list showing the interests of the Depository System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be executed and delivered. The Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the County fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Certificates shall designate, in accordance with the provisions hereof.

If the County determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the County may notify the Depository System Participants of the availability of such certificated Certificates through the Depository. In such event, the Trustee will execute, transfer and exchange Certificates as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the County shall cooperate with the Depository in taking appropriate action to make available one or more separate certificates evidencing the Certificates to any Depository System Participant having Certificates credited to its account with the Depository, or to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Certificates, all at the County's expense. In connection with any proposed transfer outside the Book-Entry Only system, the County, the Corporation or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(d) *Payments to the Nominee.* Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.05. Payment of Certificates. Interest represented by the Certificates shall be payable on each Interest Payment Date, and shall represent the portion of Lease Payments designated as interest and coming due on such Interest Payment Date under the Lease Agreement. The share of the portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (calculated on the basis of a 360-day year of twelve 30-day months).

Interest represented by each Certificate shall be paid on each Interest Payment Date by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the preceding Record Date, at such Owner's address as it appears on the Registration Books; *provided, however*, that at the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment shall be payable in lawful money of the United States of America upon presentation and surrender of such Certificate at the Office of the Trustee.

Section 2.06. Form of Certificates. The Certificates shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Certificates shall be delivered in printed, lithographed or engraved form, subject to the provisions of Sections 2.04 and 2.11.

Section 2.07. Execution of Certificates. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date. Any Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Certificate shall be the proper signatory of the Trustee.

Section 2.08. Transfer and Exchange.

(a) *Transfer of Certificates.* The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. The County shall pay all costs of the Trustee incurred in connection with any such transfers, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations.

(b) *Exchange of Certificates.* Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The County shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) *Limitations on Transfer or Exchange.* The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate which the Trustee has selected for prepayment under Section 3.02. The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it and destroyed by the Trustee, in accordance with its retention policy then in effect. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee shall determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered under this Section 2.09 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate issued under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of such person's ownership thereof shall be proved by the Registration Books.

Nothing contained in this Section 2.10 shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.11. Temporary Certificates. The Certificates may be issued in temporary form exchangeable for definitive Certificates when ready for delivery. Any temporary Certificates may be printed, lithographed or typewritten, shall be of authorized denominations, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Certificate shall be executed by the Trustee upon the same conditions and in substantially the same manner as the definitive Certificates. If the Trustee delivers temporary Certificates it will execute and deliver definitive Certificates as promptly thereafter as practicable, and thereupon the temporary Certificates shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee who shall execute and deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates executed and delivered hereunder.

Section 2.12. Registration Books. The Trustee shall keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the County and the Corporation during regular business hours and upon prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

ARTICLE III

PREPAYMENT OF CERTIFICATES

Section 3.01. Prepayment.

(a) *Optional Prepayment.* The Certificates maturing on or before October 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after October 1, 20__, are subject to prepayment prior to their respective stated maturities, at the option of the County, in whole, or in part among such maturities as are designated by the County in integral multiples of \$5,000, on any date on or after October 1, 20__, from prepayments of the Lease Payments made pursuant to Section 9.2 of the Lease Agreement, at a prepayment price equal to the principal amount of the Certificates or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

(b) *Prepayment From Net Proceeds of Insurance or Eminent Domain.* The Certificates are subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under Section 9.3 of the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

(c) *Mandatory Sinking Fund Prepayment.* [TO COME IF APPLICABLE].

Section 3.02. Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment among maturities in any manner as directed by the County, and in the absence of such direction, pro rata among maturities, and by lot within a maturity. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the County and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

Section 3.03. Notice of Prepayment. When prepayment is authorized or required under Section 3.01, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the County. Such notice shall state the Trustee's name and address, the date of original execution and delivery, the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates are to be called for prepayment, shall designate the CUSIP numbers, the Certificate numbers, and the amounts of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue from and after the prepayment date. Such notice shall further state that on the prepayment date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date, and that from and after such date interest represented thereby shall cease to accrue and be payable.

At least 20 days but not more than 60 days prior to the prepayment date, the Trustee shall give notice of such prepayment by first class mail, with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books and to one or more Securities Depositories, and shall file such notice electronically with the Information Service. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid. Notwithstanding the foregoing, neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Any notice of optional prepayment or prepayment from Net Proceeds of insurance or eminent domain may specify that prepayment of the Certificates designated for prepayment on the specified date will be subject to the receipt by the County or the Trustee, as applicable, of moneys sufficient to cause such prepayment (and will specify the proposed source of such moneys), and neither the County nor the Trustee will have any liability to the Owners of any Certificates, or any other party, as a result of the County's failure to prepay the Certificates designated for prepayment as a result of insufficient moneys therefor.

The County shall have the right to rescind any notice of prepayment delivered by the Trustee as provided under this Section 3.03, by written notice to the Trustee no later than one Business Day prior to the date fixed for prepayment. Any notice of prepayment shall be cancelled and annulled if for any reason funds are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall deliver notice of rescission of prepayment to the Owners in the same manner notice of prepayment was originally provided.

Section 3.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the County, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity. A new Certificate need not be prepared for any Certificate prepaid in part only if said Certificate is registered on the Registration Books in the name of the nominee.

Section 3.05. Effect of Notice of Prepayment. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

All Certificates paid at maturity or prepaid prior to maturity under this Article III shall be cancelled upon surrender thereof and destroyed in accordance with the Trustee's retention policy then in effect.

Section 3.06. Purchase of Certificates. In lieu of prepayment of Certificates as provided in this Article III, amounts held by the Trustee for such prepayment shall, at the written request of the County Representative, at least 90 days before the date of prepayment of the Certificates be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the County may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment under this Section shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

ARTICLE IV

DISPOSITION OF PROCEEDS; COSTS OF ISSUANCE FUND

Section 4.01. Application of Proceeds. On the Closing Date, the Trustee shall deposit and transfer the net proceeds of the sale of the Certificates equal to \$_____, calculated as the original principal amount of the Certificates of \$_____, plus original issue premium of \$_____, less the Original Purchaser's discount of \$_____ (consisting of the good faith deposit of \$_____ previously received and held by the Trustee, plus the remaining net proceeds of the Certificates of \$_____) in the following respective funds and in the following order of priority:

(a) The Trustee shall deposit \$_____ in the Costs of Issuance Fund.

(b) The Trustee shall transfer \$_____, constituting the remainder of such proceeds, to the Escrow Agent for deposit and application in accordance with the Escrow Agreement.

For record-keeping purposes, the Trustee may establish such accounts or subaccounts as may be necessary to reflect such deposit of proceeds.

Section 4.02. Costs of Issuance Fund. The Trustee shall establish a special fund designated as the "Costs of Issuance Fund", shall keep such fund separate and apart from all other funds and moneys held by it, and shall administer such fund as provided herein. There shall be deposited in the Costs of Issuance Fund from the proceeds of the sale of the Certificates the amount required to be deposited therein under Section 4.01(a), together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee by a County Representative.

Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee for Costs of Issuance only upon a receipt of a sequentially numbered requisition, signed by a County Representative, setting forth the amounts to be disbursed for payment or reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Costs of Issuance as defined herein and shall include invoices substantiating the amount requested.

Upon payment of all Costs of Issuance, which shall be determined by a Certificate of the County Representative to that effect, or in any event not later than three months after the Closing Date, the Trustee shall close the Costs of Issuance Fund and transfer any funds remaining therein to the Lease Payment Fund for the payment of interest next coming due with respect to the Certificates.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease. Under the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee certain of its rights under the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

Section 5.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund". All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the County and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the County nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein under Section 5.01 or Article VI hereof, or Article IX of the Lease, and any other moneys required to be deposited therein under the Lease or under this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Certificates as the same shall become due and payable, in accordance with the provisions hereof.

Section 5.05. Surplus. Any surplus remaining in the Lease Payment Fund, after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the County.

ARTICLE VI

INSURANCE AND CONDEMNATION FUND

Section 6.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance collected by the County in the event of accident to or destruction of the Leased Property shall be paid to the Trustee under Section 6.1 of the Lease and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall thereupon establish. If the County determines and notifies the Trustee in writing of its determination, within 90 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the County, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments under Section 9.3 of the Lease and the corresponding prepayment of Certificates under Section 3.01(b). In the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred by the County to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the County, and shall be disbursed by the Trustee at the direction of the County upon receipt of written requisitions of a County Representative stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for such requisitions and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds, including all interest or income received on the investment thereof, remaining after the County has filed a written certificate with the Trustee stating that such work has been completed shall be paid to the County.

Section 6.02. Deposit and Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, under Section 6.1 of the Lease, and shall be applied and disbursed by the Trustee as follows:

(a) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the County has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as the same become due and payable.

(b) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the

County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing of requisitions of the County Representative meeting the requirements of Section 6.01. The balance of such proceeds not needed for repair, replacement or rehabilitation of the Leased Property shall be transferred by the Trustee to the Lease Payment Fund to be credited toward the payment of the Lease Payments as the same become due and payable.

(c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the County has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments under Section 9.3 of the Lease and applied to the corresponding prepayment of Certificates in the manner provided in Section 3.01(b) on a prepayment date, designated by the County, at least 75 days after such notice by the County to the Trustee.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section 6.02, the County may obtain, but shall not be required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee for information purposes only. Any such determination by the County shall be final.

ARTICLE VII

MONEYS IN FUNDS; INVESTMENTS

Section 7.01. Held in Trust. The moneys and Permitted Investments held by the Trustee under this Trust Agreement shall be irrevocably held in trust for the benefit of the County and the Certificate Owners solely for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the County or the Owner of any Certificates.

Section 7.02. Investments Authorized. Upon the written request of a County Representative filed with the Trustee not less than two Business Days prior to the proposed investment date, moneys held by the Trustee in any fund or account hereunder shall be invested and reinvested by the Trustee in Permitted Investments selected by the County and specified in such written request of the County, which mature not later than the date such moneys are required or estimated by the County to be required to be expended hereunder. In the absence of any written request of the County directing the investment of uninvested moneys held by the Trustee hereunder, the Trustee shall invest such moneys in a Permitted Investment described in clause (f) of the definition thereof. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall be held by the Trustee or its agent. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 7.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal, agent, sponsor, advisor or depository in the making or disposing of any investment. Whenever in this Trust Agreement any moneys are required to be transferred by the County to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments, which investments shall mature on or prior to the date on which such moneys shall be required to be applied for use. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the written request of the County. The Trustee shall not be responsible or liable for selection or liquidation of investment or any loss suffered in connection with any investment of funds made by it in accordance with this Section 7.02.

Except as otherwise provided hereunder or agreed in writing among the parties hereto, the County shall retain the authority to institute, participate and join in any plan or reorganization, readjustment, merger or consolidation with respect to the issuer of any securities held hereunder, and in general, to exercise each and every other power or right with respect to each such asset or investments, including power to vote upon any securities.

Unless the County notifies the Trustee otherwise in writing, the Trustee will provide the obligatory information to the registrant/issuer of U.S. securities upon their request. Any objection will apply to all securities held in any trustee account now and in the future unless the County notifies the Trustee in writing of such objection.

Section 7.03. Accounting. The Trustee shall furnish to the County, not less than monthly, an accounting (in the form customarily used by the Trustee) of all investments and other transactions made by the Trustee under this Trust Agreement.

Section 7.04. Allocation of Earnings. All interest or income received by the Trustee on investment of the Lease Payment Fund shall be retained in the Lease Payment Fund and applied

as a credit against the Lease Payment due by the County under the Lease Agreement on the Lease Payment Date following the date of deposit. All interest or income in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed under Section 4.02. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment security equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment security shall be credited to the fund or account for the credit of which such investment security was required.

The County and the Corporation by their execution of this Trust Agreement, acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the County and the Corporation specifically waives receipt of such confirmations to the extent permitted by law. The foregoing notwithstanding, the County or the Corporation may receive brokerage confirmations at no charge upon their written request. The Trustee shall have no duty or obligation to determine the legality of any investments. The Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent actual receipt of written notice to the contrary. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of or investment in such Permitted Investment.

Section 7.05. Acquisition, Disposition, and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the County covenants that all investments of amounts deposited in any fund or account created by or under this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the County Representative.

(b) The County further covenants that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A., is hereby appointed Trustee by the Corporation and the County for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The Corporation and the County agree that any successor Trustee shall have a corporate trust office in California, shall have (or its parent holding company shall have) a combined capital and surplus of at least \$50,000,000, and shall be subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If the Trustee (or its parent holding company) publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 8.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay or prepay the Certificates when duly presented for payment at maturity, or on prepayment, or on purchase by the Trustee as directed by the County prior to maturity in accordance with Section 3.06, and to cancel all Certificates upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trustee shall be compensated for its services rendered and its expenses incurred under this Trust Agreement.

Section 8.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall be required to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. Under no circumstances shall the Trustee be liable in its individual capacity for the obligation evidenced by the Certificates.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers and the Trustee shall not be responsible for any willful misconduct or negligence on the part of any attorney, agent or receiver appointed with due care. The Trustee shall be entitled to advice of counsel (including counsel to the County or to the Corporation), concerning all matters of trust and its duty hereunder and shall be fully and completely protected in any action taken or suffered by it hereunder in reliance on such advice or the opinion of counsel.

(d) The Trustee shall not be responsible for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the County under the Lease or, except as provided in Section 8.02(i), hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VII of this Trust Agreement.

(e) The Trustee shall not be accountable for the use of any Certificates delivered hereunder. The Trustee may become the Owner of Certificates secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.

(f) In the absence of willful misconduct on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, report, opinion, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith under this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such person shall be shown as the Owner of such Certificate on the Registration Books.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a County Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in Section 8.02(i) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a County Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the County, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the County to make any of the Lease Payments to the Trustee required to be made by the County under the Lease or failure by the Corporation or the County to file with the Trustee any document required by this Trust Agreement or the Lease to be so filed subsequent to the delivery of the Certificates, unless a Responsible Officer of the Trustee shall have actual knowledge thereof or shall be specifically notified in writing of such default by the Corporation, the County or the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Leased Property, including all books, papers and records of the Corporation or the County pertaining to the Leased Property and the Certificates, and to take such memoranda from and with regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, which may be deemed desirable by the Trustee for the purpose of establishing the right of the Corporation or the County to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action referred to in Article XII or requested by the Owner, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners of the Outstanding Certificates, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(n) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder, other than interest derived from investments made under Section 7.02.

(o) The Trustee shall not be responsible for the sufficiency of the Lease, its right to receive moneys under the Lease, or the value of or title to the Leased Property.

(p) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority (or any lesser amount that may direct the Trustee in accordance with the Trust Agreement)

in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

(r) The Trustee is authorized and directed to enter into the Assignment Agreement in its capacity as Trustee hereunder.

(s) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.); provided, however, that the County shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County, whenever a person is to be added or deleted from the listing. If the County elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 8.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement by the County for fees for its services rendered hereunder as separately agreed, and all advances (together with interest at the rate of 10% per annum), counsel fees (including expenses and allocated costs of in-house counsel) and other expenses reasonably made or incurred by the Trustee in connection with such services. Upon an Event of Default, but

only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal, premium, if any, and interest represented by any Certificate upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 8.04. Notice to Certificate Owners of Default. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, as provided in Section 8.02(i), then the Trustee shall within 30 days give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Certificate, unless such Event of Default is cured before the giving of such notice; *provided, however* that unless such Event of Default consists of the failure by the County to make any Lease Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Certificate Owners or that it is otherwise not in the best interests of the Certificate Owners to give such notice.

Section 8.05. Removal of Trustee. So long as no Event of Default (or any event which, if not cured, with the passage of time would become an Event of Default) shall have occurred and be continuing, the County may, upon at least 30 days' prior written notice and with the consent of the Corporation, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Corporation, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 8.01. Said appointment shall be effective upon acceptance of its appointment by the successor Trustee.

Section 8.06. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign by giving written notice by registered or certified mail to the County and the Corporation. Upon receiving such notice of resignation, the County shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee shall mail notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books.

Section 8.07. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee under Sections 8.05 or 8.06, respectively, the County shall promptly appoint a successor Trustee. In the event the County shall for any reason whatsoever fail to appoint a successor Trustee within 30 days following the delivery to the Trustee of the instrument described in Section 8.05 or within 30 days following the receipt of notice by the County under Section 8.06, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 8.01. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder upon acceptance of appointment by the successor Trustee notwithstanding any action by the County purporting to appoint a successor Trustee following the expiration of such 30-day period.

Section 8.08. Merger or Consolidation. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 8.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor,

without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.09. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also the Corporation and the County an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Corporation, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Corporation be reasonably required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VIII, or a memorandum thereof, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement was filed or recorded.

Section 8.10. Non-Liability of Trustee. The recitals, statements and representations by the County and the Corporation contained in this Trust Agreement or in the Certificates shall be taken and construed as made by and on the part of the County and the Corporation, as the case may be, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County or Corporation of the Leased Property. In no event shall the Trustee be liable for special, indirect, punitive or consequential damages of any kind whatsoever (including without limitation lost profits) in connection with or arising from the Lease for the existence, furnishing or use of the Leased Property, even if the Trustee has been advised of the possibility of such losses or damages and regardless of the form of action.

The Trustee shall not be: (a) responsible for the sufficiency or enforceability of the Lease or the assignment under the Assignment Agreement of its rights to receive Lease Payments; (b) deemed to have knowledge of any Event of Default except as provided in Section 8.02(i); or (c) accountable for the use or application by the County or Corporation of any funds which the Trustee has released under this Trust Agreement.

Section 8.11. Actions Through Agents. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights and powers conferred on it or answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct.

Section 8.12. Nature of Trust Engagement. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. In accepting the trusts hereby created, the Trustee acts solely as Trustee and not in its individual capacity. All persons, including without limitation the Owners, the County and the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts hereunder for payment except as otherwise provided herein; *provided, however*, that nothing in this sentence is intended or shall be construed to apply to, or limit the source of payment of, claims against the Trustee arising from the negligence or willful misconduct of the Trustee. Under no circumstances shall the Trustee be liable in its individual capacity for payment of the obligations represented by the Certificates.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

ARTICLE IX

MODIFICATION OR AMENDMENT

Section 9.01. Amendments Permitted.

(a) *With Consent of Owners.* This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 13.05, is filed with the Trustee. No such modification or amendment shall

(i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal represented thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or

(ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification hereof, or

(iii) modify any of the rights or obligations of the Trustee without its written assent thereto.

Any such supplemental agreement shall become effective as provided in Section 9.02.

(b) *Without Consent of Owners.* This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only for the following purposes:

(i) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Corporation or the County,

(ii) to cure, correct or supplement any ambiguous or defective provision contained herein,

(iii) in regard to questions arising hereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates,

(iv) for the purpose of conforming to or accommodating any amendment to the Lease which is made in accordance with Section 7.6 thereof,

(v) if and to the extent permitted in the opinion of Special Counsel filed with the Trustee, the County and the Corporation, to delete or modify any of the provisions hereof or thereof relating to the exclusion from gross income of interest represented by the Certificates for federal income tax purposes, or

(vi) to provide for the issuance of Additional Bonds pursuant to Section 2.13 hereof.

Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto. The Trustee shall not be obligated to enter into any supplement or amendment that imposes additional obligations on the Trustee or adversely affects the Trustee's rights, duties or immunities hereunder.

Section 9.02. Procedure for Amendment with Written Consent of Certificate Owners. This Agreement may be amended by supplemental agreement as provided in this Section 9.02 in the event the consent of the Owners of the Certificates is required under Section 9.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there are filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 13.05) and a notice is mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.10. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed. Any such revocation received by the Trustee after notice has been mailed shall be of no force and effect.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 9.03. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective under this Article IX, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 9.04. Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand on the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for the purpose at the Office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action is necessary or desirable, which substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand on the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 9.05. Amendatory Endorsement of Certificates. The provisions of this Article IX shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE X

OTHER COVENANTS

Section 10.01. Compliance With and Enforcement of Lease. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease.

The County will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease by the Corporation thereunder. The Corporation and the County, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Property, which may or can in any manner affect such estate of the County, will deliver the same, or a copy thereof, to the Trustee for its information.

Section 10.02. Observance of Laws and Regulations. The County will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County, including its right to exist and carry on business as a public agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.03. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees and expenses, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 10.04. Recordation and Filing. The County shall record and file the Site Lease, the Lease or a memorandum thereof, the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 10.05. Tax Covenants.

(a) *Generally.* The County shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest represented by the Certificates to become includable in gross income for federal income tax purposes.

(b) *Federal Guarantee Prohibition* The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the

Certificates or the Lease Agreement to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) *Private Activity Bond Limitation* The County shall assure that the proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(d) *Maintenance of Tax-Exemption* The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) *Rebate Requirement.* The County shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings to the federal government.

Section 10.06. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee, at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, to the extent indemnified to the satisfaction of the Trustee from and against any costs, liabilities and expense, or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 10.07. Further Assurances. The Corporation and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 10.08. Section 8855(k)(1) Reporting. No later than January 31 of each calendar year (commencing January 31, 2025), a County Representative shall provide to the California Debt and Investment Advisory Commission the annual report information required by Section 8855(k)(1) of the California Government Code.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.01. Limited Liability of County. Except for the payment of Lease Payments when due in accordance with the Lease and the performance of the other covenants and agreements of the County contained in the Lease and this Trust Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 11.02. No Liability for Trustee Performance. Neither the County nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 11.03. Indemnification of Trustee. The Corporation and the County, jointly and severally, shall indemnify and save the Trustee, its directors, officers, agents and employees harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of:

(a) the use, maintenance, condition or management of, or from any work or thing done on, the Leased Property by the Corporation or the County,

(b) any breach or default on the part of the Corporation or the County in the performance of any of their respective obligations under this Trust Agreement or the Lease and any other agreement made and entered into for purposes of the Leased Property,

(c) any act of negligence of the Corporation or the County or of any of their respective agents, contractors, servants, employees, licensees with respect to the Leased Property,

(d) any act of negligence of any assignee of, or purchaser from the Corporation or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Leased Property,

(e) the authorization of payments from the Insurance and Condemnation Fund,

(f) the actions of any other party, including but not limited to the ownership, operation or use of the Leased Property by the Corporation or the County, including but not limited to the presence on, under or about, or the release from, the Leased Property of any substances, materials or wastes which are or which become regulated or classified as hazardous or toxic under state, federal or local law,

(g) the Trustee's acceptance of this Trust Agreement and the exercise and performance of its powers and duties hereunder;

(h) the offering and sale of the Certificates,

(i) the Trustee enforcing its right to indemnification hereunder or defending itself against claims of negligence, or

(j) any untrue statement or alleged untrue statement by anyone other than the Trustee of any material fact, or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in any official statement or other offering circular utilized in connection with the sale of the Certificates.

No indemnification will be made under this Section 11.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, its officers, agents, employees, successors (other than by a successor Trustee) or assigns. The Corporation's and the County's obligations hereunder shall remain valid and binding notwithstanding the resignation or removal of the Trustee or maturity and payment of the Certificates and discharge of this Trust Agreement.

Section 11.04. Opinion of Counsel. Before being required to take any action, the Trustee may, at the expense of the County, require an opinion of counsel acceptable to the Trustee, or an opinion of Bond Counsel acceptable to the Trustee with respect to any federal tax matters, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying on any such opinion or certificate obtained by the Trustee.

Section 11.05. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the County, the Corporation, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee and said Owners.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNER

Section 12.01. Assignment of Rights. Under the Assignment Agreement the Corporation has transferred and assigned to the Trustee certain of the Corporation's rights in and to the Lease, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation under the Lease as may be necessary or convenient (a) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 12.02. Remedies. If an Event of Default occurs, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, exercise any and all remedies available under law or granted under the Lease; *provided, however*, that notwithstanding anything herein or in the Lease to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Section 12.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under this Article XII or Article VIII of the Lease shall be applied by the Trustee in the order following upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the fees, costs and expenses of the Trustee for the performance of its duties hereunder and in declaring such Event of Default and in taking any remedial action with respect thereto, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate set forth in Section 4.4(c) of the Lease (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 12.04. Institution of Legal Proceedings. If one or more Events of Default occurs and continues, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal

or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 12.05. Non-waiver. Nothing in this Article XII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the County, which is absolute and unconditional, to pay or prepay the Lease Payments as provided in the Lease. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 12.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 12.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 12.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request is received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

Section 12.09. Possession of Certificates by Trustee Not Required. All rights and remedies granted to or exercisable by the Trustee hereunder or under the Lease may be exercised by the Trustee without possession of any of the Certificates or the production thereof

at the trial or other proceeding relative thereto, and any suit, action or proceeding instituted by the Trustee hereunder or under the Lease shall be brought in its name for the benefit of all of the Owners of such Certificates, subject to the provisions of this Trust Agreement.

ARTICLE XIII

DISCHARGE; ADMINISTRATIVE PROVISIONS

Section 13.01. Discharge Hereof. If and when the obligations represented by any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding, as and when the same become due and payable. or

(b) by depositing with the Trustee under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates as more particularly described in Section 9.1 of the Lease, said security to be held by the Trustee on behalf of the County to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, under Section 9.1 of the Lease, or

(c) by delivering to the Trustee, for cancellation by it, all f the Certificates then Outstanding,

then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the County with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee under Section 2.08, the obligation of the County to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest represented by the Certificates from gross income for federal income tax purposes, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the County from funds deposited under paragraph (b) of this Section, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits under paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b) of this Section, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the County.

Section 13.02. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the County, the Corporation, and any Owner, or the agent of any of them, at any reasonable time during regular business hours upon prior notice.

Section 13.03. Notices. Any notice, request, complaint, demand or other communication under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto, or by electronic transmission or other form of telecommunication, at its address set forth below. Notice shall be effective either (a) upon confirmation of a successful transmission by email or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The

County and the Corporation may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County:	County of Monterey Administrative Office 168 West Alisal Street, 3rd Floor Salinas, CA 93901 Email: _____
If to the Corporation:	County of Monterey Public Improvement Corporation c/o County of Monterey Administrative Office 168 West Alisal Street, 3rd Floor Salinas, CA 93901 Email: _____
If to the Trustee:	The Bank of New York Mellon Trust Company, N.A. 333 South Hope Street, Suite 2525 Los Angeles, CA 90071 Attention: _____ Email: _____

Section 13.04. [Reserved].

Section 13.05. Disqualified Certificates. In determining whether the Owners of the requisite aggregate principal amount of Certificates have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Certificates which are owned or held by or for the account of the County (but excluding Certificates held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however*, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Certificates which the Trustee knows to be so owned or held shall be disregarded.

Section 13.06. Payment of Certificates After Discharge of Trust Agreement. Notwithstanding any provisions of this Trust Agreement, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee in trust for the payment of the principal or interest represented by any Certificates and remaining unclaimed for two years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the County free from the trusts created by this Trust Agreement upon receipt of an indemnification agreement acceptable to the County and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the County as aforesaid, the Trustee may (at the cost of the County) first mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof.

Section 13.07. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California, without giving effect to principles of conflicts of law of the State of California.

Section 13.08. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the County, the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.09. Corporation and County Representatives. Whenever under the provisions of this Trust Agreement the Corporation or the County is required or permitted to take some action, including but not limited to the giving of any approval or the execution of some request, direction or other instrument, such action shall be made on behalf of the Corporation by a Corporation Representative and on behalf of the County by a County Representative, and any party hereto shall be fully authorized to rely upon any such action by an Corporation Representative or a County Representative.

Section 13.10. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 13.11. Delivery of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee of any Certificates, the Trustee shall cancel and, unless otherwise directed in writing by the County Representative, destroy such Certificates in accordance with its retention policy then in effect.

Section 13.12. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 13.13. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.14. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections,

paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION**

By: _____

President

ATTEST:

By: _____
Secretary

COUNTY OF MONTEREY

By: _____
Jake Stroud,
Treasurer-Tax Collector

ATTEST:

By: _____
Clerk of the Board of Supervisors

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Representative

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

No. R-_____

\$_____

2026 CERTIFICATE OF PARTICIPATION (PUBLIC FACILITIES REFINANCING)

**Evidencing the Direct, Undivided Fractional Interest of the
Owner Hereof in Lease Payments to be Made by
COUNTY OF MONTEREY
As the Rental for Certain Leased Property Pursuant to a
Lease Agreement with the
COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION**

RATE OF INTEREST: _____% MATURITY DATE: October 1, 20____ DATED DATE: _____, 2026 CUSIP: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (the "Certificate") is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under the Lease Agreement dated as of March 1, 2026 (the "Lease") by and between the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as sublessor, and the COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California (the "County"), as sublessee, with respect to certain land and existing improvements which are used for the governmental purposes of the County (the "Leased Property"). The Lease Payments and certain other rights and interests under the Lease have been assigned to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the "Trustee"), having a corporate trust office in the locations described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Lease Payments designated as principal, and to receive on October 1, 2026, and semiannually thereafter on October 1 and April 1 of each year (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the

Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the 15th day of the month immediately preceding an Interest Payment Date (a "Record Date") and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before September 15, 2026, in which event interest shall be payable from the Dated Date identified above. The Registered Owner's share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trustee, and interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the preceding Record Date; *provided, however*, that at the written request of the Registered Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

This Certificate has been executed and delivered by the Trustee under a Trust Agreement by and among the Trustee, the Corporation and the County, dated as of March 1, 2026 (the "Trust Agreement"). The County has certified that it is authorized to enter into the Lease and the Trust Agreement under the laws of the State of California, for the purpose of paying and reimbursing the payment of the costs of certain public capital improvements. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the County under the Lease, to all of the provisions of the Lease and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The County is obligated under the Lease to pay the Lease Payments for the Leased Property from any source of available funds, subject to certain exceptions as set forth in the Lease. As more fully described in the Lease, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction to the Leased Property in whole or in part, or by reason of eminent domain proceedings with respect to the Leased Property in whole or in part, there is substantial interference with the use and occupancy by the County of the Leased Property or any portion thereof; such abatement shall be in an amount agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Property. The obligation of the County to pay the Lease Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay the Lease Payments does not constitute a debt of the County, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates maturing on or before October 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after October 1, 20__, are subject to prepayment prior to their respective stated maturities, at the option of the County, in whole, or in part among such maturities as are designated by the County in integral multiples of \$5,000, on any date on or after October 1, 20__, from prepayments of the Lease

Payments made pursuant to Section 9.2 of the Lease Agreement, at a prepayment price equal to the principal amount of the Certificates or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

The Certificates are subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Notices of prepayment may be conditional. The County has the right to rescind any notice of prepayment delivered by the Trustee as provided under the Trust Agreement, by written notice to the Trustee no later than one Business Day prior to the date fixed for prepayment. Any notice of prepayment shall be cancelled and annulled if for any reason funds are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default under the Trust Agreement. The Trustee shall deliver notice of rescission of prepayment to the Owners in the same manner notice of prepayment was originally provided.

As provided in the Trust Agreement, at least 20 days but not more than 60 days prior to the prepayment date, the Trustee shall give notice of such prepayment by first class mail, with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books. Notwithstanding the foregoing, neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment. If this Certificate is called for prepayment and payment is duly provided herefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The County, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the County, the Corporation and the Trustee shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal, premium, if any, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and

accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The County has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Lease and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee, acting pursuant to the Trust Agreement.

Execution Date: _____, 2026

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

ESCROW AGREEMENT

Relating to the Prepayment of:

**\$48,440,000
County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)**

This ESCROW AGREEMENT (this "Agreement"), made and entered into as of March 1, 2026, by and among the COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California (the "County"), the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as escrow agent (the "Escrow Agent").

B A C K G R O U N D:

WHEREAS, pursuant to a Trust Agreement dated as of September 1, 2015 (the "2015 Trust Agreement"), by and among the County, the Corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2015 Trustee"), the County caused the execution and delivery of the certificates of participation captioned above (the "2015 Certificates"), which are secured by lease payments made by the County under the Lease Agreement dated as of September 1, 2015 (the "2015 Lease Agreement") by and between the County and the Corporation;

WHEREAS, the County desires to prepay lease payments to be made by the County under the 2015 Lease Agreement, and cause the concurrent defeasance and subsequent prepayment of the 2015 Certificates;

WHEREAS, in order to provide funds sufficient to refinance the 2015 Certificates, the County and the Corporation have agreed to cause The Bank of New York Mellon Trust Company, N.A. (the "2026 Trustee"), to execute and deliver a series of certificates of participation captioned "\$_____ County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" (the "2026 Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the County pursuant to a lease agreement described therein;

WHEREAS, the 2015 Certificates are subject to prepayment on any date on or after October 1, 2025, at a prepayment price equal to the par amount of the 2015 Certificates to be prepaid, together with accrued interest to the date fixed for prepayment, without premium;

WHEREAS, the County, the Corporation and the Escrow Agent wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of amounts sufficient for the payment and prepayment of the 2015 Certificates as set forth herein.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Agent. The County and the Corporation hereby appoint the Escrow Agent as escrow agent for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Agent hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created the Escrow Fund to be held by the Escrow Agent, separate and apart from any funds or accounts of the Escrow Agent, the County or the Corporation, as an irrevocable escrow securing payment of principal of and interest on the 2015 Certificates as hereinafter set forth.

All cash and Defeasance Securities (as defined herein) in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment and prepayment of the 2015 Certificates in accordance with the terms hereof. If at any time the Escrow Agent receives actual knowledge that the cash and amounts in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Agent will notify the County of such fact and the County will immediately cure such deficiency from any source of legally available funds.

As used herein, the term "Defeasance Securities" means the federal securities set forth on Exhibit A hereto and hereby incorporated herein.

Section 3. Deposit into Escrow Fund; Investment of Amounts.

(a) *Escrow Fund.* Concurrently with the execution and delivery of the 2026 Certificates, the Corporation and the County will cause to be transferred to the Escrow Agent for deposit into the Escrow Fund, the amount of \$_____, derived as follows:

(i) the Escrow Agent, in its capacity as 2026 Trustee, shall transfer \$_____ to the Escrow Agent, representing the net proceeds of the 2026 Certificates; and

[(ii) the Escrow Agent, in its capacity as 2015 Trustee, shall transfer \$_____ to the Escrow Agent, representing amounts on hand in the Lease Payment Fund established for the 2015 Certificates under the 2015 Trust Agreement.]

(b) *Investments.* With respect to the aggregate \$_____ deposited into the Escrow Fund, the Escrow Agent will:

(i) invest \$_____ of the moneys deposited in the Defeasance Securities described in Exhibit A hereto; and

(ii) hold the remaining \$_____ in cash uninvested.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the County with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the

maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the County. In the absence of investment instructions from the County, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the County's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Defeasance Securities and cash will be deposited with and held by the Escrow Agent in the Escrow Fund solely for the uses and purposes set forth herein. The Escrow Agent will have no lien upon or right of set off against the Defeasance Securities and cash at any time on deposit in the Escrow Fund. The Escrow Agent may create such subaccounts within the Escrow Fund as it may require to accomplish the purposes of this Escrow Agreement.

No substitution of Defeasance Securities shall be permitted under this Escrow Agreement except with other Defeasance Securities and upon delivery of a new Verification Report (as defined in the 2015 Trust Agreement) and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report.

Section 4. Instructions as to Application of Deposit. The total amount of Defeasance Securities and cash deposited in the Escrow Fund under Section 3 will be applied by the Escrow Agent to the payment and prepayment of the 2015 Certificates in accordance with the 2015 Trust Agreement on the dates and in the amounts set forth on Exhibit B hereto. Any amounts remaining in the Escrow Fund following the full prepayment of all of the 2015 Certificates will be transferred by the Escrow Agent to the 2026 Trustee for deposit to the Lease Payment Fund established and held by the 2026 Trustee with respect to the 2026 Certificates.

Section 5. Election to Prepay; Notices. The County hereby irrevocably elects to:

(a) prepay all of the remaining Base Rental Payments under the 2015 Lease Agreement on _____, 2026; this section provides notice to the Escrow Agent, in its capacity as the 2015 Trustee, under section 3.08(f) of the 2015 Lease Agreement, of the County's election to prepay those Base Rental Payments; and

(b) prepay all of the outstanding 2015 Certificates on _____, 2026, in accordance with section 4.01(b) of the 2015 Trust Agreement.

The Escrow Agent is hereby directed to file a notice of defeasance of the 2015 Certificates, substantially in the form attached hereto as Exhibit C, to the Municipal Securities Rulemaking Board (MSRB)'s Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website, on the execution and delivery date of the 2026 Certificates.

The Escrow Agent, in its capacity as 2015 Trustee, is hereby directed to give a notice of prepayment of the 2015 Certificates, substantially in the form attached hereto as Exhibit D, in accordance with Section 4.03 of the 2015 Trust Agreement, at the expense of the County, no later than _____, 2026.

Section 6. Application of Certain Terms of 2015 Trust Agreement. All of the terms of the 2015 Trust Agreement relating to the payment, prepayment and defeasance of the 2015 Certificates are incorporated in this Agreement as if set forth in full herein.

Section 7. Compensation to Escrow Agent. The County shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

Section 8. Immunities and Liabilities of Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations will be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent will not have any liability hereunder except to the extent of its own gross negligence or willful misconduct. The Escrow Agent will have no duty or responsibility under this Agreement in the case of any default in the performance of the covenants or agreements contained in the 2015 Trust Agreement.

(c) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the County) and the opinion of such counsel will be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(d) The Escrow Agent will not be responsible for any of the recitals or representations contained herein.

(e) The Escrow Agent will not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Defeasance Securities deposited with it to pay the principal of, and interest on, the 2015 Certificates.

(f) The Escrow Agent will not be liable for any action or omission of the County or the Corporation under this Agreement or the 2015 Trust Agreement.

(g) Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the County, and such certificate will, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(h) The Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and will be protected and indemnified, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(i) The Escrow Agent may at any time resign by giving written notice to the County of such resignation. The County will promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective upon acceptance of appointment by a successor Escrow Agent. If the County does not promptly appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the County may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the County appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the County will immediately and without further act be superseded by the successor Escrow Agent so appointed.

(j) The County covenants to indemnify and hold harmless the Escrow Agent against any loss, liability or expense, including legal fees, in connection with the performance of any of its duties hereunder, except the Escrow Agent will not be indemnified against any loss, liability or expense resulting from its gross negligence or willful misconduct.

(k) Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent becomes a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent, shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(l) The Escrow Agent shall furnish the County periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the County. Upon the County's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The County waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The County further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(m) The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the County shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such

Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 9. Termination. Upon payment and prepayment in full of the 2015 Certificates, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 11. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 12. Severability. In the event any provision of this Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION**

By: _____

President

ATTEST:

By: _____
Secretary

COUNTY OF MONTEREY

By: _____
Jake Stroud,
Treasurer-Tax Collector

ATTEST:

By: _____
Clerk of the Board of Supervisors

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Agent, 2015
Trustee and 2026 Trustee**

By: _____
Authorized Representative

**EXHIBIT A
DEFEASANCE SECURITIES**

D

Type of Security	Maturity Date	Par Amount	Rate	Total Cost

SLGS

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost

___/___/2026

EXHIBIT B
SCHEDULE OF PAYMENT AND PREPAYMENT

Period Ending	Interest	Principal Prepaid	Total

EXHIBIT C

FORM OF DEFEASANCE NOTICE

NOTICE OF DEFEASANCE

\$48,440,000
County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)

Original Date of Execution and Delivery: September 2, 2015
Final Maturity Date: September 1, 2045

NOTICE IS HEREBY GIVEN, by the County of Monterey (the "County") with respect to the captioned securities (the "Certificates"), that it has defeased the Certificates of Participation set forth below as of _____, 2026, and has irrevocably elected to optionally prepay those Certificates on _____, 2026.

Funds for the payment of the Certificates have been deposited into an escrow fund held by The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), [and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the Certificates has been verified by _____, certified public accountants.] As a consequence of the foregoing actions and in accordance with the Trust Agreement dated as of September 1, 2015 (the "2015 Trust Agreement"), the Certificates are no longer secured by a pledge of revenues under the 2015 Trust Agreement, and the Certificates are now payable solely from the moneys set aside in escrow as described above.

The Certificates that have been defeased and that the County has elected to optionally prepay on _____, 2026, consist of the following:

Maturity Date	Principal Amount	Interest Rate	CUSIP*
10/1/2026	\$1,200,000	5.000%	612448 NP1
10/1/2027	1,265,000	5.000	612448 NQ9
10/1/2028	1,330,000	5.000	612448 NR7
10/1/2029	1,395,000	5.000	612448 NS5
10/1/2030	1,465,000	5.000	612448 NT3
10/1/2031	1,540,000	5.000	612448 NU0
10/1/2032	1,620,000	5.000	612448 NV8
10/1/2033	1,695,000	3.625	612448 NW6
10/1/2034	1,765,000	5.000	612448 NX4
10/1/2035	1,860,000	5.000	612448 NY2
10/1/2038	6,170,000	5.000	612448 PA2
9/1/2045	17,880,000	4.000	612448 NZ9

* CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. No representation is made as to the accuracy of the CUSIP numbers listed above

or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

Dated: _____, 2026

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,**
as Trustee for the Certificates and as Escrow Agent

EXHIBIT D

FORM OF PREPAYMENT NOTICE

[CONDITIONAL] NOTICE OF FULL PREPAYMENT

\$48,440,000

**County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)**

Original Date of Execution and Delivery: September 2, 2015

Final Maturity Date: September 1, 2045

NOTICE IS HEREBY GIVEN, by the County of Monterey (the "County") with respect to the captioned certificates of participation (the "Certificates"), that it has conditionally elected to optionally prepay all of the outstanding Certificates on _____, 2026 (the "Prepayment Date"), at a prepayment price equal to the par amount thereof together with accrued interest thereon to the Prepayment Date, without premium. On the Prepayment Date, the prepayment price will become due and payable upon each such Certificate called for prepayment. Interest with respect to the Certificates shall cease to accrue from and after the Prepayment Date.

The Certificates being optionally prepaid consist of the following:

Maturity Date	Principal Amount	Interest Rate	CUSIP*
10/1/2026	\$1,200,000	5.000%	612448 NP1
10/1/2027	1,265,000	5.000	612448 NQ9
10/1/2028	1,330,000	5.000	612448 NR7
10/1/2029	1,395,000	5.000	612448 NS5
10/1/2030	1,465,000	5.000	612448 NT3
10/1/2031	1,540,000	5.000	612448 NU0
10/1/2032	1,620,000	5.000	612448 NV8
10/1/2033	1,695,000	3.625	612448 NW6
10/1/2034	1,765,000	5.000	612448 NX4
10/1/2035	1,860,000	5.000	612448 NY2
10/1/2038	6,170,000	5.000	612448 PA2
9/1/2045	17,880,000	4.000	612448 NZ9

* CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. No representation is made as to the accuracy of the CUSIP numbers listed above or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

[Prepayment of the Certificates is conditioned upon receipt by the Trustee of sufficient moneys to prepay the Certificates on the Prepayment Date, and the optional prepayment shall

not occur if, by no later than the Prepayment Date, sufficient moneys to prepay the Certificates have not been deposited with the Trustee.]

The Certificates must be surrendered by the owners thereof at the corporate trust office of the Trustee, listed below, for payment of the prepayment price.

Registered/Certified Mail:
The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Services

Dated: _____, 2026

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,**
as Trustee for the Certificates and as Escrow Agent

\$ _____ *

County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)

OFFICIAL NOTICE OF SALE

NOTICE IS HEREBY GIVEN that electronically submitted proposals will be received by County of Monterey (the "County") on

Tuesday, _____, 2026,

at the hour of 8:30 a.m., California time, for the purchase of the certificates of participation captioned above (the "Certificates") to be issued under a Trust Agreement dated as of March 1, 2026 (the "Trust Agreement"), by and among the County, the County of Monterey Public Improvement Corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The County reserves the right to postpone the public sale of the Certificates to a later date or different time by announcing such postponement through Thomson Municipal News on Thomson Municipal Market Monitor (www.TM3.com) (the "News Service") not later than 1:00 p.m. (California time) on the business day before the date bids are to be received. If no legal bid or bids are received for the Certificates on said date (or such later date as is established as provided herein) at the time specified, bids will be received for the Certificates on such other date and at such other time as shall be designated through the News Service. Potential bidders will be notified via the News Service not later than 1:00 p.m. (California time) on the business day prior to the date bids are to be received of any change to the principal payment schedule for the Certificates to be utilized for the bidding process. As an accommodation to bidders, telephonic or emailed notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder that has requested such notice from the County's Municipal Advisor:

KNN Public Finance, LLC
 2001 Addison Street, Suite 100
 Berkeley, CA 94704
 Attn.: Bobby Cheung (Phone - (510) 208-8214) or
 Cameron Wong (Phone - (510) 208-8220)

Failure of any bidder to receive such telephonic or emailed notice shall not affect the legality of the sale.

Bidders are referred to the Preliminary Official Statement dated _____, 2026 (the "Preliminary Official Statement") for additional information regarding the County, the Corporation, the Certificates and the security therefor, the use of proceeds of the Certificates, and other matters. See **TERMS OF SALE - OFFICIAL STATEMENT** below.

* Preliminary, subject to change.

TERMS RELATING TO THE CERTIFICATES

Important Note: This notice will be submitted for posting at:

S&P's BiDCOMP™/PARITY® System ("Parity")

Website: www.newissuehome.i-deal.com

Phone: (212) 849-5023

If the summary of the terms of sale of the Certificates on the Parity system disagrees with this Official Notice of Sale in any particulars, the terms of this Official Notice of Sale (as amended, if necessary with notice of any amendment hereto to be given as described above) shall control.

SERIES: \$ _____ * aggregate principal amount of Certificates are being executed and delivered as fully registered Certificates in denominations of \$5,000 or multiples thereof, provided that no Certificate shall represent principal maturing on more than one maturity date, all dated the date of delivery thereof. The Certificates are the only series to be executed and delivered under the Trust Agreement.

DELIVERY AND PAYMENT: Delivery of the Certificates will be made to the Purchaser through DTC and is expected to occur on _____, 2026 (the "Closing Date"). Payment for the Certificates must be made in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the Purchaser.

INTEREST RATE; PREMIUM OR DISCOUNT BIDS: Interest is payable on October 1, 2026, and semiannually thereafter on April 1 and October 1 of each year. Bidders must specify the rate or rates of interest that the Certificates hereby offered for sale shall bear and an aggregate purchase price. Bidders will be permitted to bid different rates of interest; but:

(i) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent per annum and a zero rate of interest cannot be specified;

(ii) no Certificate may bear more than one rate of interest;

(iii) no rate of interest shall exceed _____% per annum;

(iv) each Certificate shall bear interest from its dated date to its stated payment date at the interest rate specified in the bid; and

(v) premium bids must be paid as part of the purchase price, and no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price.

Bidders may not bid a price of less than 100% of the aggregate principal amount of the Certificates. Bids that do not conform to the terms of this section may be rejected. See "**TERMS OF SALE – RIGHT OF REJECTION**" below. The County reserves the right to modify or amend

* Preliminary, subject to change.

the terms of the sale prior to the time bids are received and to waive any irregularity in bids received.

BOOK-ENTRY ONLY: The Certificates shall be executed and delivered in registered form by means of a book-entry system with no distribution of the Certificates made to the public. One Certificate representing each Certificate maturity date and interest rate will be executed and delivered to The Depository Trust Company (“DTC”), registered in the name of Cede & Co., its nominee. The book-entry system will evidence ownership of the Certificates in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC.

PAYMENT OF DTC FEES: The County will submit or cause to be submitted all requisite documents to DTC for DTC-eligibility purposes. However, the successful bidder (the “Purchaser”) will be responsible for payment of all fees charged by DTC.

MATURITY*: The Certificates shall mature on October 1 in each of the years, and in the amounts, as follows:

Year (October 1)	Amount*
2026	\$
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044	
2045	
Total	\$

ADJUSTMENT OF PRINCIPAL PAYMENTS: The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the County with respect to the likely interest rates of the winning bid and the premium and underwriting discount contained in the winning bid. Potential bidders will be notified via the News Service not later than 1:00 p.m. (California time) on the business day prior to the date bids are to be received of any change to the principal payment schedule for the Certificates to be utilized for the bidding process. The final maturity schedule will be designed so that the financing objectives of the County will be met. The County reserves the right to increase or decrease the aggregate principal amount of the Certificates following the submission of the bids. Each principal payment is subject to increase or decrease in \$5,000 increments, without limitation.

* Preliminary, subject to change.

The Purchaser may not withdraw its bid or change its interest rates bid as a result of any changes made to the principal amounts. Subsequent to the adjustment of principal payments, the dollar amount of the purchase price will be changed so that the net compensation to the Purchaser (expressed as a percentage of the aggregate principal amount of Certificates) does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts, taking into consideration the reoffering yields for the different maturities.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all the Certificates be executed and delivered as Serial Certificates or may provide that any one or more consecutive annual principal amounts be combined into one or more Term Certificates.

REOFFERING PRICE CERTIFICATE AND ESTABLISHMENT OF ISSUE PRICE: Upon notification that it has submitted the winning bid, the Purchaser shall provide the initial offering prices at which it has offered or reasonably expects to offer all of the Certificates of each maturity to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering.

Prior to delivery of the Certificates, the Purchaser shall be required to provide to the County a reoffering price certification in form and substance similar to either the certificate attached as Appendix A hereto, the certificate attached as Appendix B hereto or the certificate attached as Appendix C hereto. In addition, based on reasonable requests of Special Counsel, the Purchaser will provide information regarding its sales of the Certificates. For purposes of this paragraph, sales of the Certificates to other securities brokers or dealers will not be considered sales to the general public.

(b) The County intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the “competitive sale requirements”) because:

- (1) the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the County anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (i.e., lowest overall true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.

(c) If the competitive sale requirements are not satisfied, the County shall so advise the Purchaser. In such event, the County shall treat the first price at which 10% of a maturity of the Certificates (the “10% test”) is sold to the public as the issue price of that maturity unless the Purchaser has elected on the bid form to apply the “hold-the-offering price rule,” as described

below, in which case the initial offering price to the public as of the sale date of any maturity of the Certificates will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis. If the competitive sale requirements are not satisfied, the Purchaser shall advise the County if any maturity of the Certificates satisfies the 10% test as of the date and time of the award of the Certificates, and if the Purchaser has elected to apply the hold-the-offering-price rule, the Purchaser shall notify the County, within one hour of the time of award of the Certificates, which maturities of the Certificates satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation if the competitive sale requirements are not satisfied.

(d) By submitting a bid, the Purchaser shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Purchaser and (ii) if the Purchaser has elected to use the hold-the-offering-price rule, the Purchaser agrees, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the 5th business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise the County when the underwriters have sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

(e) If the competitive sale requirements are not satisfied, and the Purchaser does not elect to use the hold-the-offering-price rule, then until the 10% test has been satisfied as to each maturity of the Certificates, the Purchaser agrees to promptly report to the County the prices at which such unsold Certificates of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Certificates of that maturity or until all Certificates of that maturity have been sold.

(f) The County acknowledges that, if the Purchaser has elected to use the hold-the-offering-price rule, in making the representation set forth above, the Purchaser will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) if a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a

member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public),

(iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the

capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Certificates are awarded by the County to the Purchaser.

PREPAYMENT*:

(a) *Optional Prepayment.* The Certificates maturing on or before October 1, 20____, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after October 1, 20____, are subject to prepayment prior to their respective stated maturities, at the option of the County, in whole, or in part among such maturities as are designated by the County in integral multiples of \$5,000, on any date on or after October 1, 20____, from prepayments of the Lease Payments made pursuant to the Lease Agreement, at a prepayment price equal to the principal amount of the Certificates or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

(b) *Prepayment From Net Proceeds of Insurance or Eminent Domain.* The Certificates are also subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

SECURITY: The Certificates are payable from, and are secured by a pledge of, Lease Payments payable to the Corporation by the County pursuant to a Lease Agreement dated as of March 1, 2026 (the “Lease Agreement”). The County has covenanted under the Lease Agreement that as long as the Leased Property (as defined therein) are available for the County’s use, it will take such action as may be necessary to include the Lease Payments in its annual budgets and to make the necessary annual appropriations therefor. The Corporation will assign to the Trustee for the benefit of the owners of the Certificates the Corporation’s right to receive rental payments, and its right to receive and collect any proceeds of any insurance maintained under the Lease Agreement.

TAX-EXEMPT STATUS: On the Closing Date, Jones Hall LLP, Special Counsel, will deliver its opinion that, subject to certain qualifications described therein, under existing law, the interest with respect to the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, and that such interest is exempt from California personal income taxes. See “**TAX MATTERS**” in the Preliminary Official Statement.

If, prior to the execution and delivery of the Certificates, (i) the income received by private owners of bonds of the same type and character as the Certificates is declared to be includable in gross income (either at the time of such declaration or at any future date) for purposes of federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official, which is followed by the Internal Revenue Service or by decision of any federal court, or (ii) any federal income tax law is adopted that will have a substantial adverse tax effect upon owners of the Certificates as such, the Purchaser may, at its option, prior to the tender of said

* Preliminary, subject to change.

Certificates, be relieved of its obligation under the contract to purchase the Certificates, and in such case the deposit accompanying its bid will be returned.

LEGAL OPINION: The legal opinion of Jones Hall LLP approving the validity of the Certificates will be furnished to the Purchaser without cost.

DISCLOSURE COUNSEL LETTER: The Purchaser will receive a disclosure counsel letter addressed to them regarding the Official Statement from Jones Hall LLP to the effect that no information has come to the attention of such counsel to cause such counsel to believe that the Official Statement (excepting certain provisions therein) as of its date contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

TERMS OF SALE

BEST BID: Unless all bids with respect to the Certificates are rejected, as described below under “—RIGHT OF REJECTION,” the Certificates will be awarded to the responsible bidder whose bid represents the lowest true interest cost (“TIC”) to the County with respect to the Certificates prior to any change to the principal payment schedule in accordance with this Official Notice of Sale; provided such TIC does not exceed _____%. The TIC will be that nominal annual interest rate which, when compounded semiannually using a 360-day year and used to discount to the dated date of the Certificates all payments of principal and interest payable with respect to the Certificates, results in an amount equal to the purchase price of the Certificates to be received by the County. The cost of preparing the Certificates will be borne by the County.

The interest used in this computation will be the interest rates stated in the bid.

If two or more bidders offer bids for the Certificates at the same lowest TIC, the County will determine by lot which bidder will be awarded the Certificates. Bid evaluations or rankings made by Parity are not binding on the County.

RIGHT OF REJECTION: The County reserves the right, in its discretion, to reject any and all proposals and to waive any irregularity or informality in any proposals. The County retains absolute discretion to determine whether any bid is timely, complete or legible. The County takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or not received.

PROMPT AWARD: The County will take action awarding the Certificates or rejecting all bids not later than 36 hours after the expiration of the time herein prescribed for the receipt of proposals unless such time of award is waived by the Purchaser. Notice of the award will be given promptly to the Purchaser.

QUALIFICATION FOR SALE; BLUE SKY: The Purchaser will assume responsibility for taking any action necessary to qualify the Certificates for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the Certificates.

Compliance with Blue Sky laws shall be the sole responsibility of the Purchaser, and the Purchaser shall pay all fees and disbursements related to the qualification of the Certificates for sale under the securities or Blue Sky laws of various jurisdictions. The County will furnish such information and take such action not inconsistent with law as the Purchaser may request and the County shall deem necessary or appropriate to qualify the Certificates for offer and sale under

the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided, however*, that the County shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction.

The Purchaser will not offer to sell, or solicit any offer to buy, the Certificates in any jurisdiction where it is unlawful for such Purchaser to make such offer, solicitation or sale, and the Purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the Purchaser sells the Certificates.

RIGHT OF CANCELLATION: The Purchaser shall have the right, at its option, to cancel the contract of purchase if the County fails to cause the Certificates to be executed and delivered within 60 days from the date of sale thereof, and in such event, the Purchaser shall be entitled to the return of the deposit accompanying its bid.

FORM OF BID: No bid will be accepted for less than all of the Certificates or for a purchase price less than the aggregate principal amount of the Certificates. All bids must be unconditional. Each bid must be delivered by electronic transmission as described below and be received by 8:30 a.m., California time, on _____, 2026 (subject to the limitations set forth in “**TERMS OF SALE - WARNINGS REGARDING ELECTRONIC BIDS**” immediately below). Each bid must be in accordance with the terms and conditions set forth in this Official Notice of Sale, and may be submitted on the attached Bid Form. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

ELECTRONIC BIDS: Solely as an accommodation to bidders, the County will receive bids delivered electronically through Parity as follows:

S&P Global
55 Water Street
New York, NY 10041
Website: www.newissuehome.i-deal.com
Phone: (212) 849-5023

If any provision of this Official Notice of Sale conflicts with information provided by the Bid Service, this Official Notice of Sale shall control. Each bidder submitting an electronic bid agrees by doing so that it is solely responsible for all arrangements with (including any charges by) the Bid Service, that the County does not endorse or encourage the use of the Bid Service, and that the Bid Service is not acting as an agent of the County. Instructions for submitting electronic bids must be obtained from the Bid Service, and the County does not assume any responsibility for ensuring or verifying bidder compliance with the Bid Service's procedures. The County shall be entitled to assume that any bid received via the Bid Services has been made by a duly authorized agent of the bidder.

Each bidder hereby agrees to the following terms and conditions relating to the submission of electronic bids for the Certificates:

(i) If any provision in this Official Notice of Sale with respect to the Certificates conflicts with information or terms provided or required by the Bid Service, this Official Notice of Sale, including any amendments issued through the News Service, shall control;

(ii) each bidder shall be solely responsible for making necessary arrangements to access the Bid Service for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale;

(iii) the County shall not have any duty or obligation to provide or assure access to the Bid Service to any bidder, and the County shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of the Bid Service or any incomplete, inaccurate or untimely bid submitted by any bidder through the Bid Service;

(iv) the County is using the Bid Service as a communication mechanism, and not as an agent of the County, to conduct the electronic bidding for the Certificates;

(v) the Bid Service is acting as an independent contractor, and is not acting for or on behalf of the County;

(vi) the County is not responsible for ensuring or verifying bidder compliance with any procedures established by the Bid Service;

(vii) if the bidder's bid is accepted by the County, this Official Notice of Sale and the information that is transmitted electronically through the Bid Service shall form a contract, and the bidder shall be bound by the terms of such contract; and

(viii) information provided by the Bid Service to bidders shall form no part of any bid or any contract between the Purchaser and the County unless that information is included in this Official Notice of Sale provided by the County.

WARNINGS REGARDING ELECTRONIC BIDS: THE COUNTY WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH PARITY ON THE OFFICIAL BID FORM CREATED FOR SUCH PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT THE COUNTY NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE COUNTY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE COUNTY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE COUNTY SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE COUNTY WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER, THE COUNTY, THE MUNICIPAL ADVISOR AND SPECIAL COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE COUNTY AT THE PLACE OF BID OPENING AND THE COUNTY SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY AS THE OFFICIAL TIME. THE COUNTY ASSUMES NO RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE DEADLINE FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

GOOD FAITH DEPOSIT: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire transfer in the amount of \$_____ payable to the order of the County, must be provided by the Purchaser not later than 3:30 p.m., California time, on the next business day following the award, as a guaranty that the Purchaser will accept and pay for the Certificates in accordance with the terms of the bid. If the Deposit is made by wire transfer, such wire transfer must be in immediately available funds and to the account at the wire address specified by the County to the Purchaser. The Deposit will be applied to the purchase price of the Certificates. If after the award of the Certificates the Purchaser fails to complete its purchase on the terms stated in its proposal, the Deposit will be retained by the County. No interest on the Deposit will accrue to any bidder.

STATEMENT OF TRUE INTEREST COST; REOFFERING YIELDS: Each bidder is requested, but not required, to state in its bid the percentage true interest cost to the County, which shall be considered as informative only and not binding on either the bidder or the County. The accepted bidder shall submit a Reoffering Price Certificate in the form attached as Appendix A hereto, as Appendix B hereto or as Appendix C hereto, all as described under **"TERMS RELATING TO THE CERTIFICATES – REOFFERING PRICE CERTIFICATE AND ESTABLISHMENT OF ISSUE PRICE"** herein.

NO LITIGATION: Except as may be disclosed in the Preliminary Official Statement, there is no litigation pending concerning the validity of the Certificates, the existence of the Corporation or the County or the entitlement of the officers thereof to their respective offices, and the Corporation and the County will each furnish to the Purchaser a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the Certificates.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Certificates, but neither failure to print such numbers on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Official Notice of Sale. The Municipal Advisor will apply for the CUSIP numbers and all expenses in relation to the printing of CUSIP numbers on the Certificates shall be paid for by the County; **provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the Purchaser.**

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEE: Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Certificates will be charged the California Debt and Investment Advisory Commission fee.

OFFICIAL STATEMENT: A Preliminary Official Statement has been prepared, copies of which may be obtained upon request made to the County's Municipal Advisor, KNN Public Finance, LLC, using the contact information set forth above. The Preliminary Official Statement shall be "deemed final" by the County prior to the sale date for purposes of Securities Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. A copy of the certificate executed by the County indicating that the Preliminary Official Statement has been deemed final as of its date will be provided to potential bidders upon request to the Municipal Advisor. The County will certify that as of the date of the final Official Statement, to the best of its knowledge, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The County will deliver to the Purchaser a certificate of the County as to the above, dated the

date of delivery of the Certificates, authorizing the Purchaser to distribute copies of the Official Statement in connection with the resale of the Certificates. The County will furnish to the Purchaser, at no expense to the Purchaser, an electronic copy of the Official Statement and, upon request, up to 25 printed copies of the Official Statement within 7 business days of the award date. Additional copies will be made available upon request, submitted to the Municipal Advisor no later than twenty-four hours after the time of receipt of bids, at the Purchaser's expense, for use in connection with any resale of the Certificates.

By making a bid for the Certificates, the Purchaser agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the County, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the County, with the Municipal Securities Rulemaking Board ("MSRB"), and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Certificates to the ultimate purchasers.

CONTINUING DISCLOSURE: In order to assist bidders in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), the County will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information relating to the County and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. See "**CONTINUING DISCLOSURE** and **Appendix E – FORM OF CONTINUING DISCLOSURE CERTIFICATE**" in the Preliminary Official Statement.

RIGHT TO MODIFY OR AMEND: The County reserves the right to modify or amend this Official Notice of Sale in any respect; provided, however, that any such modification or amendment shall be made not later than 1:00 p.m. (California time) on the business day prior to the date bids are to be received and shall be communicated to potential bidders through the News Service. Failure of any bidder to receive notice of any modification shall not affect the sufficiency of any such notice.

Dated: _____, 2026

County Administrative Officer
County of Monterey

**APPENDIX A TO OFFICIAL NOTICE OF SALE
FORM OF REOFFERING PRICE CERTIFICATE***

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE MET (I.E., 3 BIDS
FROM COMPETITIVE PROVIDERS ARE RECEIVED)

\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of **[NAME OF UNDERWRITER]** ("**[SHORT NAME OF UNDERWRITER]**"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by **[SHORT NAME OF UNDERWRITER]** are the prices listed in Schedule 1 (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by **[SHORT NAME OF UNDERWRITER]** in formulating its bid to purchase the Bonds. Attached as Schedule 1 is a true and correct copy of the bid provided by **[SHORT NAME OF UNDERWRITER]** to purchase the Bonds.

(b) **[SHORT NAME OF UNDERWRITER]** was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by **[SHORT NAME OF UNDERWRITER]** constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is **[DATE]**.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate

in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents **[SHORT NAME OF UNDERWRITER]**'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: **[ISSUE DATE]**

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1
BIDDING DOCUMENTATION AND INITIAL OFFERING PRICES

**APPENDIX B TO OFFICIAL NOTICE OF SAEL
FORM OF REOFFERING PRICE CERTIFICATE**

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE NOT MET (3
COMPETITIVE BIDS ARE NOT RECEIVED) AND 10% TEST IS USED FOR ISSUE PRICE

\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 1.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the County of Monterey, California.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificates as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1

LISTING OF 10% TEST, UNDERSOLD MATURITIES AND PRICING WIRE

**APPENDIX C TO OFFICIAL NOTICE OF SALE
FORM OF REOFFERING PRICE CERTIFICATE**

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE NOT MET (3
COMPETITIVE BIDS ARE NOT RECEIVED) AND PURCHASER ELECTS TO USE HOLD-THE-
OFFERING-PRICE FOR ISSUE PRICE

\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE]
([“[SHORT NAME OF UNDERWRITER]”][the “Representative”])[, on behalf of itself and
[NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby
certifies as set forth below with respect to the sale and issuance of the above-captioned
obligations (the “Bonds”).

1. Initial Offering Price of the Bonds.

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered each
Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in
Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire
or equivalent communication for the Bonds is attached to this certificate as Schedule 1.

(b) As set forth in the [Bond Purchase Agreement][Notice of Sale and bid
award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group]
[has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither
offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the
Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-
offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each
dealer who is a member of the selling group, and any retail distribution agreement shall contain
the agreement of each broker-dealer who is a party to the retail distribution agreement, to
comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as
defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the
respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Defined Terms.

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the
Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date
([DATE]), or (ii) the date on which [SHORT NAME OF THE UNDERWRITER][the
Underwriters] [has][have] sold at least 10% of such Maturity of the Bonds to the Public at
prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means County of Monterey, California.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the **Representative's**] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1
LISTING OF HOLD-THE-PRICE MATURITIES, INITIAL OFFERING PRICES AND
PRICING WIRE

\$ _____
County of Monterey
2026 Certificates of Participation
(Public Facilities Refinancing)

CERTIFICATE PURCHASE AGREEMENT

_____, 2026

County of Monterey
 168 West Alisal Street, 3rd Floor
 Salinas, CA 93901

Ladies and Gentlemen:

The undersigned, _____ (the "Underwriter"), hereby offers to enter into this Certificate Purchase Agreement (the "Purchase Agreement") with the County of Monterey (the "County") for the purchase by the Underwriter of the certificates of participation captioned above (the "Certificates"). Upon acceptance of this offer by the County, this Purchase Agreement will be binding upon the County and the Underwriter. The offer made hereby is made subject to acceptance by the County (by delivery to the Underwriter of an executed counterpart hereof by the County) at or before 11:59 p.m., California time, on the date hereof or at such later time and date as shall have been consented to by the Underwriter.

The Certificates are being executed and delivered pursuant to a Trust Agreement dated as of March 1, 2026 (the "Trust Agreement"), among the County, the County of Monterey Public Improvement Corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Trust Agreement.

1. Purchase and Purchase Price; Terms of Certificates. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the County agrees to cause the Trustee to execute and deliver to the Underwriter, and the Underwriter agrees to purchase, all (but not less than all) of the Certificates at an aggregate purchase price of \$_____ (representing the aggregate principal amount of \$_____, plus original issue premium of _____, less an Underwriter's discount of \$_____).

The Certificates shall be dated the date of their delivery and shall be issued as current interest Certificates, as set forth on Exhibit A hereto. The Certificates shall evidence principal payable on the stated dates and amounts as set forth in the Official Statement, and as set forth in Exhibit A hereto.

The Certificates shall be substantially in the form described in, shall be executed, delivered and secured under and pursuant to, and shall be payable as provided in, the Trust Agreement. The Certificates shall be subject to prepayment as described on Exhibit A hereto.

The proceeds of the Certificates, together with other available funds, will be used to (i) finance a portion of the cost of improving certain real property to be used as a County behavioral health facility, and (ii) pay the costs incurred in connection with the execution and delivery of the Certificates.

The County hereby ratifies, confirms and approves the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement of the County, dated _____, 2026, relating to the Certificates (the "Preliminary Official Statement"), which Statement the County deemed final and so certified as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The County hereby agrees to deliver or cause to be delivered to the Underwriter within seven business days after the date hereof copies of the Official Statement (as hereinafter defined), in such reasonable quantity as the Underwriter may request. The County hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Certificates.

The County hereby further authorizes the Underwriter to use, in connection with the offer and sale of Certificates, the Trust Agreement, the Site Lease dated as of March 1, 2026, between the County, as lessor, and the Corporation, as lessee, the Lease Agreement dated as of March 1, 2026, between the Corporation, as sublessor, and the County, as sublessee, and the Assignment Agreement dated as of March 1, 2026, between the Corporation and the Trustee (collectively, the "Certificate Documents").

The Underwriter agrees to make a bona fide public offering of the Certificates at the initial offering prices or yields set forth on the inside cover page of the Official Statement; provided, however, that the Underwriter reserves the right to make concessions to dealers and to change such initial offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Certificates. Subject to the terms and conditions hereof, upon receipt of proof of such delivery to DTC, the Underwriter will pay the purchase price of the Certificates as set forth in Section 1 hereof in federal or other immediately available funds. On or before _____, 2026 (the "Closing Date"), the Certificates shall be delivered as aforesaid at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the Underwriter and the County mutually agree upon. On the Closing Date, the County will deliver or cause to be delivered the other documents mentioned herein at the offices of Jones Hall, a Professional Law Corporation in San Francisco, California, or at such other place as shall have been mutually agreed upon by the Underwriter and the County.

The County agrees to deliver to the Underwriter as many copies of the Official Statement dated the date of this Certificate Purchase Agreement, relating to the Certificates (as supplemented and amended from time to time, the "Final Official Statement") as the Underwriter may reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"). The County agrees to deliver such Final Official Statements within 7 business days after the execution of this Certificate Purchase Agreement, and in sufficient time to accompany any confirmation that requests payment from a customer.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Certificates during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement

to the MSRB on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Certificates, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by Rule 15c2-12.

The Certificates (bearing CUSIP numbers) shall be in fully registered form, initially registered in the name of Cede & Co., as nominee of DTC, and shall be subject to a book-entry system of registration and transfer as described in the Official Statement. The Certificates shall be made available to the Underwriter for purposes of inspection for a reasonable period prior to the Closing Date in New York, New York, or at such other place as shall have been mutually agreed upon by the County and the Underwriter.

2. Covenants, Representations and Warranties of the County. The County hereby covenants, represents and warrants to the Underwriter that:

(a) The County is a county duly organized and validly existing under the constitution and laws of the State of California. The County has all necessary power and authority and has taken all official actions necessary to execute and deliver the Official Statement and to execute, deliver and perform its duties under this Purchase Agreement and each of the Certificate Documents to which it is a party, and this Purchase Agreement and each of the Certificate Documents to which the County is a party has been duly authorized, executed and delivered by the County and, assuming the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion.

(b) The County is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the conduct of its governmental or financial functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the County is a party or to which the County or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the authorization, execution and delivery of this Purchase Agreement, the Certificate Documents to which the County is a party and the Certificates, and compliance with the provisions hereof and thereof, will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative rule or regulation, or any judgment, decree, license, permit, loan agreement, indenture, bond, certificate, note, resolution, agreement or other instrument to which the County (or any of its officers in their respective capacities as such) is subject or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as may be provided by the Certificates or the Certificate Documents.

(c) To the best knowledge of the County, after investigation, there is no consent, approval, authorization or other order of, or filing with, or certification by, any

regulatory entity having jurisdiction over the County required for the execution and delivery of this Purchase Agreement or the Certificate Documents to which the County is a party, or the execution and sale of the Certificates or the consummation by the County of the transactions contemplated herein, in the Official Statement or in the Certificate Documents, which has not been duly obtained or made on or prior to the date hereof.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the County, after investigation, threatened against the County which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates or the Certificate Documents, or contesting the validity of this Purchase Agreement, the Certificates or any of the Certificate Documents to which the County is party or the powers of the County to enter into or perform its obligations under this Purchase Agreement or the Certificate Documents to which it is a party or the existence or powers of the County, or which, if determined adversely to the County, would materially impair the County's ability to meet its obligations under the Lease Agreement or materially and adversely affect the County's financial condition.

(e) The preparation and distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the County and the statements and information contained therein (except for statements and information regarding DTC) are true and correct in all material respects and such statements and information do not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The County agrees that, for a period of 90 days after the end of the "underwriting period" (as defined in Rule 15c2-12), if any event of which it has actual knowledge occurs as a result of which the information in the Official Statement as then in existence would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the County shall promptly prepare, or cooperate in the preparation of, an amendment or supplement to the Official Statement which will correct such statement or omission. The County shall advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form and manner approved by the Underwriter. The County shall promptly advise the Underwriter of the commencement of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Certificates. Unless the Underwriter otherwise advises the County that the end of the underwriting period shall be another specified date, the end of the underwriting period shall be the Closing Date.

(g) The proceeds from the sale to the Underwriter of the Certificates will be applied in the manner and for the purposes specified in the Trust Agreement.

(h) Any certificate signed by any official of the County and delivered in connection with the transactions contemplated by the Official Statement and this Purchase Agreement shall be deemed to be a representation by the County to the Underwriter as to the statements made therein.

(i) The County agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the County will not be required to consent to service of process in any such jurisdiction or to qualify as a foreign corporation in connection with any such qualification in any jurisdiction and that the Underwriter shall be solely responsible for the cost of such qualification.

(j) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is an issuer whose arbitrage certificates may not be relied upon.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the County contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the County, the Corporation and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof or the Certificate Documents, and to the performance by the County, the Corporation and the Trustee of their respective obligations to be performed hereunder and under the Certificate Documents at or prior to the Closing Date, and to the following additional conditions:

(a) At the Closing Date, the Certificates, the Certificate Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter with only such changes as shall have been agreed to by the Underwriter, and said documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Jones Hall, A Professional Law Corporation, Special Counsel, shall deem to be necessary and appropriate;

(b) The representations and warranties of the County contained in this Purchase Agreement shall be true, correct and complete in all material respects on the date hereof and on the Closing Date, as if made again on the Closing Date, and the Official Statement (as the same may be supplemented or amended with the written approval of the Underwriter) shall be true, correct and complete in all material respects and such information shall not contain any untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein relating to the County, in light of the circumstances under which such statements were made, not misleading;

(c) Between the date hereof and the Closing Date, neither the market price nor marketability, at the initial offering prices set forth in the Official Statement, of the Certificates shall have been materially adversely affected, in the judgment of the Underwriter, by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the

Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly (except as described in the Official Statement), of imposing federal income taxation upon such interest as would be received by the owners of the Certificates, or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, or the Certificates, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or of the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any material restrictions not now in force with respect to the Certificates or obligations of the general character of the Certificates or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the execution, delivery, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(6) the occurrence of any adverse change of a material nature of the financial condition, results of operation or properties of the County;

(7) the withdrawal or downgrading of any rating or credit outlook of the Certificates or other obligations of the County by a national rating agency; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has

the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the Official Statement and each Certificate Document, duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(2) an unqualified approving opinion, dated the Closing Date and addressed to the County, of Jones Hall, A Professional Law Corporation, Special Counsel, in substantially the form attached to the Official Statement as Appendix D, and a letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as of such opinion were addressed to it;

(3) the supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Special Counsel, substantially to the effect that (i) this Purchase Agreement and the Certificate Documents to which the County is a party have been duly authorized, executed and delivered by the County and are valid and binding agreements of the County enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights, by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California (ii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended, (iii) the statements contained in the Official Statement under the captions "Introduction," "The Certificates," "Security and Sources of Payment for the Certificates" and "Tax matters", insofar as such statements purport to summarize certain provisions of the Certificates, the Certificate Documents and Special Counsel's opinion concerning certain federal tax matters relating to the Certificates, are accurate in all material respects, and (iv) the Certificate Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the County enforceable against the County in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California;;

(4) a letter of Jones Hall, A Professional Law Corporation, as disclosure counsel to the County ("Disclosure Counsel"), addressed to the Underwriter and the County, to the effect that without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the

Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Official Statement, including the cover page (but excluding therefrom the appendices thereto, financial statements and statistical data, and information regarding The Depository Trust Company and its book entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) a certificate of the Trustee dated the Closing Date, signed by a duly authorized officer of the Trustee, to the effect that (i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Trust Agreement and the Assignment Agreement and to execute and deliver the Certificates to the Underwriter pursuant to the Trust Agreement, (ii) when delivered to and paid for by the Underwriter on the Closing Date, the Certificates will have been duly executed and delivered by the Trustee, (iii) the execution and delivery of the Trust Agreement and the Assignment Agreement and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement, and (iv) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental or public entity pending or, to the best knowledge of the Trustee, threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Trust Agreement and the Assignment Agreement or contesting the powers of the Trustee to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trust Agreement or the Assignment Agreement or the ability of the Trustee to perform its obligations thereunder;

(6) a certificate of the County, dated the Closing Date, signed by an authorized officer thereof, to the effect that (i) the County Resolution (defined below) was duly adopted at a meeting of the Board of Supervisors of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout; (ii) the

representations and warranties of the County contained in this Purchase Agreement and in the Certificate Documents to which it is a party are true and correct in all material respects as of the Closing Date as if made on the Closing Date, (iii) to the best of the County's knowledge, no event affecting the County has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the statements or information (except for statements and information regarding DTC) contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information (except for statements and information regarding DTC) therein not misleading in any material respect, (iv) no further consent is required for the inclusion of the audited financials of the County for fiscal year 2024-25 in the Official Statement, and (v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the County, after investigation, threatened against the County which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates or the Certificate Documents, or contesting the validity of the Certificates or any of the Certificate Documents to which the County is party or the powers of the County to enter into or perform its obligations under the Certificate Documents to which it is a party or the existence or powers of the County, or which, if determined adversely to the County, would materially impair the County's ability to meet its obligations under the Lease Agreement or materially and adversely affect the County's financial condition;

(7) a certificate of the Corporation, dated the Closing Date, signed by an authorized officer thereof, to the effect that (i) the Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California, (ii) the Corporation has all necessary power and has taken all official actions necessary to execute, deliver and perform its duties under each of the Certificate Documents to which it is a party, and each of the Certificate Documents to which the Corporation is a party has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion, (iii) the Corporation is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the conduct of its functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the Corporation is a party or to which the Corporation or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the authorization, execution and delivery of the Certificate Documents to which the Corporation is a party, and compliance with the provisions thereof, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative rule or regulation, or any judgment, decree, license, permit, loan agreement, indenture, bond, certificate, note, resolution, agreement or other instrument to which the

Corporation (or any of its officers in their respective capacities as such) is subject or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as may be provided by the Certificate Documents, (iv) there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory entity having jurisdiction over the Corporation required for the execution and delivery of the Certificate Documents to which the Corporation is a party, or the consummation by the Corporation of the transactions contemplated in the Official Statement or in the Certificate Documents, which has not been duly obtained or made on or prior to the date hereof, (v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the Corporation, threatened against the Corporation which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates or any of the Certificate Documents, or contesting the validity of the Certificates or any of the Certificate Documents or the powers of the Corporation to enter into or perform its obligations under the Certificate Documents to which it is a party or the existence or powers of the Corporation, and (vi) to the best of the Corporation's knowledge, no event affecting the Corporation has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the statements or information regarding the Corporation contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein regarding the Corporation not misleading in any material respect;

(8) a certified copy of the Resolution of the Board of Supervisors of the County (the "County Resolution") authorizing the execution and delivery of the Certificate Documents to which the County is a party and other matters pertaining thereto;

(9) a certified copy of the Resolution of the governing board of the Corporation (the "Corporation Resolution") authorizing the execution and delivery of the Certificate Documents to which the Corporation is a party and other matters pertaining thereto, including any amendments thereto;

(10) an opinion of counsel to the Corporation, to the effect that, (i) the Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California; (ii) the Corporation Resolution was duly adopted at a meeting of the governing body of the Corporation, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout; and (ii) the Certificate Agreements to which the Corporation is a party have been duly authorized, executed and delivered by the Corporation, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally

and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(11) a certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Certificate Documents to which the Trustee is a party;

(12) the rating letter of Standard & Poor's Rating Services ("S&P") to the effect that such rating agency has rated the Certificates "_____";

(13) a CLTA Owner's Leasehold Title Policy in the principal amount of the Certificates, insuring the Trustee as to the leasehold estate created under the Lease Agreement;

(14) the duly executed Continuing Disclosure Certificate of the County in substantially the form attached to the Official Statement as Appendix D;

(15) a tax certificate of the County in form and substance acceptable to Special Counsel;

(16) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request to evidence compliance by the Trustee, the Corporation and the County with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Trustee, the Corporation and the County, and the due performance or satisfaction by the Trustee, the Corporation and the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Trustee, the Corporation and the County.

If the County is unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the County and neither the Underwriter nor the Corporation shall have any further obligations hereunder.

4. Fees and Expenses. Except as provided in the following paragraph, the County shall pay all costs and expenses incurred in connection with or relating to the execution and sale of the Certificates, including but not limited to: (a) all fees and expenses of Jones Hall, a Professional Law Corporation, for services rendered as Special Counsel and Disclosure Counsel, (b) all expenses and costs of the County incident to the performance of its obligations hereunder and in connection with the authorization, execution and sale of the Certificates to the Underwriter including CUSIP numbers, (c) the costs of printing the Preliminary Official Statement and the Official Statement, (d) the fees and expenses of the Trustee and its counsel, and (e) the fees of Standard & Poor's Ratings Services for rating the Certificates.

The Underwriter shall pay any advertising expenses incurred in connection with the public offering of the Certificates, California Debt and Investment Advisory Commission and other regulatory bond fees, except as provided in the preceding paragraph, and all other expenses incurred by the Underwriter in connection with the public offering and sale of the Certificates.

5. Survival of Certain Representations and Obligations. The agreements, covenants, representations, warranties and other statements of the County and its officials or officers set forth in or made pursuant to this Purchase Agreement shall survive delivery of and payment for the Certificates, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

6. Notices. All notices, certificates and other communications provided for hereunder shall be in writing and, if to the County, mailed, certified, return receipt requested, or delivered to it, addressed to it at:

County of Monterey
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Attention: _____
Email: _____

and if to the Underwriter, mailed, certified, return receipt requested, or delivered to it, addressed to it at:

Attention: _____
Email: _____

or such other address as shall be designated by any such party in a written notice to each of the other parties.

7. No Fiduciary Duty. The County acknowledges and agrees that

(a) the purchase and sale of the Certificates pursuant to this Purchase Agreement is an arm's-length commercial transaction between the County and the Underwriter, and the County and the Underwriter have financial and other interests that differ from those of each other;

(b) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the County;

(c) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the County with respect to the execution and delivery of the Certificates or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the County on other matters) nor has it assumed any other obligation to the County except the obligations expressly set forth in this Purchase Agreement;

(d) the Underwriter has financial and other interests that differ from those of the County;

(e) the County has consulted with its own legal and municipal advisors to the extent it deemed appropriate in connection with the execution and delivery of the Certificates; and

(f) other than as imposed by law, the only obligations the Underwriter has to the County with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement.

8 Determination of Issue Price.

(a) The Underwriter agrees to assist the County in establishing the issue price of the Certificates and shall execute and deliver to the County at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, in form and substance acceptable to the County and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in Exhibit A attached hereto, the County will treat the first price at which 10% of each maturity of the Certificates (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the County the price or prices at which the Underwriter has sold to the public each maturity of the Certificates. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% test has been satisfied (the “10% Test Maturities”). Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% test has not been satisfied (the “Hold-the-Price Maturities”) and for which the County and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of each such maturity of the Hold-the-Price Maturities as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the 5th business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of such Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the County when it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

(d) The Underwriter confirms that:

(1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(i) (A) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all the Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (B) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires,

(ii) to promptly notify the Underwriter of any sales of the Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(iii) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

(2) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (i) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all the Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (ii) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The County acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Securities to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Securities,

including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificate to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),

(3) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Purchase Agreement by all parties.

9. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Certificates hereunder.

10. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

11. Effectiveness. This Purchase Agreement shall become effective upon its execution by duly authorized officers of the Underwriter and the County and shall be valid and enforceable from and after the time of such execution.

12. Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[_____]

By: _____
Authorized Officer

ACCEPTED:

County of Monterey

By: _____
_____,

Time of Execution:

EXHIBIT A

MATURITIES AND PREPAYMENT PROVISIONS

MATURITIES

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price	10% Test Used	Hold-the- Offering-Price Rule Used

PREPAYMENT PROVISIONS

Optional Prepayment. The Certificates maturing on or before October 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after October 1, 20__, are subject to prepayment prior to their respective stated maturities, at the option of the County, in whole, or in part among such maturities as are designated by the County in integral multiples of \$5,000, on any date on or after October 1, 20__, from prepayments of the Lease Payments made pursuant to Section 9.2 of the Lease Agreement, at a prepayment price equal to the principal amount of the Certificates or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Prepayment From Net Proceeds of Insurance or Eminent Domain. The Certificates are subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2026

NEW ISSUE – FULL BOOK-ENTRY

RATING: S&P: “[]”
See “RATING”

In the opinion of Jones Hall LLP, San Mateo, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The portion of Lease Payments designated and comprising interest may be subject to the corporate alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____ *

County of Monterey
2026 Refunding Certificates of Participation
(Public Facilities Refinancing)

Dated: Date of Delivery

Due October 1, as shown below

Certificates. The certificates of participation captioned-above (the “Certificates”) evidence and represent direct, undivided fractional interests of the Owners thereof in the Lease Payments (which include principal and interest components) to be made by the County of Monterey (the “County”) for the right to the use of certain real property and improvements thereon (the “Leased Property”) within the County pursuant to that certain Lease Agreement, dated as of March 1, 2026 (the “Lease Agreement”), by and between the County, as lessee, and the County of Monterey Public Improvement Corporation (the “Corporation”), as lessor. The Certificates are being executed and delivered to provide funds to (i) refinance the County’s remaining lease payment obligation under a Lease Agreement, dated as of September 1, 2015, between the County and the Corporation, and cause the refunding of all of the outstanding Certificates of Participation (2015 Public Facilities Project) of the County (the “2015 Certificates”) and (ii) to pay certain costs incurred in connection with execution and delivery of the Certificates.

Payment Terms. The Certificates will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of the Certificates will not receive certificates representing their interests in the Certificates. Payments of the principal of and interest on the Certificates will be made to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Certificates. Interest on the Certificates is payable on April 1 and October 1, commencing October 1, 2026. See “THE CERTIFICATES – General.”

Prepayment Prior to Maturity. The Certificates are subject to optional prepayment, mandatory sinking fund prepayment, and mandatory prepayment from Net Proceeds of Insurance or Eminent Domain (as defined herein). See “THE CERTIFICATES – Prepayment.”

Security for the Certificates. The County has covenanted in the Lease Agreement to make the Lease Payments for the Leased Property as provided for therein, to include all such Lease Payments in each of its budgets and to make the necessary annual appropriations for all such Lease Payments. *The Lease Payments, however, are subject to abatement under certain circumstances, as described herein. Neither the Corporation nor the County is establishing a debt service reserve fund for the Certificates.*

The Certificates will be initially delivered only in book-entry form, registered to Cede & Co. as nominee of DTC, which will act as securities depository of the Certificates. Interest and principal represented by the Certificates are payable by The Bank of New York Mellon Trust Company, N.A., as Trustee, to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the Certificates. See “THE CERTIFICATES – Book-Entry Only System” and “– General.”

The obligation of the County to make the Lease Payments does not constitute a debt of the County or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State of California is obligated to levy or pledge any form of taxation or for which the County or the State of California has levied or pledged any form of taxation.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SECTION ENTITLED “RISK FACTORS,” FOR A DISCUSSION OF CERTAIN FACTORS WHICH SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, IN CONSIDERING THE INVESTMENT QUALITY OF THE CERTIFICATES. CAPITALIZED TERMS USED ON THIS COVER PAGE AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH IN THE TRUST AGREEMENT AND/OR LEASE AGREEMENT.

The Certificates will be sold and awarded pursuant to a competitive bidding process to be held on [], 2026, as set forth in the Official Notice of Sale. The Certificates are offered when, as and if executed and delivered, are, subject to approval as to legality by Jones Hall LLP, San Mateo, California, Special Counsel, and are subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the County. Certain matters will be passed upon for the County by the Office of County Counsel. It is anticipated that the Certificates, in book entry only form, will be available for delivery through the facilities of DTC on or about [], 2026.

The date of this Official Statement is: _____, 2026.

* Preliminary; subject to change.

MATURITY SCHEDULE*

BASE CUSIP†: _____

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

* *Preliminary; subject to change.*

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Corporation or the Underwriter take any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Corporation, the County or the Purchaser.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Corporation or the Purchaser to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Corporation, the County or the Purchaser.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Corporation, the County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the County or the Corporation, in any press release and in any oral statement made with the approval of an authorized officer of the County or the Corporation, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Corporation, the County or any other entity described or referenced herein since the date hereof.

Stabilization of and Changes to Offering Prices. The Purchaser may over allot or take other steps that stabilize or maintain the market prices of the Certificates at levels above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the Certificates to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

Official Statement Speaks Only as of its Date. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

Document Summaries. All summaries of the Trust Agreement, the Lease Agreement (as such terms are defined in this Official Statement) or other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

No Registration or Qualification. THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

MONTEREY COUNTY

MONTEREY COUNTY BOARD OF SUPERVISORS

Luis A. Alejo, District 1
Glenn Church, District 2
Chris Lopez, District 3
Wendy Root-Askew, District 4
Kate Daniels, District 5

COUNTY OFFICIALS

Sonia M. De La Rosa, *County Administrative Officer*
Jake Stroud, *Treasurer-Tax Collector*
Rupa Shah, CPA, *Auditor-Controller*
Susan K. Blich, *County Counsel*
Xochitl Marina Camacho, *Assessor-County Clerk-Recorder*

COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION

Rupa Shah, CPA, *President and Chief Financial Officer*
Jake Stroud, *Vice President*
Michael Beaton, *Secretary*

SPECIAL COUNSEL and DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Berkeley, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

VERIFICATION AGENT

Precision Analytics Inc.
New York, New York

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OFFICIAL STATEMENT

\$ _____ *

COUNTY OF MONTEREY
2026 Refunding Certificates of Participation
(Public Facilities Refinancing)

This Official Statement (which includes the cover page and Appendices hereto) (the “**Official Statement**”) provides certain information concerning the execution, sale and delivery of the County of Monterey 2019 Certificates of Participation (Public Facilities Refinancing) (the “**Certificates**”).

INTRODUCTION

This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in “APPENDIX A – Summary of Principal Legal Documents”.

Issuance of Certificates. The Certificates will be executed and delivered under a Trust Agreement, dated as of March 1, 2026 (the “**Trust Agreement**”), by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), the County of Monterey Public Improvement Corporation (the “**Corporation**”), and the County of Monterey (the “**County**”). The Certificates are being executed and delivered in denominations of \$5,000 or any integral multiple thereof. Interest will accrue on the principal components of each Certificate at the applicable interest rate (as set forth on the cover hereof) from the Dated Date until its date of maturity or prior prepayment, with interest becoming payable on each April 1 and October 1, commencing October 1, 2026. See “THE CERTIFICATES – General.”

Use of Proceeds. The net proceeds of the sale of the Certificates will be used to:

- (i) refinance the County’s remaining lease payment obligation under a Lease Agreement, dated as of September 1, 2015 (the “**2015 Lease Payments**”), between the County and the Corporation, and cause the refunding of all of the outstanding Certificates of Participation (2015 Public Facilities Financing) of the County (the “**2015 Certificates**”), which are currently outstanding in the aggregate principal amount of \$39,185,000; and
- (ii) pay certain costs incurred in connection with the execution and delivery of the Certificates.

See “THE FINANCING PLAN.”

* Preliminary, subject to change.

Security and Sources of Payment for the Certificates. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the “**Owners**”) thereof in lease payments (the “**Lease Payments**”) to be made by the County for the right to the use of certain real property (the “**Leased Property**”), under a Lease Agreement, dated as of March 1, 2026 (the “**Lease Agreement**”), by and between the Corporation, as sublessor, and the County, as sublessee. In order to facilitate the transfer contemplated by the Lease Agreement, the County will lease the Leased Property to the Corporation under a Site Lease, dated as of March 1, 2026 (the “**Site Lease**”), by and between the County, as lessor and the Corporation, as lessee.

Lease Payments. The County covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in the operating budget for each fiscal year and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the County’s right to use and occupancy of the Leased Property or any portion thereof. Abatement of Lease Payments under the Lease Agreement, to the extent payment is not made from alternative sources as described herein, would result in all Certificate Owners receiving less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of an eminent domain or insurance award, are available to pay Lease Payments, or to the extent that moneys are available in the Lease Payment Fund, Lease Payments (or a portion thereof) may be made during periods of abatement.

Prepayment Prior to Maturity. The Certificates are subject to optional prepayment, mandatory sinking fund prepayment, and mandatory prepayment from Net Proceeds of Insurance or Eminent Domain (as defined herein) prior to maturity. See “THE CERTIFICATES – Prepayment.”

No Reserve Fund. No debt service reserve fund will be established for the Certificates.

LIMITED OBLIGATION. THE OBLIGATION OF THE COUNTY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR THE STATE OF CALIFORNIA (THE “**STATE**”) OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Risk Factors. Investment in the Certificates has certain risks arising from circumstances which could have an adverse impact on the ability of the County to pay the Lease Payments. See “RISK FACTORS” herein.

Miscellaneous. There follows in this Official Statement, which includes the cover page and Appendices hereto, a brief description of the Certificates, the County, the Trust Agreement, the Site Lease, the Lease Agreement and other documents, risk factors and certain other information relevant to the issuance of the Certificates. All references herein to the Trust Agreement, Lease Agreement and other documents, agreements and statutes referred to herein, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute. A summary of certain provisions of the Trust Agreement and Lease Agreement is included in APPENDIX A. A recent financial

statement of the County is included in APPENDIX C. The information set forth herein and in the Appendices hereto has been furnished by the County and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Purchaser. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Trust Agreement or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in "APPENDIX A – Summary of Principal Legal Documents."

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

THE FINANCING PLAN

The proceeds of the Certificates will be used to (i) refinance the 2015 Lease Payments and cause the refunding of the 2015 Certificates and (ii) pay certain costs of executing and delivering the Certificates.

Refinancing of Prior Lease Payments and Prepayment of Prior Certificates

On the date of execution and delivery of the Certificates (the "**Closing Date**"), the County will cause a portion of the proceeds of the Certificates to be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "**Escrow Agent**"), for deposit into an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement, dated as of [_____] 1, 2026 (the "**Escrow Agreement**"), between the County and the Escrow Agent, in an amount sufficient to refinance the remaining 2015 Lease Payments and cause the current refunding of the 2015 Certificates on [_____] 2026 (the "**Prepayment Date**").

The Escrow Agent will invest a portion of the amounts deposited into the Escrow Fund in federal securities and hold the remainder in cash, uninvested. All amounts held in the Escrow Fund will be applied on the Prepayment Date to prepay the 2015 Lease Payments and cause the prepayment of the 2015 Certificates at a price equal to 100% of their aggregate principal amount, together with accrued interest to the Prepayment Date, without premium.

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the prepayment of the 2015 Lease Payments and refunding of the 2015 Certificates. The funds deposited into the Escrow Fund will not be available for the payment of debt service on the Certificates; however, following the prepayment of the 2015 Lease Payments in full and prepayment of the 2015 Certificates, the Escrow Agent will transfer any amounts remaining on deposit in the Escrow Fund to the Trustee to be applied to pay interest next coming due and payable on the Certificates.

The 2015 Certificates to be prepaid on the Prepayment Date are described in the following table.

**County of Monterey, California
Certificates of Participation
(2015 Public Facilities Financing)**

Maturity Date	Principal Amount	Interest Rate	CUSIP [†]
October 1, 2026	\$1,200,000	5.000%	612448NP1
October 1, 2027	1,265,000	5.000	612448NQ9
October 1, 2028	1,330,000	5.000	612448NR7
October 1, 2029	1,395,000	5.000	612448NS5
October 1, 2030	1,465,000	5.000	612448NT3
October 1, 2031	1,540,000	5.000	612448NU0
October 1, 2032	1,620,000	5.000	612448NV8
October 1, 2033	1,695,000	3.625	612448NW6
October 1, 2034	1,765,000	5.000	612448NX4
October 1, 2035	1,860,000	5.000	612448NY2
October 1, 2038 ^(T)	6,170,000	5.000	612448PA2
September 1, 2045 ^(T)	17,880,000	4.000	612448NZ9

^(T): Term Certificate

Verification of Mathematical Accuracy

Precision Analytics, New York, New York (the “**Verification Agent**”), will verify the sufficiency of the deposits in the Escrow Fund for the purposes described above. Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the Escrow Fund, the County’s obligation to make 2015 Lease Payments will be discharged.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Estimated Sources and Uses of Funds

The Trustee will receive the proceeds from the sale of the Certificates, upon delivery of the Certificates to the purchasers thereof, and will use such proceeds, exclusive of accrued interest, as set forth in the following table.

SOURCES:

Par Amount of Certificates	\$
<i>Plus: Net Original Issue Premium</i>	
<i>Less: Purchaser's Discount</i>	
<i>Total Sources:</i>	\$

USES:

Deposit to Escrow Fund	\$
Deposit to Costs of Issuance Fund ⁽¹⁾	
<i>Total Uses:</i>	\$

⁽¹⁾ Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, municipal advisor fees, rating agency fees, trustee's fees, verification agent fees, title insurance costs and other miscellaneous expenses.

THE LEASED PROPERTY

Under the Lease Agreement, the County leases the Leased Property from the Corporation. The Leased Property consists of the portion of the Schilling Place complex located at 1441 Schilling Place, Salinas, California, consisting of the South Building and surrounding adjacent land.

The Leased Property specifically excludes certain photovoltaic solar energy generation and storage equipment and associated facilities attached to the Leased Property, which are owned by Monterey Solar 1 LLC ("Monterey Solar"), and which are excluded from the encumbrance of the Lease Agreement. Under a pre-existing equipment lease between the County, as lessor, and Monterey Solar, as lessee, Monterey Solar is lessee of the portion of the Leased Property where the solar energy equipment is located. This lease is defined as a "Permitted Exception" under the Lease Agreement. See "APPENDIX A – Summary of Principal Legal Documents" herein.

The County estimates that the value of the Leased Property to be approximately \$50.6 million, based upon current insured values.

The Leased Property may be substituted or removed by the County upon satisfaction of certain conditions set forth in the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Substitution or Removal of Leased Property" below.

THE CERTIFICATES

General

The Certificates evidence and represent direct, undivided fractional interest of the Owners thereof in the principal and interest components of Lease Payments to be made by the County pursuant to the Lease Agreement.

The Certificates will be executed and delivered in principal amounts of \$5,000 or integral multiples thereof. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate from the Dated Date until its date of maturity or prior prepayment, with interest becoming payable on each April 1 and October 1 (each, an “**Interest Payment Date**”), commencing October 1, 2026.

Each Certificate will be dated as of the Closing Date and interest represented thereby will be payable from the Interest Payment Date next preceding the date of execution thereof, (a) unless it is executed following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest represented thereby will be payable from such Interest Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby will be payable from the Closing Date; *provided, however*, that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate. Interest evidenced by each Certificate will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Registration, Transfers and Exchanges

The Certificates will be executed and delivered as fully registered Certificates, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and will be available to actual purchasers of the Certificates (the “**Beneficial Owners**”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Certificates. In the event that the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement. See “– Book-Entry Only System” below.

Prepayment*

Optional Prepayment. The Certificates maturing on or before October 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after October 1, 20__, are subject to prepayment prior to their respective stated maturities, at the option of the County, in whole, or in part among such maturities as are designated by the County in integral multiples of \$5,000, on any date on or after October 1, 20__, from prepayments of the Lease Payments, at a prepayment price equal to the principal amount of the Certificates or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

* Preliminary, subject to change.

Mandatory Sinking Fund Prepayment. [To come, if applicable]

Special Mandatory Prepayment From Insurance or Condemnation Proceeds. The Certificates are subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Notice of Prepayment. At least 20 days but not more than 60 days prior to the prepayment date, the Trustee shall give notice of such prepayment by first class mail, with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books and to one or more Securities Depositories, and shall file such notice electronically with the Information Service. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid. Notwithstanding the foregoing, neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment. Notices of prepayment may be conditional.

Rescission of Prepayment Notice. Under the Trust Agreement, the County has the right to rescind any notice of prepayment delivered by the Trustee, by written notice to the Trustee no later than one Business Day prior to the date fixed for prepayment. Any notice of prepayment will be cancelled and annulled if for any reason funds are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation will not constitute an Event of Default under the Trust Agreement. The Trustee will deliver notice of rescission of prepayment to the Owners in the same manner notice of prepayment was originally provided under the Trust Agreement.

Any notice of optional prepayment or prepayment from Net Proceeds of insurance or eminent domain may specify that prepayment of the Certificates designated for prepayment on the specified date will be subject to the receipt by the County or the Trustee, as applicable, of moneys sufficient to cause such prepayment (and will specify the proposed source of such moneys), and neither the County nor the Trustee will have any liability to the Owners of any Certificates, or any other party, as a result of the County's failure to prepay the Certificates designated for prepayment as a result of insufficient moneys therefor.

Selection of Certificates for Prepayment. Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee will select Certificates for prepayment among maturities in any manner as directed by the County, and in the absence of such direction, pro rata among maturities, and randomly within a maturity. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid.

Effect of Prepayment. If notice of prepayment has been duly given and money for the payment of the prepayment price of the Certificates called for prepayment has been duly provided, such Certificates so called will cease to be entitled to any benefit under the Trust Agreement other than the right to receive payment of the prepayment price, and no interest will accrue thereon from and after the prepayment date specified in such notice.

Book-Entry Only System

The information in this section concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company, New York, NY, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, “NSCC”, “GSCC”, “MBSCC”, and “EMCC”, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Security (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written

confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Certificates within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect

from time to time. Payment of principal of, premium, if any, and interest evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply. The foregoing information concerning DTC and DTC's book-entry system has been provided by DTC, and neither the County nor the Corporation take any responsibility for the accuracy thereof.

Neither the County or the Purchaser can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the County or the Purchaser is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Discontinuance of DTC Service. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates, or (b) the County determines to remove DTC from its functions as a depository, DTC's role as securities depository for the Certificates and use of the book-entry system will be discontinued. If the County fails to select a qualified securities depository to replace DTC, the County will cause the Trustee to execute and deliver new Certificates in fully registered form in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested by the Beneficial Owners thereof. Upon such registration, such persons in whose names the Certificates are registered will become the registered Owners of the Certificates for all purposes.

Transfer and Exchange of Certificates. The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly

authorized attorney, upon surrender of such Certificate for cancellation at the Corporate Trust Office of the Trustee in St. Paul, Minnesota, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute, authenticate and deliver a new Certificate or Certificates of the same maturity and aggregate principal amount, in any authorized denominations.

Certificates may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The County shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

LEASE PAYMENT SCHEDULE

Following is the annual schedule of Lease Payments due with respect to the Certificates (assuming no prepayment of the Certificates).

<u>Lease Payment Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Annual Lease Payment</u>

* Lease Payments are payable on each March 15 and September 15 prior to the Lease Payment Date as provided under the Lease Agreement.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the Dated Date, to its payment date or prepayment date, as the case may be.

The Trustee and the Corporation will enter into an Assignment Agreement, dated as of March 1, 2026 (the “**Assignment Agreement**”), pursuant to which the Corporation, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Owners of the Certificates, substantially all of the Corporation’s right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the County. The County will pay Lease Payments directly to the Trustee, as assignee of the Corporation.

Lease Payments

For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the County to make Lease Payments. Scheduled Lease Payments relating to the Certificates are set forth above under the heading “LEASE PAYMENT SCHEDULE.” Under the Lease Agreement, the County’s leasehold interest is subject to certain Permitted Encumbrances. See “COUNTY FINANCIAL INFORMATION – Outstanding Long-Term Debt.”

THE OBLIGATION OF THE COUNTY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Payments

The County is obligated under the Lease Agreement to pay when due, during the term of the Lease Agreement, in addition to the Lease Payments, all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), indemnification and annual compensation due to the Trustee and all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants (the “**Additional Payments**”). Such costs and expenses shall be payable as additional amounts of rental in consideration of the right of the County to the use and occupancy of the Leased Property. Amounts payable to holders of the Certificates are not derived from Additional Payments.

Covenant to Appropriate Funds for Lease Payments or Additional Payments

The County has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments in each of its annual budgets and to make the necessary annual appropriations for all such Lease Payments.

Abatement

Lease Payments are to be paid by the County in each rental period for and in consideration of the right to use and occupy the Leased Property during each such period. The amount of Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is otherwise provided for) there is substantial interference with the use and occupancy by the County of the Leased Property or any portion thereof. The amount of the Lease Payments under such circumstances shall not be less than the amount of the unpaid Lease Payments required to pay principal and interest with respect to the Certificates, as scheduled, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Property not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the County has waived any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance, eminent domain awards, or rental interruption insurance are available to pay Lease Payments which would otherwise be abated.

No Reserve Fund

No debt service reserve fund has been established with respect to the Certificates. See "RISK FACTORS – No Debt Service Reserve Fund."

Action on Default

Should the County default under the Lease Agreement, the Trustee, as assignee of the Corporation under the Lease Agreement, may exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The Corporation and the Trustee (as assignee of the Corporation) may terminate the Lease Agreement and re-lease all or any portion of the Leased Property. See "RISK FACTORS – Limited Recourse on Default" herein.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX A – Summary of Principal Legal Documents" herein.

Insurance

The County agrees in the Lease Agreement that for the term of such Lease Agreement it will maintain insurance with respect to the Leased Property against the risks and in the amounts described in the following paragraphs.

Public Liability and Property Damage Insurance. The County is obligated under the Lease Agreement to maintain or cause to be maintained, throughout the term of the Lease Agreement a standard comprehensive general insurance policy or policies in protection of the Corporation, County, and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the County deems adequate and prudent. Such liability insurance may be maintained as self-insurance or as part of or in conjunction with any other liability insurance coverage carried by the County. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid. **The County is under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake or flood.** However, the Leased Property currently meets all standards for seismic strength required by the State.

Fire and Extended Coverage Insurance. The County is obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, throughout the term of the Lease Agreement, insurance against loss or damage to any structures constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall include earthquake coverage only if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the County, whose determination is final and conclusive. Such insurance shall be in an amount equal to the lesser of one hundred percent of the replacement cost of the structures located on the Leased Property or the outstanding principal amount of the Certificates of Participation. If the County elects to provide property and casualty insurance in an amount that is equal to the par amount of the Certificates but less than the replacement cost of the structures located on the Leased Property, the net proceeds of such casualty insurance must be paid to the Trustee and applied to the prepayment of the Certificates in accordance with the Trust Agreement, unless such net proceeds, together with any additional funds deposited with the Trustee, are sufficient to fully rebuild or repair the Leased Property. Full payment of insurance net proceeds up to the required policy dollar limit in connection with damage to the Leased Property shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the County. Such insurance may be maintained as self-insurance or as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the County.

Self-Insurance. The County is a certified State of California Self-Insured Public Entity. The County accounts for its risk financing activities using General Liability (“**GL-ISF**”) and Workers’ Compensation (“**WC-ISF**”) internal service funds. The County’s excess general liability program is insured by “A Rated” insurance companies, providing coverage in excess of the County’s self-insured retention. The County’s excess workers’ compensation coverage is provided by Public Risk Innovation, Solutions, and Management (PRISM). PRISM is a joint

powers authority whose purpose is to develop and fund programs of excess insurance for member counties. The County also participates in the PRISM “All Risk - Property Insurance Program”. The County’s “All Risk” deductible is \$50,000 per occurrence, and shared limits of \$600 million (subject to terms, limits, sub-limits, endorsements, and exclusions). See “APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 18” for additional information regarding the County’s insurance program as of June 30, 2025.

Rental Interruption Insurance. The Lease Agreement requires the County to procure and maintain throughout the term of the Lease Agreement, rental interruption or use and possession insurance to cover loss, total or partial, of the use of any structures constituting any part of the Leased Property as a result of any of the hazards covered in the insurance required by the Lease Agreement in an amount at least equal to Lease Payments due during a 24-month period. The net proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable. The County may not satisfy the requirement for rental interruption or use and occupancy insurance by self-insurance.

Title Insurance. The County is obligated under the Lease Agreement to obtain a California Land Title Association form of title insurance policy which insures the leasehold estate created under the Lease Agreement, subject only to Permitted Encumbrances, in an amount equal to the principal amount of the Certificates.

Net Proceeds; Form of Insurance. All proceeds of such insurance must be payable to the Trustee as and to the extent required under the Lease Agreement. All policies of insurance required by the Lease Agreement must be in form satisfactory to the Trustee. All such policies must provide that the Trustee shall be given thirty days’ notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee will not be responsible for the sufficiency of any required insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The County will cause to be delivered to the Trustee annually a certificate of the County that the insurance policies required by the Lease Agreement are in full force and effect.

Substitution or Removal of Leased Property

Pursuant to the Lease Agreement, the County has the options listed below with respect to substitution or removal of the Leased Property.

Substitution of Leased Property. The County has the option at any time and from time to time during the Term of the Lease Agreement to substitute other land, facilities, improvements or other property (a “**Substitute Property**”) for the Leased Property or any portion thereof (a “**Former Property**”), provided that the County shall satisfy all of the following requirements:

(a) As certified by an officer of the County, no event of default has occurred and is continuing under the Lease Agreement; and;

(b) As certified by a County Representative, the County shall take all actions and shall execute all documents required to subject such Substitute Property to the terms and provisions of the Lease Agreement, including the filing with the Corporation and the Trustee an amended exhibit thereto which adds a description of such Substitute Property

and deletes the description of such Former Property, and including the recordation of the Lease Agreement or a memorandum thereof with respect to such Substitute Property in the office of the Monterey County Assessor-County Clerk-Recorder;

(c) The County shall provide to the Corporation and the Trustee a certificate of a County Representative that the annual fair rental value of such Substitute Property is no less than the maximum annual Lease Payments remaining unpaid under the Lease Agreement at the time of the proposed substitution, using the factors set forth in the Lease Agreement;

(d) The County shall certify in writing to the Corporation and the Trustee that such Substitute Property serves the public purposes of the County and is essential to the operation of the County;

(e) The County shall certify in writing to the Corporation and the Trustee that the estimated useful life of such Substitute Property at least extends to the date on which the final Lease Payment becomes due and payable under the Lease Agreement;

(f) The County shall cause to be filed with the Trustee an opinion of Special Counsel substantially to the effect that such substitution will not (i) affect the obligation of the County to continue to pay Lease Payments in the amounts and at the times and in the manner required by the Lease Agreement or (ii) cause interest with respect to the Certificates to become includable in the gross income of the Certificate Owners for federal or State of California income tax purposes;

(g) With respect to the Substitute Property, the County shall file with the Trustee a CLTA policy of title insurance insuring the County's leasehold estate under the Lease Agreement in the Substitute Property, subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such Substitute Property and as will not result in an abatement of Lease Payments payable by the County under the Lease Agreement, as certified by a County Representative;

Upon the satisfaction of all such conditions precedent, the term of the Lease Agreement will thereupon cease with respect to the Former Property and shall be continued with respect to the Substitute Property, and all references in the Lease Agreement to the Former Property shall apply with full force and effect to the Substitute Property. The County shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Removal of Leased Property. Under the Lease Agreement, the County has the option at any time and from time to time during the term of the Lease Agreement to remove any property from the description of the Leased Property, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such removal:

(a) As certified by a County Representative, no event of default has occurred and is continuing under the Lease Agreement;

(b) As certified by a County Representative, the County shall take all actions and shall execute all documents required to remove the Removed Property from the encumbrance of the Lease Agreement, including the filing with the Corporation and the Trustee an amended Exhibit A to the Lease Agreement which removes therefrom a

description of the Removed Property, and including the recordation of an amendment to the Lease Agreement or a memorandum thereof with respect to such Removed Property in the office of the County Recorder;

(c) The County shall provide to the Corporation and the Trustee a certificate of a County Representative that states that the annual fair rental value of the Leased Property remaining after such removal is no less than the maximum annual Lease Payments remaining unpaid under the Lease Agreement at the time of the proposed substitution, using the factors set forth in the Lease Agreement; and

(d) the County shall obtain and cause to be filed with the Trustee and the Corporation an opinion of Special Counsel stating that such removal does not cause interest with respect to the Certificates to become includable in the gross income of the Certificate Owners for federal or State of California income tax purposes.

See “RISK FACTORS – Substitution and Removal of the Leased Property” for a discussion of certain risk factors related to the County’s right to substitution and removal of the Leased Property.

THE CORPORATION

The Corporation was organized on June 21, 1989, as a nonprofit public benefit corporation pursuant to the Nonprofit Public Benefit Corporation Law of the State. The Corporation is a separate legal entity from the County. It is governed by a three-member Board of Directors. The Corporation has no employees. Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Lease Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

THE COUNTY

Introduction

With an area of approximately 3,771 square miles and 99 miles of coastline, the County borders the Pacific Ocean almost at the midpoint of California. The County is located approximately 130 miles south of San Francisco and 240 miles north of Los Angeles. It is bordered by Santa Cruz County to the north, San Benito (originally part of the County), Fresno and Kings Counties to the east and San Luis Obispo County to the south. As of January 1, 2025, current population was estimated by the State of California Department of Finance at approximately 439,000.

Approximately 98% of the County area is outside of an incorporated municipality, with approximately 25% of the residents living in these unincorporated areas. The City of Salinas is the County's largest city with approximately 160,500 residents as of January 1, 2025 and serves as the County seat. The eleven other incorporated cities are Carmel-by-the-Sea, Del Rey Oaks, Gonzales, Greenfield, King City, Marina, Monterey, Sand City, Seaside, Soledad and Pacific Grove.

There are two distinct sub-regions in the County: the Monterey Peninsula and the Salinas Valley. The Monterey Peninsula is known for its ocean views, 17-mile drive, delicious seafood and world-class golf courses. Pebble Beach, Cypress Point, Spyglass Hill, Poppy Hills, The Links at Spanish Bay, and the Dunes and Shore courses at Monterey Peninsula Country Club are well-known Monterey Peninsula golf courses. The Monterey Bay Aquarium and the City of Carmel-by-the-Sea are also attractions that draw tourists to the Monterey Peninsula. The Salinas Valley is equally renowned as an area of fertile farmland, running almost the entire length of the County and is one of the world's most fertile major vegetable producing areas. Agriculture, tourism, and government are major contributors to the County's economy.

The County also benefits from four wilderness areas set aside for recreational enjoyment, consisting of 509,188 total acres. The Los Padres National Forest has 304,035 acres, the Ventana Wilderness totals 164,503 acres, the Pinnacles National Park has 26,000 acres, and the Fort Ord National Monument has 14,650 acres.

See "APPENDIX B – MONTEREY COUNTY GENERAL DEMOGRAPHIC INFORMATION."

Government and Administration

The County was incorporated in 1850 as one of the State's original 27 counties. The City of Monterey was California's first capital. The County is a general law county, and is governed by a five-member Board of Supervisors (the "**County Board**") elected to serve four-year terms. Other elected officials include the Assessor-Clerk-Recorder, District Attorney, Sheriff, Auditor-Controller and Treasurer-Tax Collector.

The County Administrative Officer is appointed by the County Board and administers the day-to-day business of the County. With approximately 5,860 authorized full-time equivalent employee positions, the County government provides a full range of public services including public safety, roads and facilities, social services, administrative services, health services, sanitation services and leisure services. Typically, the department heads that run these operations, other than the elected department heads, are appointed by the County Administrative Officer.

The Treasurer-Tax Collector is an elected officer of the County. Operating under State of California statutes found in the Revenue and Taxation Code and Government Code, the Treasurer-Tax Collector performs a variety of functions which collectively contribute to the financial management network of the County, the County's school districts, and many of the County's special districts.

The Auditor-Controller is the chief fiscal officer of the County. The Auditor-Controller is elected by County voters to provide accounting, budgeting, and financial services to the public, county agencies, school districts, special districts, and cities as defined under Government Code.

County Officials and Staff

The following are brief resumes of key County officials and staff.

Sonia M. De La Rosa, County Administrative Officer. Sonia M. De La Rosa is a Monterey County native with a strong connection to the region and its farming heritage. She returned to Monterey County after 30 years in Fresno, 24 of those years working for the County of Fresno,

most recently as a deputy county administrative officer. She was appointed the County of Monterey's Administrative Officer in December of 2022. The CAO is the day-to-day manager of county government, while also representing the County and its Board of Supervisors in a variety of activities. The County's Administrative Office oversees the preparation, adoption, and administration of the County's \$2 billion budget, while also coordinating the activities of 27 added departments to ensure the effective accomplishment of the Board's directions and policies. CAO De La Rosa is the first Latina to serve as Administrative Officer for the County of Monterey, and the second woman in the County's history.

Rupa Shah, CPA, Auditor Controller. Rupa Shah has been the County's Auditor-Controller since 2019. Ms. Shah began working with the County in 1997, joining the Office of the Auditor-Controller in 2000. During her tenure within the Office of the Auditor-Controller, Ms. Shah served as Assistant Auditor-Controller, Chief Deputy Auditor-Controller over General Accounting, Reporting, and Financial System; Chief Deputy of Internal Audit; and as an Internal Auditor. Outside of the County, she has held positions with County of Riverside and private certified public accounting firms. Ms. Shah is a licensed Certified Public Accountant in California and holds Bachelor's and Master's degrees in Commerce, International (equivalent to Business Administration track in US).

Jake Stroud, Treasurer-Tax Collector. Jake Stroud has served as the Monterey County Treasurer-Tax Collector since December 2025, following his appointment by the Board of Supervisors. Mr. Stroud has spent his public-sector career in tax administration, finance, and treasury operations at both the state and county levels, with extensive experience in public funds investment, cash management, and fiscal policy. Prior to his appointment as Treasurer-Tax Collector, he held senior finance and treasury-related roles within the County of Monterey, with responsibilities spanning investment management, cash operations, and financial policy development. In his current role, Mr. Stroud oversees tax collection and treasury and investment functions and serves on multiple county and statewide finance committees and boards. He is actively involved in professional associations supporting county finance and treasury best practices throughout California.

Susan K. Blitch, County Counsel. Susan Blitch has served as County Counsel since 2024. She has been working in the County of Monterey Office of the County Counsel for 18 years, holding the positions of Deputy County Counsel, Senior Deputy County Counsel, Assistant County Counsel, Chief Assistant County Counsel, and Interim County Counsel. Before that time, she worked at a number of private firms primarily in the public sector. Susan received her J.D. in 1995 from the George Washington University School of Law and has over 30 years of legal experience.

Financial and Accounting Information

The governmental activities of the County are: general government, public safety and protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The County has three business-type activities: Natividad Medical Center, the Laguna Seca Recreation Area, which provides an assortment of outdoor, recreational, and spectator activities on land adjacent to the former Fort Ord, and the Parks, Lake and Resort Operations, which provides an assortment of outdoor and recreational activities associated with, and on the lands surrounding, Lake Nacimiento and Lake San Antonio.

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a

separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped into fund and account categories as described below under the caption “COUNTY FINANCIAL INFORMATION” and in “APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

COUNTY FINANCIAL INFORMATION

Financial Statements

The County's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 (the “**County of Monterey 2025 ACFR**”), which has been audited by CliftonLarsonAllen LLP, Certified Public Accountants, Roseville, California, is included in this Official Statement as “APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025.” The County has not requested nor has CliftonLarsonAllen LLP given consent to the inclusion in such appendix of its report on such financial statements, nor have such accountants reviewed or performed any audit procedures in connection with the preparation of this Official Statement. The County reports that there has been no material adverse change in the County's financial position since June 30, 2025.

The financial information presented herein was compiled from the County of Monterey 2025 ACFR. The financial and statistical information set forth herein does not purport to be a summary of the County of Monterey 2025 ACFR. The County of Monterey 2025 ACFR should be read in its entirety. The financial information summarized herein is for information purposes only and does not constitute the complete financial statements of the County.

The Government Finance Officers Association of the United States and Canada (“**GFOA**”) awarded the County with its Certificate of Achievement for Excellence in Financial Reporting for the County's Annual Comprehensive Financial Reports for Fiscal Year 2023-24. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The following table shows the audited County General Fund Balance Sheet for Fiscal Years ended June 30, 2021 through June 30, 2025.

Table 1
County of Monterey
General Fund Balance Sheet
Fiscal Years Ended June 30, 2021 Through June 30, 2025 ⁽¹⁾

	2021	2022	2023	2024	2025
ASSETS					
Cash and Investments:					
Held in County Treasury	\$282,224,712	\$318,784,203	\$236,000,316	\$244,070,436	\$277,029,278
Held with Trustee	8,038,138	16,596,448	81,257,521	104,420,215	113,400,260
Other Bank Accounts	1,499,564	3,099,214	1,476,841	1,616,461	1,234,417
Restricted Cash	1,922,489	1,995,010	3,070,295	115,416	3,238,603
Imprest Cash	11,910	12,410	11,795	11,795	11,795
Receivables (Net)	67,048,833	74,198,359	82,796,838	85,549,098	90,385,466
Due from Other Funds	-	658,500	-	1,766,705	355,682
Inventories	585,331	671,212	733,722	683,559	626,678
Prepaid Items and Other Assets	-	3,550	2,270	4,496,491	7,971,914
Lease Receivable	-	1,184,457	1,458,226	1,420,198	1,375,939
Total Assets	\$361,330,977	\$417,203,363	\$406,807,824	\$444,150,374	\$495,630,032
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$21,248,180	\$24,981,797	\$22,823,578	\$26,014,125	\$22,839,828
Accrued Salaries and Benefits	11,025,480	6,503,628	17,803,945	12,373,003	20,055,657
Due to Other Funds	169,180	177,835	186,932	-	-
Deposits from Others	11,093,872	16,389,030	14,187,295	14,517,382	12,638,902
Unearned Revenues	52,324,749	84,242,980	51,124,768	54,026,994	47,851,978
Advances from Other Funds	364,767	186,932	-	-	-
Total Liabilities	\$96,226,228	\$132,482,202	\$106,126,518	\$106,931,504	\$103,386,365
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	\$28,067,225	\$32,102,526	\$39,506,411	\$41,019,234	\$32,893,259
Deferred Inflows from Leases	-	1,168,182	1,420,055	1,355,402	1,295,272
Total Deferred Inflows of Resources	\$28,067,225	\$33,270,708	\$40,926,466	\$42,374,636	\$34,188,531
FUND BALANCES					
Nonspendable	\$585,331	\$674,762	\$735,992	\$5,180,050	\$8,598,591
Restricted	45,971,770	54,712,897	70,461,296	131,847,905	155,137,711
Committed	100,483,218	104,335,461	88,715,479	82,807,065	102,153,237
Assigned ⁽²⁾	39,791,818	86,734,080	36,294,986	42,246,283	46,291,965
Unassigned ⁽²⁾	50,205,387	4,993,253	63,547,087	32,762,931	45,873,632
Total Fund Balance	237,037,524	\$251,450,453	\$259,754,840	\$294,844,234	358,055,136
Total Liabilities, Deferred Inflows and Fund Balance	\$361,330,977	\$417,203,363	\$406,807,824	\$444,150,374	\$495,630,032

- (1) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The County of Monterey audited financial statements for Fiscal Year ended June 30, 2025 appear in the County of Monterey 2025 ACFR attached as Appendix C attached hereto. The County's Annual Comprehensive Financial Reports, including audited financial statements, for prior years can be found on the County's website or on the Electronic Municipal Market Access ("EMMA") portal maintained by the Municipal Securities Regulatory Board ("MSRB") at www.emma.msrb.org.
- (2) Increase in Assigned Fund Balance in Fiscal Year 2021-22 was due to transfer of budget surplus to the County's Section 115 pension trust. Decrease in Unassigned Fund Balance in Fiscal Year 2021-22 was primarily due to the transfer of funds to the County's Section 115 pension trust. The Increase in Unassigned Fund Balance in Fiscal Year 2022-23 was primarily due to the release of Section 115 pension trust assignment to Unassigned.

Source: County of Monterey Annual Comprehensive Financial Reports; County of Monterey.

The following table shows the audited County General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Fiscal Years ended June 30, 2021 through June 30, 2025.

Table 2
County of Monterey
General Fund Statement of Revenues, Expenditures
and Changes in Fund Balance
Fiscal Years Ended June 30, 2021 Through June 30, 2025 ⁽¹⁾

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Taxes	\$246,883,378	\$ 262,315,225	\$271,134,181	\$281,217,036	\$300,645,698
Licenses, Permits and Franchises	23,230,411	24,685,366	28,560,987	29,533,866	29,634,719
Fines, Forfeitures and Penalties	11,118,934	11,518,919	9,511,540	10,754,663	11,013,110
Revenue from Use of Money and Property	3,951,406	(11,158,920)	15,064,335	26,940,727	30,765,752
Aid from Other Governmental Agencies	286,103,295	274,179,534	284,515,625	303,856,908	310,122,589
Charges for Services	70,257,866	67,692,502	79,224,579	83,769,293	81,821,746
Miscellaneous Revenue	8,674,555	13,031,501	7,883,426	7,633,405	7,904,061
Lease Revenue	-	280,940	336,115	-	-
Total Revenues	\$650,219,845	642,545,067	\$696,230,788	\$743,705,898	\$771,907,675
Expenditures:					
Current:					
General Government	\$29,434,440	41,685,411	41,911,437	\$46,164,720	\$52,161,772
Public Protection	306,720,093	301,927,268	311,965,060	314,508,311	326,794,263
Health and Sanitation	97,887,942	102,109,170	106,561,900	122,711,416	117,432,874
Public Assistance	210,108,344	241,963,283	258,937,882	272,088,036	279,769,127
Education	465,109	405,972	513,334	459,077	560,963
Recreation and Cultural Services	5,990,207	7,181,602	8,036,343	8,281,317	10,416,810
Debt Service:					
Principal	-	5,022,046	9,724,687	9,308,946	9,652,327
Interest and Debt Service Costs	-	728,752	588,776	858,731	588,197
Capital Outlay	-	673,146	18,132,407	6,465,919	9,816,460
Total Expenditures	\$650,606,135	701,696,650	\$756,371,826	\$780,846,473	\$807,192,793
Excess (Deficiency) of Revenues Over (Under Expenditures)	\$(386,290)	\$(59,151,583)	\$(60,141,038)	\$(37,140,575)	\$(35,285,118)
Other Financing Sources (Uses):					
Transfers In	92,977,073	111,676,830	\$121,336,439	\$115,068,672	\$143,943,363
Transfers Out	(67,735,828)	(38,856,433)	(71,091,011)	(49,359,341)	(55,392,945)
Sale of Capital Assets	100,295	60,422	67,590	54,719	129,142
Leases (as Lessee)	-	673,146	-	-	-
Issuance of Debt for Leases and SBITAs	-	-	18,132,407	6,465,919	9,816,460
Total Other Financing Sources (Uses)	\$25,341,540	\$73,553,965	\$68,445,425	\$72,229,969	\$98,496,020
Net Changes in Fund Balance	\$24,955,250	\$14,402,382	\$8,304,387	\$35,089,394	\$63,210,902
Fund Balance, Beginning of Year as restated	\$212,082,274	\$237,048,071	\$251,450,453	\$259,754,840	\$294,844,234
Fund Balance, End of Year	\$237,037,524	\$251,450,453	\$259,754,840	\$294,844,234	\$358,055,136

(1) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The County of Monterey audited financial statements for Fiscal Year ended June 30, 2025 appear in the County of Monterey 2025 ACFR attached as Appendix C attached hereto. The County's Annual Comprehensive Financial Reports, including audited financial statements, for prior years can be found on the County's website or on the EMMA portal maintained by the MSRB at www.emma.msrb.org.

Source: County of Monterey Annual Comprehensive Financial Reports; Monterey County.

Budgetary Process

The County is required by State law to adopt a balanced budget by October 2 of each fiscal year, while the County's procedure is to adopt the budget by July 1. The process begins in December with budget instructions issued to departments by the County Administrative Office. The various departments develop departmental budget requests by early March. After the County Administrative Office reviews the various departmental requests, the County Administrative Office prepares the County recommended budget, which is summarized by department, and submits it to the County Board prior to budget hearings in June. The County Auditor-Controller is responsible for monitoring and reporting expenditures within budgeted appropriations. The County Board has established a Budget Committee with two members of the County Board. This committee meets monthly to review financial and program issues of the County.

Budget data is prepared on the modified accrual basis consistent with comparable actual amounts. Budget appropriations represent original amounts adjusted by budget transfers and appropriation amendments. Encumbrance accounting is utilized during the year for budget control purposes. However, encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather reserves of fund balances. The County does, however, honor the contracts represented by year-end encumbrances. Unencumbered budget appropriations lapse at the end of the fiscal year. Board policy requires re-appropriation of carryover capital improvement projects on an annual basis after review of each project's status.

Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the County Board. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances or unanticipated revenue as provided for in the County Budget Act.

The County's budget process takes place within a dynamic reporting cycle that includes continual monitoring of the County's fiscal condition to assure adjustment as needed to maintain budgetary balance throughout the fiscal year. The reporting cycle subsequently leads to and facilitates development of the budget for the next fiscal year.

General Fund Budgets

Historical. Set forth in the following table is a summary statement of the final General Fund Budgets for Fiscal Years ended June 30, 2021 through June 30, 2025.

Table 3
County of Monterey
General Fund Budgets
Fiscal Years Ended June 30, 2021 Through June 30, 2025⁽¹⁾

	2021 Final Budget	2022 Final Budget	2023 Final Budget	2024 Final Budget	2025 Final Budget
Revenues:					
Taxes	\$225,055,093	\$236,331,351	\$250,489,150	\$274,003,793	\$285,206,485
Licenses, Permits and Franchises	22,815,477	21,803,417	22,923,918	26,055,550	26,772,404
Fines, Forfeitures and Penalties	9,813,803	9,870,112	11,317,639	10,556,324	10,373,626
Revenue from Use of Money and Property	4,683,854	3,059,696	3,461,946	2,894,805	6,352,786
Aid from Other Governmental Agencies	245,067,150	288,489,454	303,709,393	328,346,957	310,396,972
Charges for Services	73,405,141	77,691,786	77,451,264	94,760,063	88,375,300
Miscellaneous Revenue	11,239,850	10,127,711	10,972,582	6,365,052	6,072,317
Total Revenues	\$592,080,368	\$647,373,527	\$680,325,892	\$742,982,544	\$733,549,890
Expenditures:					
Current:					
General Government	\$39,256,267	\$51,082,160	\$74,832,604	\$74,584,564	\$84,235,842
Public Protection	319,851,092	313,022,140	328,901,828	333,935,275	345,427,945
Health and Sanitation	108,090,632	127,442,311	143,566,174	145,073,540	137,652,117
Public Assistance	229,910,979	264,301,874	284,878,109	290,364,766	292,255,481
Education	476,861	509,538	551,347	493,894	590,929
Recreation and Cultural Services	6,149,867	7,927,064	8,151,926	8,592,128	10,514,704
Capital Outlay	-	-	-	4,066,705	5,735,627
Total Expenditures	\$703,735,698	\$764,285,087	\$840,881,988	\$857,110,872	\$876,412,645
Excess (Deficiency) of Revenues Over (Under Expenditures)	\$(111,655,330)	\$(116,911,560)	\$(160,556,096)	\$(114,128,328)	\$(142,862,755)
Other Financing Sources (Uses):					
Transfers in	\$122,493,676	\$117,348,499	\$166,609,020	\$138,446,884	\$152,199,468
Transfers out	(82,540,086)	(52,925,038)	(111,702,505)	(51,339,392)	(56,366,151)
Sale of Capital Assets	-	35,000	40,000	48,110	18,110
Issuance of Debt for Leases and SBITAs	-	-	-	262,180	-
Total Other Financing Sources (Uses)	\$39,953,590	\$64,458,461	\$54,946,515	\$87,417,782	\$95,851,427
Net Changes in Fund Balance	\$(71,701,740)	\$(52,453,099)	\$(105,609,581)	\$(26,710,546)	\$(47,011,328)
Fund Balance, Beginning of Year	\$212,082,274	\$237,048,071	\$251,450,453	\$259,754,840	\$294,844,234
Fund Balance, End of Year	\$140,380,534	\$184,594,972	\$145,840,872	\$233,044,294	\$247,832,906

(1) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The County of Monterey audited financial statements for Fiscal Year ended June 30, 2025 appear in the County of Monterey 2025 ACFR attached as Appendix C attached hereto. The County's Annual Comprehensive Financial Reports, including audited financial statements, for prior years can be found on the County's website or on the EMMA portal maintained by the MSRB at www.emma.msrb.org.

Source: County of Monterey Annual Comprehensive Financial Reports for Fiscal Years ended June 30, 2021 through 2024; County of Monterey for Fiscal Year ended June 30, 2025.

Comparison of Recent Budgets. The following table shows the original adopted General Fund Budget, the Final General Fund Budget, the actual General Fund revenues and expenditures and the variance of the actual General Fund revenues and expenditures from the Final General Fund Budget for Fiscal Year 2024-25. The original adopted General Fund Budget for Fiscal Year 2025-26 is also shown in the following table.

Table 4
County of Monterey
General Fund Budgets for the
Fiscal Years 2024-25 and 2025-26

	FY 2025 Original Budgeted Amounts	FY 2025 Final Budgeted Amounts	FY 2025 Audited Actual Amount	Variance with Final Budget Positive (Negative)	FY 2026 Original Budgeted Amounts
Revenues:					
Taxes	\$ 285,206,485	\$285,206,485	\$300,645,698	\$15,439,213	\$299,954,057
Licenses, Permits and Franchises	27,075,404	26,772,404	29,634,719	2,862,315	29,538,945
Fines, Forfeitures and Penalties	10,373,626	10,373,626	11,013,110	639,484	11,241,013
Revenue from Use of Money and Property	6,352,786	6,352,786	30,765,752	24,412,966	4,754,480
Aid from Other Governmental Agencies	313,649,846	310,396,972	310,122,589	(274,383)	343,930,626
Charges for Services	87,715,092	88,375,300	81,821,746	(6,553,554)	99,062,630
Miscellaneous Revenue	8,810,035	6,072,317	7,904,061	1,831,744	6,774,084
Total Revenues	\$739,183,274	\$733,549,890	\$771,907,675	\$38,357,785	\$795,255,835
Expenditures:					
Current:					
General Government	\$75,722,962	\$84,235,842	\$52,161,772	\$32,074,070	\$73,164,020
Public Protection	342,411,312	345,427,945	326,794,263	18,633,682	365,649,225
Health and Sanitation	137,183,857	137,652,117	117,432,874	20,219,243	168,453,073
Public Assistance	286,761,092	292,255,481	279,769,127	12,486,354	310,152,640
Education	590,929	590,929	560,963	29,966	597,905
Recreation and Cultural Services	10,106,914	10,514,704	10,416,810	97,894	9,884,675
Debt Service:					
Principal	-	-	9,652,327	(9,652,327)	0
Interest and Debt Service Costs	-	-	588,197	(588,197)	0
Capital Outlay	5,739,227	5,735,627	9,816,460	(4,080,833)	7,011,998
Total Expenditures	\$858,516,293	\$876,412,645	\$807,192,793	\$69,219,852	\$934,913,536
Excess (Deficiency) of Revenues Over (Under Expenditures)	\$(119,333,019)	\$(142,862,755)	\$(35,285,118)	\$107,577,637	\$(139,657,701)
Other Financing Sources (Uses):					
Transfers in	\$136,607,273	\$152,199,468	\$143,943,363	\$(8,256,105)	\$152,413,286
Transfers out	(34,155,886)	(56,366,151)	(55,392,945)	973,206	(36,232,353)
Sale of Capital Assets	18,110	18,110	129,142	111,032	20,000
Issuance of Debt for Leases and SBITAs	-	-	9,816,460	9,816,460	0
Total Other Financing Sources (Uses)	\$102,469,497	\$95,851,427	\$98,496,020	\$2,644,593	\$116,200,933
Net Changes in Fund Balance	\$(16,863,522)	\$(47,011,328)	\$63,210,902	\$110,222,230	\$(23,456,768)
Fund Balance, Beginning of Year	\$294,844,234	\$294,844,234	\$294,844,234	-	\$358,055,136
Fund Balance, End of Year	\$277,980,712	\$247,832,906	\$358,055,136	\$110,222,230	\$334,598,368

Source: County of Monterey.

Fiscal Year 2025-26 Budget – Overview. The County Board adopted the General Fund Budget for Fiscal Year 2025-26 (the “**2025-26 Adopted Budget**”) on June 17, 2025. Budgeted appropriations for the General Fund in the 2025-26 Adopted Budget total \$1,023.7 million for Fiscal Year 2025-26, an increase of \$131.4 million over the 2024-25 Adopted Budget. Budgeted revenues for the General Fund in the 2025-26 Adopted Budget total \$1,004.5 million for Fiscal Year 2025-26, an increase of \$130.7 million over the 2024-25 Adopted Budget. The 2025-26 Adopted Budget supports a workforce of 3,477.2 authorized positions. The General Fund supports 23 offices/departments which encompass most County services and basic governmental functions including public safety and criminal justice, health, social services, land use, recreation, environment, administration and finance.

Fund Balance Policy

The County's goal is to use unrestricted fund balance as a source to finance one-time investments, reserves and/or commitments. Committed, assigned and unassigned fund balances are considered unrestricted. The County's general financial policies permit the County Board to use unbudgeted unassigned fund balance in the following manner as recommended by the County Administrative Officer:

1. A capital project fund
2. Productivity investment assignment
3. Contribution to strategic reserve
4. One-time investments or assignments

Strategic Reserve Policy

The County has established a strategic reserve reported as a separate committed fund balance constraint. The target funding level is equal to 10% of the total General Fund final budgeted estimated revenues. The strategic reserve includes a sub-designation, established in 2011, for the Natividad Medical Center. Funding for the strategic reserve is appropriated annually by the County Board as part of the budget approval.

The purpose of the County's General Fund strategic reserve is to:

1. Fund settlement of legal judgments against the County in excess of reserves normally designated for litigation.
2. Cover short-term revenue reductions due to economic downturns, to address natural disasters as determined by the County Administrative Officer or the County Board, or one-time-only state budget reductions that could not be addressed through the annual appropriations for contingencies in the General Fund.

**Strategic Reserve Fund Balance
Fiscal Years 2015-16 through 2024-25
(in millions)**

<u>Fiscal Year</u>	<u>General Fund Strategic Reserve</u>	<u>Natividad Medical Center Strategic Reserve</u>
2015-16	\$56.1	\$17.8
2016-17	27.5	17.8
2017-18	37.5	25.0
2018-19	66.5	25.0
2019-20	67.0	25.0
2020-21	75.5	25.0
2021-22	79.3	25.0
2022-23	63.7	25.0
2023-24	57.8	25.0
2024-25	68.6	33.5

Source: County of Monterey.

Capital Improvement Program

The County maintains a 5-year capital improvement program (the “**Capital Improvement Program**”). The Capital Improvement Program budgets for the implementation of capital investments where the costs exceed \$100,000 and have an estimated useful life of five years or more. The Capital Improvement Program assists in estimating debt financing requirements for the County and serves as the platform for identifying capital needs, related costs, and funding sources.

State of California Budget

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2025-26 State Budget described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets may be posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County, and the County takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

General. Counties are the principal agents for providing services on behalf of the State, particularly in the areas of public health, welfare, judicial and corrections programs, as well as providers of local services in a variety of areas, including law enforcement, roads, parks, libraries, agriculture and various social service programs. Substantial portions of many of these services are implementations of State mandated programs and State administered federal programs supported by State and federal revenues. The tension between counties and the State is often due to the adequacy of State provided revenue for State mandated programs. Historically, the County has been able to reduce expenditures when necessary to match available funding sources, as required by law.

2025-26 Adopted State Budget. On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, including broad-based tariffs that have slowed economic growth, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from Fiscal Year 2024-25 (\$215.7 billion in Fiscal Year 2025-26 compared to \$226.7 billion in Fiscal Year 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from Fiscal Year 2024-25 (\$228,366 billion in Fiscal Year 2025-26 compared to \$233.5 billion in Fiscal Year 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

Currently, approximately 34% of the County's 2025-26 General Fund Budget consists of State and federal aid. The financial condition of the State has an impact on the level of these revenues. In the past the State has turned to counties to help solve the State's budget problems. The human services departments receive substantial funds for assistance payments and social services programs.

Future State Budgets. The County cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budget. Decrease in such revenues may have an adverse impact on the County's ability to pay the Certificates.

Property Taxes

The County collects property taxes against all property on the secured roll in two annual installments. Property taxes are derived on the basis of an ad valorem tax levied against the current assessed valuation of property in the County.

The assessed valuation of property in the County is established by the County Assessor except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the California Constitution" in the forepart of this Official Statement.

Taxes are levied for each fiscal year on taxable real and personal property, which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State-assessed property and property the taxes on which are a lien on real property sufficient in the opinion of the County Assessor to secure payment of the taxes. Other property is assessed on the "unsecured" roll. Property taxes on the secured roll are due in two installments on November 1 and February 1 of each fiscal year and, if unpaid, become delinquent on December 10 and April 10 respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes

are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of one and one-half percent per month to the time of redemption plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuation

The following table represents a ten-year history of assessed valuation in the County. The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution.

Table 5
County of Monterey
Assessed Value of Taxable Property⁽¹⁾
(In Thousands of Dollars)

Fiscal Year	Secured Roll⁽²⁾	Unsecured Roll⁽³⁾	Exemptions⁽⁴⁾	Net Assessed Valuations	Total Direct Tax Rate
2016-17	\$60,242,461	\$2,370,771	\$(2,324,855)	\$60,288,377	1.00%
2017-18	63,625,023	2,475,907	(2,455,639)	63,645,291	1.00
2018-19	67,593,587	2,557,084	(2,474,441)	67,676,230	1.00
2019-20	71,183,662	3,617,496	(2,627,227)	72,173,931	1.00
2020-21	74,781,274	2,938,769	(2,713,849)	75,006,194	1.00
2021-22	77,334,476	3,444,722	(2,825,750)	77,953,448	1.00
2022-23	83,402,624	3,924,155	(2,929,117)	84,397,662	1.00
2023-24	87,910,416	4,533,551	(3,082,500)	89,361,467	1.00
2024-25	92,171,251	4,937,854	(3,197,970)	93,911,135	1.00

(1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the based for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter approved bonds and special assessments.

(2) Secured roll property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities, which cross the country and are assessed by the State Board of Equalization.

(3) Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, and aircraft.

(4) Exempt properties include numerous full and partial exclusions/exemptions provided.

Source: County of Monterey 2025 ACFR.

Tax Levies, Collections and Delinquencies

The County levies and collects all property taxes for property falling within its taxing boundaries. The County has not adopted the alternative method of secured property tax apportionment known as the Teeter Plan, which provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. The table below sets forth the levies, collections and percent of collections and levies for property taxes in the County for the last ten fiscal years.

Table 6
County of Monterey
Property Tax Levies, Collections and Delinquencies
(In Thousands of Dollars)

Fiscal Year	Taxes Levied for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽³⁾	Taxes Levied Current and Delinquent	Total Collections to Date ⁽⁴⁾	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2015-16	\$679,997	\$672,613	98.91%	\$10,070	\$660,406	\$682,683	103.37%
2016-17	708,862	701,198	98.92	6,531	700,507	707,729	101.03
2017-18	749,030	739,622	98.74	6,834	726,541	746,456	102.74
2018-19	800,083	787,856	98.47	9,299	767,663	797,155	103.84
2019-20	848,703	834,557	98.34	7,898	821,548	842,455	102.54
2020-21	876,758	863,252	98.46	11,334	871,982	874,586	100.30
2021-22	921,389	907,891	98.54	11,119	905,493	919,010	101.49
2022-23	997,206	982,350	98.51	10,219	945,992	992,569	104.92
2023-24	1,057,936	1,041,914	98.49	13,903	1,089,165	1,055,817	96.94
2024-25	1,112,130	1,094,485	98.41	10,476	1,143,998	1,104,961	96.59

(1) Includes Secured, Unsecured, and Unitary Taxes levied for the county itself, school districts, cities and special districts under the supervision of their own governing boards. Includes adjustments to the tax rolls from the levy date to delinquency date.

(2) Includes amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

(3) Includes adjustments to the levy. Taxes levied less collections to date equal the delinquent taxes receivable.

(4) Includes taxes levied (current and delinquent) related to collections for the year.

Source: County of Monterey 2025 ACFR.

The following table represents the ten largest taxpayers of local secured property taxes within the County as of the Fiscal Year 2024-25.

Table 7
County of Monterey
Ten Largest Taxpayers Fiscal Year 2024-25

Taxpayer	Type of Business	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Company	Utility	\$1,147,774	1	1.28%
Pebble Beach Company	Tourism	1,014,471	2	1.14
Dynegy Moss Landing LLC	Utility	251,700	3	0.28
D' Arrigo Bros Co	Agriculture	240,985	4	0.27
California-American Water Company	Utility	215,738	5	0.24
Chevron USA Inc	Petroleum	146,060	6	0.16
Global AG Properties LLC	Agriculture	143,634	7	0.16
VBS Propco LLS	Real Estate	138,383	8	0.15
Bud Antle Inc	Agriculture	136,667	9	0.15
Scheid Vineyards California Inc	Agriculture	134,741	10	0.15
Ten Largest Taxpayers' Total		<u>3,570,153</u>		<u>4.00</u>
All Other Taxpayers' Total		\$85,791,314		96.00%

Source: County of Monterey.

Transient Occupancy Tax

Tourism is second only to Agribusiness in the County generating \$3.1 billion in 2024. Often referred to as the "hotel tax," the County collects TOT revenues from hotel operators for the privilege of occupancy in any hotel as a percentage of the rent charged by the operator. Various tourist attractions contribute to the County's TOT revenues, including the County's Laguna Seca Recreation Area. The tax constitutes a debt owed by the transient to the County which is extinguished only by payment to the operator or to the County. The TOT rate for the County is 10.5%.

The following table shows the County's TOT revenues for Fiscal Years 2015-16 through 2024-25.

Table 8
County of Monterey
Transient Occupancy Tax Receipts
Fiscal Years 2015-16 through 2024-25

Fiscal Year	TOT Tax Receipts	Growth Rate
2015-16	\$22,834,344	6.31%
2016-17	21,279,324	(6.81)
2017-18	24,959,537	17.29
2018-19	28,607,881	14.62
2019-20	21,773,829	(23.89)
2020-21	23,528,875	8.06
2021-22	40,025,756	70.11
2022-23	38,073,618	(4.88)
2023-24	38,564,453	1.29
2024-25	40,148,614	4.11

Source: County of Monterey 2025 ACFR.

Sales Taxes

The State collects a tax on retail transactions within the County and rebates 1% to the County. The allocation is in addition to the half-cent sales tax allocated for public safety purposes pursuant to Proposition 172. The County receives a share of sales tax revenues from unincorporated areas in the County. In addition, on November 4, 2024 the voters of the County approved Measure AA, a 1% sales tax on transactions in the unincorporated areas of the County. Measure AA has no sunset date.

The following table illustrates, for unincorporated areas of the County only, the historical sales tax receipts to the General Fund for Fiscal Years 2015-16 through 2024-25 and the computed annual rate of change for such periods.

Table 9
County of Monterey
Historical Taxable Sales and Sales Tax Receipts for Unincorporated Areas
Fiscal Years Ending 2015-16 through 2024-25

Fiscal Year	Taxable Sales⁽¹⁾	Sales Tax Receipts⁽¹⁾	Growth Rate of Sales Tax Receipts⁽²⁾
2015-16	\$973,931,300	\$9,379,313	(17.6)%
2016-17	922,937,600	9,229,376	(1.6)
2017-18	1,010,577,900	10,105,779	9.5
2018-19 ⁽²⁾	1,448,287,400	14,482,874	43.4
2019-20 ⁽²⁾	1,153,349,900	11,533,499	(20.4)
2020-21	1,215,639,600	12,156,396	5.4
2021-22	1,572,118,000	15,721,180	29.3
2022-23	1,774,702,200	17,747,092	12.9
2023-24	1,516,906,000	15,169,060	(14.5)
2024-25	1,602,148,500	16,021,485	5.6

(1) Taxable sales and sales tax receipts reflect point-of-sale transactions only for the unincorporated county area.

(2) 2018-19 and 2019-20 taxable sales and sales tax receipts corrected from estimated to actual per HDL.

Source: HDL Companies.

Among the information set forth in “APPENDIX B – MONTEREY COUNTY GENERAL DEMOGRAPHIC INFORMATION” is a profile of total taxable sales within the County for the past five years on a calendar year basis as reported by the State Board of Equalization.

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “**Wayfair Decision**”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State has issued guidance in response to the Wayfair Decision pursuant to Assembly Bill 147 (“**AB 147**”). Under AB 147, beginning April 1, 2019, retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers meeting certain conditions, including that during the preceding or current calendar year the retailer had total combined sales of tangible personal property for delivery in the State of more than \$500,000. The new collection requirements apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and are not retroactive. AB 147 also imposes collection obligations on retailers that contract with sellers to sell goods and services on their on-line platforms (i.e. “marketplace facilitators”) commencing October 1, 2019.

Outstanding Long-Term Debt

The following table summarizes the County's long-term debt payable from its General Fund and other funds of the County that was outstanding at fiscal year end June 30, 2025.

Table 10
County of Monterey
Long-Term Debt Outstanding
For the Year Ended June 30, 2025

	Maturity	Interest Rates	Principal Installments	Date of Issue	Amount Authorized	Outstanding June 30, 2025
<u>Governmental activities</u>						
Certificates of participation 2017 Public Facilities Refunding <i>(defeased the 2007 issue for Monterey County)</i>	2037	4.125% – 5.0%	\$223,386 - \$5,798,533	2017	\$74,682,250	\$46,450,051
2015 Public Facilities Issue <i>(finance capital improvements at the Schilling Place Complex, and fund renovations of the east and west wings of the courthouse) ⁽¹⁾</i>	2046	3.0% – 5.0%	\$750,000 - \$2,870,000	2015	48,440,000	40,330,000
2018 Revenue Refunding Bonds – Water Resources Agencies under Board of Supervisors <i>(defeased the 2008 Revenue Bonds originally issued to finance Salinas Valley water project))</i>	2037	3.0% - 5.0%	\$730,000 - \$1,720,000	2018	22,890,000	16,990,000
Revenue bonds - Special Districts Agencies under Board of Supervisors	2026	5.0%	\$5,400 - \$37,000	1981-96	1,244,700	37,000
Loans payable - Bureau of Reclamation Agencies under Board of Supervisors <i>(infrastructure and facility improvements)</i>	2037	1.65% - 7.63%	\$16,847 - \$1,207,699	1995	35,035,790	13,782,343
Special assessment bonds with governmental commitment: General County-Chualar Water District <i>(infrastructure and facility improvements)</i>	2025	4.25% - 7.2%	\$4,000 - \$26,000	1984-93	257,000 \$182,549,740	0 \$117,589,394
<u>Business-type activities</u>						
Certificates of Participation <i>(NMC Improvements)</i>	2037	3.0% - 5.0%	\$11,614 - \$301,467	2017	3,882,750	2,414,948
2017 COP Refunding	2028	5.0%	\$2,235,000 - \$3,230,000	2019	29,005,000	10,950,000
2019 COP Refunding					\$32,887,750	\$13,364,948

(1) To be prepaid with proceeds of the Certificates. See "THE FINANCING PLAN."
Source: County of Monterey.

The debt service on the County's outstanding General Fund long-term debt obligations is entirely fixed rate, with an overall declining debt service structure and final maturity in Fiscal Year 2045-46. Debt service on all NMC-related debt, including the 2017 Certificates of Participation and the 2019 Certificates of Participation, is paid by NMC, with a portion being reimbursed by the State. Net debt service supported by the General Fund for Fiscal Year 2025-26 of approximately \$[] million represents approximately []% of the total General Fund budgeted expenditures of \$[] million (including transfers out of approximately \$[] million). The County is a party to capital equipment leases and operating leases requiring annual lease payments by the County. See "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025."

Statement of Direct and Overlapping Debt

Contained within the County are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. Set forth below is a statement of direct and overlapping debt as of November 24, 2025 (the “**Debt Statement**”) prepared by California Municipal Statistics, Inc. The Debt Statement is included for general information purposes only. The County has not reviewed the Debt Statement for completeness or accuracy and makes no representations in connection therewith. The Debt Statement generally includes long term obligations sold in the public credit markets by public agencies other than the County whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases long term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the debt statement.

County of Monterey Direct and Overlapping Debt (As of November 24, 2025)

2024-25 Assessed Valuation: \$93,911,135,086 (includes unitary utility valuation)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable ⁽¹⁾</u>	<u>Debt 6/30/25</u>
Hartnell Community College District	99.847%	\$ 232,992,079
Monterey Peninsula Community College District	100.	170,860,629
Carmel Unified School District	100.	10,928,043
Monterey Peninsula Unified School District	100.	310,691,406
North Monterey County Unified School District	100.	24,410,000
Pacific Grove Unified School District	100.	47,112,000
Soledad Unified School District	100.	69,160,000
South Monterey Joint Union High School District	98.879	37,059,849
Salinas Union High School District and School Facilities Improvement District	100.	179,011,015
Alisal Union School District	100.	91,984,170
Greenfield Union School District	100.	28,178,870
Salinas City School District	100.	106,257,030
Santa Rita Union School District and School Facilities Improvement District	100.	25,282,651
Washington Union School District	100.	12,090,000
Other School Districts	Various	71,430,702
City of Marina	100.	5,480,000
Pajaro Valley Healthcare District	6.283	3,351,981
Community Facilities Districts	100.	24,250,000
City 1915 Act Bonds	100.	3,460,000
Special District 1915 Act Bonds	100.	2,850,000
Monterey County Water Resources Agency Revenue Bonds	100.	19,065,662
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,475,906,087

<u>DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT:</u>		
Monterey County Certificates of Participation ⁽²⁾	100.	% \$ 98,363,526
Monterey County Revenue Bonds	100.	37,000
Monterey County Notes Payable	100.	9,335,765
Monterey County Loans Payable	100.	13,782,343
Monterey County Capital Lease Payable	100.	11,968,155
Monterey County SBITA Payable	100.	6,553,720
Monterey County Office of Education General Fund Obligations	100.	36,301,000
Salinas Union High School District General Fund Obligations	100.	23,597,339
Salinas City School District Certificates of Participation	100.	3,274,889
Other School District General Fund Obligations	Various	34,045,872
City of Carmel General Fund Obligations	100.	3,165,000
City of Greenfield General Fund Obligations	100.	81,366
City of Gonzales General Fund Obligations	100.	11,314,718
City of Marina General Fund Obligations	100.	10,070,000

City of Monterey General Fund Obligations	100.		3,650,000
City of Pacific Grove Pension Obligation Bonds	100.		1,728,815
City of Salinas General Fund Obligations	100.		70,528,000
City of Seaside Cutino Park Lease Revenue Bonds	100.		14,413,804
Monterey County Fire Protection District Pension Obligation Bonds	100.		18,550,000
Pajaro/Sunny Mesa Community Services District General Fund Obligations	100.		80,000
TOTAL DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT			\$370,841,312
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	100.	%	\$85,817,769
TOTAL DIRECT DEBT			\$159,106,171
TOTAL OVERLAPPING DEBT			\$1,773,458,997
COMBINED TOTAL DEBT			\$1,932,565,168 ⁽³⁾

Ratios to 2024-25 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt.....	1.57%
Total Direct Debt (\$159,106,171)	0.17%
Combined Total Debt	2.06%

(1) The percentage of overlapping debt applicable to the county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.

(2) Excludes the Certificates to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Natividad Medical Center

The Natividad Medical Center (“NMC”) is one of three business-type activities of the County, along with the Laguna Seca Recreation Area and the Parks and Lake Resort. Natividad Medical Center is the County’s second largest fund, after the General Fund.

NMC is owned and operated by the County and governed by the County Board with the assistance of a separate 11-member Board of Trustees (the “NMC Board of Trustees”) appointed by the County Board. Founded in 1886, NMC is a 172-bed, acute-care teaching hospital specializing in family medicine and affiliated with the University of California at San Francisco Medical School. NMC currently operates hospital-based specialty clinics and provides medical/surgical hospital services as part of its medical office complex. NMC also networks with a variety of community providers and County primary care clinics. In January 2015, NMC was designated as a Level II Trauma Center. As a County entity, NMC is mandated to treat patients, regardless of ability to pay.

The mission of NMC is to provide high-quality, cost-effective health care to all residents of the community regardless of ability to pay. NMC is one of 21 California county-operated “safety net” hospitals providing basic health care services, regardless of ability to pay. In this respect, counties fill a critical niche left by private hospitals, which are not legally bound to provide services except for emergency services. However, this role can impose a financial burden on county hospitals. NMC accounts for hospital operations involved in providing health services to County residents. Revenues are principally fees for patient services, payments from federal and state programs such as Medicare, Medi-Cal and Short-Doyle, and realignment revenues.

The Natividad Medical Center Strategic Reserve sub-commitment is funded from unrestricted NMC net position moneys and can be used only for NMC purposes, as determined by the County Board based on recommendations of the NMC Board of Trustees.

NMC receives several sources of support payments from federal and State sources. See Note 16 to the Annual Comprehensive Financial Report included in APPENDIX C hereto. H.R. 1, also known as the One Big Beautiful Bill Act, significantly reduced federal funding for Medicaid, which is a significant source of patient revenues for NMC. In the Fiscal Year ended June 30, 2025, patients covered by Medi-Cal, the State's Medicaid program, represented approximately 49.7% of NMC's gross patient service revenues subject to reimbursement under third-party payor programs. Patient volume at NMC in the current fiscal year has declined by approximately 7% compared to the same period in the prior fiscal year, which may be attributable in part to federal policies such as H.R. 1. Inclusive of the Natividad Medical Center Strategic Reserve sub-commitments, NMC has approximately \$400 million in reserve funds available to pay capital and operating costs, which is equivalent to approximately one year of cash on hand. While neither the County nor NMC can predict the ultimate financial impact of H.R. 1 on NMC, which may be material to NMC, NMC does not currently anticipate seeking support from the County's General Fund for its operations. Support for NMC from the County's General Fund, if any, would require the approval of the County Board.

Investments of County Funds; County Pool

All funds in the County Treasurer's Pooled Investments (the "**County Pool**") are invested by the County Treasurer, according to Sections 53601 and 53635, et seq. of the California Government Code and the County's Investment Policy (the "**Investment Policy**"), approved by the Board of Supervisors on July 23, 2019, prepared by the County Treasurer. The Investment Policy is submitted to the County Board for review and approval on an annual basis, and the Treasurer presents a performance review of the County Pool to the County Board on a quarterly basis. The County Pool represents moneys deposited by the County, schools, and special districts within the County. There are no voluntary depositors in the County Pool. The Investment Policy requires that all investments comply with the California Government Code and provides that the County Treasurer will establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for the investments. The stated goal of the Investment Policy, in order of priority, is to minimize risk to principal, provide available cash to meet anticipated needs, and maximize earnings. The County Treasurer, or their designee, reviews the investment records, the contents of the County Pool, and the specific financial institutions with whom investments have been made.

The total book value of the County Pool as of September 30, 2025 was \$3,079,220,309. The market value was \$3,096,629,606. The County Pool's effective rate of return was 4.26% and its weighted average maturity was 492 days. Approximately 19% (approximately \$579.6 million par value) of the County Pool was in cash or invested in instruments with one-day maturities and money market funds. The County Pool contains no inverse floating rate instruments, reverse repurchase agreements and does not engage in securities lending.

Pension Obligations

This caption contains certain information relating to CalPERS. The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The County has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent

actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. Neither the County nor Purchaser can guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The County's defined benefit pension plans—the Miscellaneous Plan of the County of Monterey (“**County MP**” or “**Miscellaneous Plan**”) and the Safety Plan of the County of Monterey (“**County SP**” or “**Safety Plan**”)—provide pensions for all permanent full-time general and public safety employees, respectively, of the County. County MP and County SP are agent multiple-employer defined benefit pension plans. Both plans are administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions and other requirements are established by State statutes within the Public Employees Retirement Law.

CalPERS is a contributory plan deriving funds from employee contributions and employer contributions as well as earnings from investments. Changes in actuarial assumptions and benefit levels in the recent past have significantly increased pension cost estimates. Current required contributions are determined by reference to the June 30, 2024 actuarial valuations provided by CalPERS in August 2025 (the “**2025 CalPERS Report**”), using the entry age normal actuarial cost method.

Benefits Provided. The Miscellaneous Plan and the Safety Plan provide retirement, disability, and death benefits. Retirement benefits are based on years of service, final average compensation and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement.

Service related disability benefits are provided to Safety Plan members based on final compensation. Nonservice related disability benefits are provided to members of both plans. The benefit is based on final compensation, multiplied by service, which is determined as follows:

- service is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- service is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired at time of death. Annual 2% cost-of-living adjustments (“**COLAs**”) are provided in all plans beginning the second calendar year after the year of retirement.

There are two classes of employees under each plan: Classic (employees who joined CalPERS prior to January 1, 2013) and PEPRA (Public Employees' Pension Reform Act of 2013 -employees who joined CalPERS on or after January 1, 2013). Classic level is closed for new entrants in all plans. Below is a summary of the Plans' provisions and benefits currently in effect.

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
	<u>Classic</u>	<u>PEPRA</u>	<u>Classic</u>	<u>PEPRA</u>
Employee Class Benefit Formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit Vesting	5 years of service	5 years of service	5 years of service	5 years of service
Final Average Compensation Period	12 months	36 months	12 months	36 months
Retirement Eligibility Age	50	52	50	50
Employee contribution as a percentage of payroll	7.000%	7.000%	9.000%	12.250%
Employer contribution as a percentage of payroll	21.43%	21.43%	58.11%	58.11%
Status	Closed	Open	Closed	Open

Source: County of Monterey 2024 ACFR.

Employees Covered. Listed below are the number of employees covered by each Plan as of June 30, 2025.

	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	4,264	789
Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated)	5,356	307
Active employees	<u>4,842</u>	<u>500</u>
Total	14,462	1,596

The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Pension Contributions. For Fiscal Year 2024-25, the County's required and actual contribution was \$125,522,373 in aggregate for the Miscellaneous Plan and Safety Plan. The table below sets forth each of the following for the past seven years: (i) the County's annual actual employer contributions for the Miscellaneous Plan and the Safety Plan; (ii) the required employer contribution rates as a percentage of payroll for the Miscellaneous Plan and the Safety Plan; (iii) the actuarially determined unfunded accrued liability contribution of the County for the Miscellaneous Plan and the Safety Plan; and (iv) the County's annual actual employer contribution as a percentage of the actuarially determined employer normal cost for the Miscellaneous Plan and the Safety Plan.

Table 11
County of Monterey
Annual CalPERS Costs

Fiscal Year Ending	Annual Actual Employer Contribution ⁽¹⁾	Actuarially Determined Required Contributions		Percentage of Annual Actual Employer Contribution ⁽³⁾
		Employer Contribution Rates ⁽²⁾	Unfunded Accrued Liability Contributions ⁽²⁾	
<u>County Safety Plan:</u>				
June 30, 2024	\$11,092,389	20.330%	\$20,883,192	100%
June 30, 2023	10,057,796	19.070	21,352,168	100
June 30, 2022	9,995,151	19.560	19,260,858	100
June 30, 2021	10,224,022	20.045	16,448,011	100
June 30, 2020	16,799,835	19.302	14,542,643	100
June 30, 2019	20,669,311	17.612	12,152,096	100
<u>County Miscellaneous Plan:</u>				
June 30, 2024	\$100,638,266	9.230%	\$43,832,501	100%
June 30, 2023	98,645,655	8.320	44,758,007	100
June 30, 2022	89,459,096	8.500	39,502,875	100
June 30, 2021	83,981,092	9.216	33,543,803	100
June 30, 2020	65,069,341	8.538	29,028,455	100
June 30, 2019	49,821,404	7.972	23,664,230	100

Source: (1) County of Monterey Auditor-Controller.

(2) CalPERS Annual Valuation reports for County of Monterey Miscellaneous and Safety Plans.

- (3) Represents the County's annual actual employer contribution as a percentage of the actuarially determined employer normal cost for the Miscellaneous Plan and the Safety Plan. See "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Required Supplementary Information, Schedule of Pension Contributions" for a comparison of the County's contributions to the actuarially determined employer normal cost and the actuarially determined unfunded accrued liability contributions for the Miscellaneous Plan and the Safety Plan for recent Fiscal Years.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The following table provides a recent history of the required employer contributions for the Miscellaneous Plan and Safety Plan, as determined by the annual actuarial valuation.

Table 12
County of Monterey
Employer Contributions - Pension Plans

Contribution Year	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
	Employer Normal Cost Rate	Employer Unfunded Liability Payment	Employer Normal Cost Rate	Employer Unfunded Liability Payment
2017-18	7.78%	\$18,736,437	16.96%	\$10,100,447
2018-19	7.97	23,664,230	17.61	12,152,096
2019-20	8.54	29,028,455	19.30	14,542,643
2020-21	9.22	33,543,803	20.05	16,448,011
2021-22	8.50	39,502,875	19.56	19,160,858
2022-23	8.32	44,758,007	19.07	21,352,168
2023-24	9.23	43,832,501	20.33	20,883,192
2024-25	9.07	51,774,442	20.09	23,142,011
2025-26	8.83	55,635,421	19.45	25,606,622
2026-27	8.67	63,450,414	18.98	27,439,539

Source: CalPERS Annual Valuation reports for County of Monterey Miscellaneous and Safety Plans.

See also "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 11."

The information in Tables 13 and 14 was provided to the County by CalPERS and has not been reviewed for accuracy or audited by the County. CalPERS is responsible for the assumptions, estimates and data that are used to create the funded ratios.

Table 13
County of Monterey
Funding History - Miscellaneous Plan
(dollars in thousands)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2024	\$2,811,647	\$2,127,723	\$683,924	75.7%	\$460,274
2023	2,640,094	1,943,964	696,130	73.6	422,317
2022	2,478,162	1,835,248	642,913	74.1	385,666
2021	2,341,503	1,991,625	349,878	85.1	379,229
2020	2,164,127	1,622,904	541,223	75.0	355,822
2019	2,060,650	1,559,410	501,239	75.7	348,834
2018	1,952,094	1,473,836	478,258	75.5	332,304

Source: CalPERS Annual Valuation Report as of June 30, 2024 for the County of Monterey Miscellaneous Plan

Table 14
County of Monterey
Funding History - Safety Plan
(dollars in thousand)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2024	\$951,055	\$648,396	\$302,659	68.2%	\$59,174
2023	912,021	597,276	314,745	65.5	56,988
2022	870,526	565,943	304,583	65.0	56,023
2021	834,924	616,503	218,421	73.8	56,971
2020	781,412	503,842	277,570	64.5	55,207
2019	746,585	485,347	261,238	65.0	54,896
2018	706,148	459,543	246,605	65.1	52,865

Source: CalPERS Annual Valuation Report as of June 30, 2024 for the County of Monterey Safety Plan.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. For a description of the actuarial methods and assumptions used for purposes of calculating the County's pension liabilities as of June 30, 2024, see "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 11."

Projected Contributions. The projected future employer contribution rates for the County are as follows. Projected future employer contribution rates are based on the 2025 CalPERS Annual Valuation Reports with a valuation date as of June 30, 2024.

County of Monterey
Projected CalPERS Employer Contributions

Miscellaneous Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)				
Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	8.67%	8.6%	8.5%	8.4%	8.3%	8.3%
UAL Payment	\$64,450,414	\$66,174,000	\$73,659,000	\$74,112,000	\$74,261,000	\$73,547,000

Source: CalPERS Actuarial Report dated July 2024.

Safety Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 6.8% Return for Fiscal Year 2023-24 and Beyond)				
Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	18.98%	18.5%	18.1%	17.6%	17.2%	16.8%
UAL Payment	\$27,439,539	\$28,283,000	\$30,867,000	\$31,267,000	\$31,580,000	\$31,577,000

Source: CalPERS Actuarial Report dated July 2024.

See “APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 11” for additional regarding the County’s retirement plans.

Other Post-Employment Benefits

The County provides other post-employment benefits (“**OPEB**”) to certain employees as described below.

Plan Description. The County of Monterey Retiree Healthcare Plan (the “**OPEB Plan**”) is an agent multiple-employer defined benefit healthcare plan administered by the County. The OPEB Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County.

Benefits Provided. The County provides retiree medical benefits through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees' Medical and Hospital Care Act (“**PEMHCA**”) minimum required employer contribution (\$158 per month in 2025) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

At June 30, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,242
Inactive employees entitled to but not yet receiving benefit payments	1,862
Active employees	<u>5,551</u>
Total	8,655

Contributions. The contribution requirements of the OPEB Plan members and the County are established and may be amended by the County. The County prefunds all or a portion of the plan through the California Employers' Retiree Benefit Trust ("**OPEB Trust**"). Employees are not required to contribute to the OPEB Plan. For Fiscal Year ended June 30, 2025, the County contributed a total of \$7,344,150 to the OPEB Trust, as shown in the following table. Of this amount, \$2,355,150 was paid for healthcare insurance benefits for eligible retirees, \$1,284,000 was an implicit rate subsidy, and \$3,705,000 was paid to fund future retirees' healthcare.

Net OPEB Liability. The County reported a net OPEB liability of \$13,867,865 at June 30, 2025. The County's OPEB liability was measured as of June 30, 2024, the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, updated to June 30, 2024.

The following presents the net OPEB liability of the County if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease (5.25%)	Current Trend (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$26,687,787	\$13,867,865	\$3,165,233

Source: County of Monterey.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. See "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 12" for a description of the actuarial methods and assumptions used to measure the County's net OPEB liability as of June 30, 2025.

OPEB Funded Status. As of the June 30, 2024 measurement date, the total OPEB liability was \$91,600,151, and the plan fiduciary net position was \$70,843,192, resulting in a net OPEB liability of \$20,756,959. See "APPENDIX C – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 12" for additional information regarding the County's OPEB costs.

Labor Relations

There are 17 formal labor units, listed in Table 15 below, representing County employees. Supervisors, management, confidential employees, certain attorneys and certain other employees are not represented by an exclusive bargaining agent. Salaries and benefits are determined through a process of “meet and confer” with representatives from each of these classifications. All employees' salaries are subject to periodic renegotiation.

Table 15
County of Monterey
Labor Relations

	Bargaining Unit	Labor Organization	Number of Employees ⁽¹⁾	Contract Expiration
1.	Safety Unit	Monterey County Deputy Sheriffs' Association (DSA)	206	June 30, 2027
2.	Safety Supervisors	County of Monterey Patrol Association (COMPA)	119	June 30, 2027
3.	Safety Management	Monterey County Sheriffs' Management Association	10	June 30, 2027
4.	Deputy Public Defenders	Monterey County Public Defender's Association	29	June 30, 2027
5.	Deputy District Attorneys	Monterey County Prosecutors Association	44	June 30, 2027
6.	County Counsel	Monterey County Counsel Employee Association	16	June 30, 2027
7.	Probation Managers	Monterey County Probation Managers' Association	18	June 30, 2027
8.	Probation Supervisors/Officers	Monterey County Probation Association	161	June 30, 2027
9.	Supervisory	Service Employees International Union Local 521 (SEIU)	299	June 30, 2027
10.	Health Care	Service Employees International Union Local 521 (SEIU)	589	June 30, 2027
11.	General	Service Employees International Union Local 521 (SEIU)	1651	June 30, 2027
12.	Social Services	Service Employees International Union Local 521 (SEIU)	716	June 30, 2027
13.	Resident Physicians	Service Employees International Union Local 521 (SEIU)	31	December 31, 2027
14/15.	Park Rangers and Park Ranger Supervisors	Monterey County Park Rangers Association	5	June 30, 2027
15.	Registered Nurses	California Nurses Association (CAN)	530	August 31, 2026
17.	Management	County Employee Management Association (CEMA)	<u>474</u>	June 30, 2027
			4,898	

(1) Full time equivalents are based on filled positions as of September 9, 2019.

(2) County and respective labor organization are working under the terms of the respective contracts pending negotiations.

Source: County of Monterey.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Certificates. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Certificates

The obligation of the County to make the Lease Payments does not constitute a debt of the County or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated, subject to abatement, under the Lease Agreement to pay the Lease Payments from any source of legally available funds. The County has covenanted in the Lease Agreement that it will take such action as may be necessary to include all rental payments due under the Lease Agreement in its annual budgets and to make necessary annual appropriations for all such rental payments. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Lease Payments and other payments due under the Lease Agreement. The County is currently liable on other obligations payable from General Fund revenues. See "COUNTY FINANCIAL INFORMATION – Outstanding Long-Term Debt."

The County's ability to collect, budget and appropriate various revenues is subject to current and future State laws and constitutional provisions, and it is possible that the interpretation and application of these provisions could result in an inability of the County to pay the Lease Payments when due. See "RISK FACTORS" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Eminent Domain

If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property or any part thereof is taken temporarily, under the power of eminent domain, (1) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (2) there will be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the mandatory prepayment of the Lease Payments, in an amount to be agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property. There will be no

abatement of Lease Payments to the extent that rental interruption insurance proceeds are available to pay Lease Payments which would otherwise be abated.

Abatement

The Lease Agreement provides that the amount of Lease Payments will be subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain) there is substantial interference with the use and occupancy by the County of the Leased Property. The amount of such abatement will be agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the County, in the Lease Agreement, waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

However, there will be no abatement of Lease Payments to the extent that the proceeds of an insurance award or rental interruption insurance proceeds are available to pay Lease Payments, or to the extent that moneys are available in the Lease Payment Fund, it being declared in the Lease Payment Fund that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

No Debt Service Reserve Fund

Neither the Corporation nor the County will fund a debt service reserve fund for the Certificates.

Limited Recourse on Default; No Acceleration

If the County defaults on its obligation to make Lease Payments, there is no available remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The County will only be liable for Lease Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments. If the County defaults on its obligation to make Lease Payments, the Trustee will have the right to re-enter and re-let the Leased Property. In the event such re-letting occurs, the County would be liable for any resulting deficiency in Lease Payments. Alternatively, the Trustee may terminate the Lease Agreement with respect to the Leased Property and proceed against the County to recover damages pursuant to the Lease Agreement.

Due to the specialized nature of the Leased Property, no assurance can be given that the Trustee will be able to re-let any portion of the Leased Property so as to provide rental income sufficient to make payments of principal and interest evidenced by the Certificates in a timely manner, and the Trustee is not empowered to sell the Leased Property for the benefit of the Owners of the Certificates. In addition, due to the governmental function of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest component of Lease Payments from federal or State income taxation.

Limitation on Remedies

The rights of the Owners of the Certificates are subject to the limitations on legal remedies against cities and counties in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest, by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting the enforcement of creditors' rights, by equitable principles, by the exercise of judicial powers in appropriate cases and by the exercise by the federal and State governments of their sovereign powers. The opinions of counsel, including Special Counsel, delivered in connection with the Certificates will be so qualified. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, there are no involuntary petitions in bankruptcy. Bankruptcy proceedings, if initiated, or the exercise of powers by the federal or state government, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise and consequently may entail risk or delay, limitation or modification of their rights.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Lease Agreement, the rights and remedies in the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the Bankruptcy Code, which governs bankruptcy proceedings of public entities such as the County, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the County. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the County could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by a debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Trust Agreement, the Trustee holds Lease Payments for the benefit of the Owners of the Certificates, but Trustee's interest arises only when the Lease Payments are actually received by the Trustee following payment by the County. The Leased Property itself is not subject to any security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a County bankruptcy and a subsequent rejection of the Lease Agreement by the County, the Trustee, as assignee of the Corporation, would have a claim for damages against the County. The Trustee's claim would constitute a secured claim only to the extent of Lease Payments in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Certificates. In a bankruptcy case, the amount recovered by Owners could be affected by whether the Lease Agreement is determined to be a "true lease" or a loan or other financing arrangement (a "financing lease"), and Owners' recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a "true lease" (rather than a financing lease), the County could choose not to perform

under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Lease Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Certificates may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Lease Payments from the County might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Lease Payments held by the Trustee. In addition, there can be a substantial disparity in treatment based on the nature of the Leased Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest components of Lease Payments.

In a bankruptcy of the County, if a material unpaid liability is owed to the CalPERS or any other pension system (collectively the “**Pension Systems**”) on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the County’s ability to make Lease Payments or Additional Payments if the Lease Agreement is rejected. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a County bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a County bankruptcy would rule on these matters.

Revenue Sources to Pay Lease Payments

The County receives a significant portion of its annual funding from subventions by the State. As a result, decreases in the revenues received by the State can affect subventions made by the State to the County and other counties in the State. The potential impact of State budget actions for future fiscal years on the County in particular, and other counties in the State generally, is uncertain at this time.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Lease Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Substitution and Removal of the Leased Property

The Lease Agreement permits the County, under certain circumstances described in “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Substitution or Removal of Leased Property”, to remove and or substitute all or a portion of the Leased Property

so long as the resulting Leased Property has a value at least equal to the then-outstanding principal amount of the Certificates. The Lease Agreement does not require that the Leased Property after the substitution or release have a value equal to the value of the Leased Property prior to such substitution or release. Thus, a portion of the property comprising the Leased Property could be replaced with less valuable property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release.

Absence of Earthquake and Flood Insurance

The County is not required by the Lease Agreement to maintain earthquake or flood coverage with respect to the Property and the County does not expect to purchase such coverage. However, the Property currently meets all standards for seismic strength required by the State. The County is not required, and has not determined, to obtain such insurance in the future, and no assurance can be made that the County will procure and maintain, or continue to procure and maintain, any such insurance. See “– Natural Disasters and Seismic Considerations” below.

Cash Management

To the extent the County Board makes needed budget adjustments and maintains a balanced budget, the County has numerous internal or external means to manage its cash flow, including but not limited to interfund borrowing, intrafund borrowing and tax and revenue anticipation notes. If the County does not take required actions and the budget is out of balance, the cash requirements of the County may exceed available cash flow. The ability of the County to borrow on an interim basis to meet any cash shortfalls also may be limited if the budget remains out of balance for a sustained period of time. The County has the legal authority to issue “warrants” in place of cash to meet various types of expenditures or appropriations as an additional means to manage its cash flow. See “COUNTY FINANCIAL INFORMATION.”

Natural Disasters and Seismic Considerations

The County, like all California communities, may be subject to unpredictable seismic activity, wildfires, flood, or other natural disasters. Seismic activity, wildfires, floods and other natural disasters represents a potential risk for damage to buildings, roads, bridges and other property within the County.

Seismic. The areas at and surrounding the Leased Property, like those in much of California, may be subject to unpredictable seismic activity. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. Generally, within the State, some level of seismic activity occurs on a regular basis. During the past 150 years, California has experienced several major and numerous minor earthquakes. The County experienced a major earthquake most recently in 1989, with the Loma Prieta Earthquake, which occurred on October 17, 1989. The Loma Prieta Earthquake, with an epicenter approximately 60 miles south of San Francisco, and approximately 45 miles north of the County, measured 7.1 on the Richter scale at its epicenter.

Tsunami. A tsunami is a series of traveling ocean waves of extremely long length generated by disturbances associated with earthquakes occurring below or near the ocean floor. The worst resulted from the 1964 Alaskan earthquake and caused 12 deaths and at least \$17 million in damages in California. Earthquakes from offshore faults and offshore landslides are

capable of generating locally damaging tsunamis along the County coastline. In connection with the 1964 tsunami, Santa Cruz Harbor reported wave heights of 11 feet, a hydraulic dredge and a 38-foot cabin cruiser were sunk, and damage was reported to the harbor, though there was no inundation into the City of Santa Cruz. Monterey Harbor reported a wave height of 8.5 feet, though no damage was reported.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the County is susceptible to wildland fires. The Soberanes Fire, the largest wildfire in the County in recent years, commenced in July 2016. It was fully contained on October 12, 2016, after burning more than 132,000 acres along the Big Sur coast in the Los Padres National Forest, Ventana Wilderness, and adjacent private and public land in the County. At the fire's peak, over 5,000 personnel were assigned to the blaze. At the time that it was extinguished, the Soberanes fire ranked 18th on the list of the top 20 largest California wildfires, in terms of acreage burned. The Soberanes Fire was started by an illegal campfire on Garrapata State Park land. It took one life and destroyed more than 55 homes and other structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection ("**Cal Fire**") has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire identify areas as Fire Hazard Severity Zones and include three severity classifications: moderate, high, and very high.

Significant portions of the mountainous regions of the County, including much of the Santa Lucia Range and the Gabilan Range, contain Fire Hazard Severity Zones which are classified as "very high" or "high". Some cities within the County, including Monterey, Carmel-by-the-Sea, and Seaside, also contain Fire Hazard Severity Zones which are classified as "very high" or "high".

In the event taxable property within the County were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of tax revenues to the County.

Climate Change

Hazards relating to climate change include sea level rise, flooding, heat wave, wildfires, and severe storm and wind. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "*The Impacts of Sea-Level Rise on the California Coast.*" The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level

rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The County is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the County and the local economy.

Dependence of County on Agriculture

The County's economy is dependent in large part on the agricultural industry, the largest industry in the County, which provided approximately 21.2% of all employment in the County in 2024, according to a report from the County Agriculture Commissioner. Area production is diverse. In 2023, vegetable crops were the single largest production category by dollar value, comprising 66.2% of the County total crops. Lettuce (\$1.28 billion), broccoli (\$469 million), cauliflower (\$188 million) were the leaders in this category. Fruit and nut crops represented the second largest category (27.4%) and consisted mostly of strawberries (\$904 million) and wine grapes (\$195 million). Together, these two major categories accounted for 93.6% of the County's direct farm production values.

Many factors can influence the overall health of the agricultural industry, including a reliable and affordable water supply, product supply and demand, and ecological and natural conditions and events. The economic viability of the County will, in part, be subject to all the risks generally associated with agriculture production, shipping, processing and handling including, without limitation, general market demands, preferences and consumer tastes, changes in general economic conditions, climate and weather conditions, environmental hazards, fluctuations in the market prices, natural disasters (including, without limitation, earthquakes and floods) which may result in uninsured losses, and by other similar factors. Further, future governmental policies, including, but not limited to, those which may be imposed by the State or federal government and their respective agencies, and other governmental policies to restrict or control agriculture production, biological terrorism, and immigration or workforce factors can be expected to impact the County's agricultural industry. See "– Drought" and "– Salinas Valley Groundwater Basin" below for further information.

Drought

As with much of the State, the County experiences recurring drought as a result of its climate conditions. Droughts impact public health and safety related to both water supply and wildfire risk, and may impact overall economic activities and outputs. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 24, 2023, the Governor eased the emergency drought restrictions imposed as a result of the Governor's 2021 declaration. Notwithstanding the improved water conditions, the County cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the County and the reliability or adequacy of future supplies to meet future demands.

Hydrology in the western United States and the quantity of groundwater supplies are subject to cyclical changes, changes in climate and rainfall and levels of use. The County can make no assurances as to the reliability or adequacy of future supplies to meet future demands. Groundwater aquifers, upon which much of the County's agriculture depends, recover much more slowly than surface water and are limited by how much and how fast water can recharge. Unlike surface water, which can recover during a few days of heavy precipitation, groundwater aquifer recovery often takes years or decades. Excessive, long-term groundwater over-use resulting in groundwater depletion can cause subsidence and permanent loss of groundwater storage as well as water quality degradation and seawater intrusion. These long-term impacts on groundwater have not been remedied by the recent weather. See "– Dependence of County on Agriculture" above and "Salinas Valley Groundwater Basin" below for further information.

Salinas Valley Groundwater Basin

Irrigation for County agriculture is substantially provided by the Salinas Valley Groundwater Basin (the "**Salinas Basin**"). The Salinas Basin is the largest coastal groundwater basin in Central California. It lies within the southern coast ranges between the San Joaquin Valley and the Pacific Ocean, and is drained by the Salinas River. The valley extends approximately 150 miles from the La Panza Range north-northwest to its mouth at Monterey Bay, draining approximately 5,000 square miles in Monterey and San Luis Obispo Counties. The valley is bounded on the west by the Santa Lucia Range and Sierra de Salinas and on the east by the Gabilan and Diablo Ranges. The Monterey Bay acts as the northwestern boundary of the Salinas Basin. Rainfall is highest on the Santa Lucia Range (ranging from 30 to 60 inches per year) and lowest on the valley floor (about 14 inches per year). Dry years are common and droughts can extend over several years, such as the six-year drought of water years 2011 to 2016.

The County can make no assurances as to the reliability or adequacy of future supplies of groundwater to meet future demands.

In response to the passage in 2014 of the Sustainable Groundwater Management Act ("**SGMA**"), the County and the Water Resources Agency participated in the formation of the Salinas Valley Basin Groundwater Sustainability Agency ("**SVBGSA**"), which is a Groundwater Sustainability Agency ("**GSA**") designed to manage the whole of the Salinas Basin. SGMA requires that GSAs adopt Groundwater Sustainability Plans ("**GSPs**") designed to achieve basin sustainability no later than 2040 for basins in critical conditions of overdraft and 2042 for basins not in critical condition of overdraft. The Salinas Valley Groundwater Basin contains one sub-basin in critical condition of overdraft as determined by the California Department of Water Resources. SVBGSA has created a GSP for each of the sub-basins in the overall basin.

Notwithstanding the County's continued attention to groundwater management in the Salinas Basin in Monterey County, the County can make no assurances as to the reliability or adequacy of future supplies of groundwater to meet future demands.

Litigation

The County may be or become a party to litigation that has an impact on the County's General Fund. Although the County maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents, the County cannot predict what types of liabilities may arise in the future and whether these may adversely affect the ability of the County to pay Lease Payments under the Lease Agreement when due. See also "LITIGATION."

Cybersecurity

The County, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the County is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, ransomware, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the County's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The County has adopted an information technology security policy that establishes Countywide information security practices designed to protect and secure County information and information technology resources from intrusion and misuse. The County has never had a major cyber breach that resulted in a financial loss and maintains insurance coverage for cyber security losses should a successful breach ever occur.

No assurance can be given that the County's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the County. The County is also reliant on other entities and service providers, such as the Trustee in its role under the Trust Agreement. No assurance can be given that the County may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Owners, e.g., systems related to the timeliness of payments to Owners or compliance with disclosure filings pursuant to the Continuing Disclosure Certificate it intends to deliver in connection with the execution and delivery of the Certificates. See "CONTINUING DISCLOSURE."

State Law Limitations on Appropriations

Article XIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the County to pay Lease Payments and other payments due under the Lease Agreement may be affected if the County should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The County does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIB of the State Constitution" below.

Property Tax Allocation by the State; Changes in Law

The responsibility for allocating general property taxes was assigned to the State by Proposition 13, which stated that property taxes were to be allocated "according to law." The formula for such allocation was contained in Assembly Bill 8 ("AB 8"), adopted in 1978, which allocates property taxes among cities, counties, and school districts. The formulas contained in AB 8 were designed to allocate property taxes in proportion to the share of property taxes received by a local entity prior to Proposition 13. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the State Constitution."

Beginning in its Fiscal Year 1992-93, in response to its own budgetary shortfalls, the State began to permanently redirect billions of dollars of property taxes Statewide from cities, counties, and certain special districts to schools and community college districts. These redirected funds reduced the State's funding obligation for K-14 school districts by a commensurate amount. In response, Proposition 1A of 2004, approved by State voters in November 2004 and generally

effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain limitations. However, pursuant to Proposition 1A and beginning in Fiscal Year 2008-09, the State could, upon gubernatorial proclamation of fiscal hardship and following approval of two-thirds of both houses of the legislature, and it did, shift to schools and community colleges up to 8% of local government ad valorem property tax revenues, which amount must be repaid, with interest, within three years. The State could also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. In November 2010, State voters approved Proposition 22, which amends the State's constitution to eliminate the State's authority to temporarily shift additional ad valorem property taxes from cities, counties and special districts to schools, among other things. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 22." The state last passed a redirection or property tax shift applicable to fiscal years 2004-05 and 2005-06.

No assurance can be given that the State, the County or the County electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the County's property tax allocations or its other revenues and therefore a reduction of the funds legally available to the County to pay Lease Payments and other payments due under the Lease Agreement.

Early Prepayment Risk

Early payment of the Lease Payments and early prepayment of the Certificates may occur in whole or in part, without premium, from the proceeds of title insurance, on any date, if the Leased Property, or a portion thereof, is lost, destroyed or damaged beyond repair or taken by eminent domain and if the County exercises its right to prepay the Lease Payments in whole or in part pursuant to the provisions of the Lease Agreement and the Trust Agreement. See "THE CERTIFICATES – Prepayment – Special Mandatory Prepayment from Insurance or Condemnation Proceeds."

Loss of Tax-Exemption

The County has covenanted in the Lease Agreement, and the Corporation has covenanted in the Trust Agreement, that each will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Certificates under Section 103 of the Internal Revenue Code of 1986. In the event either the County or the Corporation fails to comply with the foregoing tax covenant, interest on the Certificates may be includable in the gross income of the Owners thereof for federal tax purposes retroactive to the date of issuance. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain Outstanding until maturity or until prepaid under the prepayment provisions contained in the Trust Agreement. See "TAX MATTERS."

Secondary Market for Certificates

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being

made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

IRS Audit of Tax-Exempt Issues

The Internal Revenue Service (the “IRS”) has a program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar obligations).

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The ability of the County to raise fees, taxes and other revenues is limited. Following is a description of certain constitutional limitations on taxes and appropriations applicable to the County. For a description of other factors relating to the revenues of the County, see “COUNTY FINANCIAL INFORMATION” herein.

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975–76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment could serve to reduce the property–tax revenues of the County. Other amendments permitted the State Legislature to allow persons over 55 or “severely disabled homeowners” who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “newly constructed” the construction

or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIII B of the State Constitution

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior fiscal year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The “base year” for establishing this appropriations limit is Fiscal Year 1978-79. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIII B generally include authorizations to expend during a fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIII B was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the County’s long term General Fund lease obligations are generally excluded from the County’s appropriations limit.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote

and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election that must be held before November 6, 1998. The voter-approval requirements of Article XIIC reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

The County currently imposes the following general taxes: business-operations tax and transient-occupancy tax. Since all of these taxes were imposed before January 1, 1995, and have not been extended or increased since that date, these taxes should be exempt from the requirements of Article XIIC. Any future increases in these taxes, however, would be subject to the voter requirement of Article XIIC.

Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments confer a "special benefit," as defined in Article XIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected parties, and (iv) a prohibition against fees and charges used for general governmental services, including police, fire and library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution by expanding the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, for performing investigations, inspections, and audits, for enforcing agricultural marketing orders, and for the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

The County does not believe that any material source of its General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. If such repeal or reduction occurs, the County's operations could be adversely affected.

Proposition 62

At the November 4, 1986, general election, the voters of the State approved Proposition 62, a statutory initiative (1) requiring that any tax imposed by local governmental entities for general governmental purposes be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (2) requiring that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction; (3) restricting the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (4) prohibiting the imposition of ad valorem taxes on real property by local governmental entities, except as permitted by Article XIII A; (5) prohibiting the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (6) requiring that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. On September 28, 1995, however, the California Supreme Court, in *Santa Clara City Local Transportation Authority v. Guardino*, upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. The *Guardino* decision did not address whether it should be applied retroactively.

In response to *Guardino*, the California Legislature adopted Assembly Bill 1362, which provided that *Guardino* should apply only prospectively to any tax that was imposed or increased by an ordinance or resolution adopted after December 14, 1995. Assembly Bill 1362 was vetoed by the Governor; hence the application of the *Guardino* decision on a retroactive basis remains unclear.

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative. It is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. However, Proposition 218, as a constitutional amendment, is applicable to charter cities and supersedes many of the provisions of Proposition 62.

Proposition 1A

Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A at the November 2004 election. Among other things, Proposition 1A amended the State Constitution to reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales and vehicle-license fee revenues as of November 3, 2004, and by providing that the State may not reduce any local sales-tax rate, limit existing local government authority to levy a sales-tax rate or change the allocation of local sales-tax revenues, subject to certain exceptions.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. This shift of local government property tax can be accomplished if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met.

Proposition 22

Proposition 22, entitled “The Local Taxpayer, Public Safety and Transportation Protection Act,” was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization (“**Unitary Property**”), commencing with Fiscal Year 1988-89, are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Future Initiatives

Article XIII A, Article XIII B and Propositions 62, 218, and Proposition 1A were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting the County’s revenues or its ability to expend revenues.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the County by no later than nine months following the end of the County’s fiscal year (which date would be April 1 based upon the County’s current fiscal year end of June 30), commencing April 1, 2027 with the report for Fiscal Year 2025-26 (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. The County will file, or cause to be filed, the Annual Report with the Municipal Securities Rulemaking Board (and with the appropriate State information

depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below in “APPENDIX E – Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Purchaser in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “**Rule**”).

The County was an obligated party during the past five years under various undertakings. In the past five years, the County has failed to comply with its undertakings pursuant to the Rule relating to debt issued by the County as follows: [NTD: To be determined].

The County was also an obligated party under undertakings pursuant to the Rule entered into in connection with a bond issuance in 2008 by the Monterey County Financing Authority and a financing for the City of Salinas for the Monterey County Public Building Project. In the previous five years, the County failed to comply with such undertakings as follows: [NTD: To be determined].

The Board of Supervisors is the legislative body of certain other public entities (“**Related Entities**”). In the previous five years, such Related Entities, and not the County, were obligated parties under undertakings pursuant to the Rule. No representation is made in this Official Statement as to the compliance by such Related Entities with their respective undertakings under the Rule.

On July 25, 2017, the County Board adopted a revised Debt Management Policy that emphasizes compliance with continuing disclosure undertakings, provides for the development of disclosure practices and procedures and disclosure training, and assigns responsibility for continuing disclosure to the County Auditor-Controller.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The portion of Lease Payments designated and comprising interest may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The County has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a

Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and bond premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

California Tax Status. In the further opinion of Special Counsel, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective

purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

CERTAIN LEGAL MATTERS

The legal opinion of Jones Hall LLP, San Mateo, California, Special Counsel, substantially in the form of Appendix D hereto, will be made available to purchasers at the time of original delivery of the Certificates, and a copy thereof will accompany each Certificate. Jones Hall is also acting as Disclosure Counsel to the County. Certain legal matters will be passed upon for the Corporation and the County by the County Counsel.

Payment of the fees and expenses of Special Counsel and Disclosure Counsel is contingent upon the execution and delivery of the Certificates.

LITIGATION

Absence of Litigation Relating to the Certificates

There is no litigation pending or, to the County's knowledge, threatened in any way to restrain or enjoin the execution or delivery of the Certificates, the Lease Agreement or the Trust Agreement, to contest the validity of the Certificates, the Lease Agreement or the Trust Agreement, or any proceeding of the County with respect thereto. In the opinion of the County and its counsel, there are no lawsuits or claims pending against the County which will materially affect the County's finances so as to impair its ability to pay Lease Payments when due.

Other Claims and Litigation

The County has certain claims pending against it. The aggregate amount of the uninsured liabilities of the County which may result from claims will not, in the opinion of the County, materially affect the County's finances or impair its ability to make Lease Payments under the Lease Agreement.

The Pajaro River flows in the County, San Benito County, and Santa Cruz County and, in its western reaches, forms the border between the County and Santa Cruz County before emptying into the Monterey Bay southwest of the City of Watsonville in Santa Cruz County and north of the unincorporated community of Moss Landing in the County. The Pajaro River Federal Levee Project primarily consists of earthen levees, with a low flow channel, at the downstream end of the Pajaro River watershed. In March 2023, following a series of atmospheric rivers in January and March, 2023, the left bank of the Pajaro Levee was breached, causing flooding in the unincorporated community of Pajaro in the County, as well as further downstream flooding. Multiple lawsuits have since been filed against the County, as well as Santa Cruz County, San

Benito County, the City of Watsonville, the Monterey County Water Resources Agency, the Pajaro Regional Flood Management Agency, the State of California, and the California Department of Transportation, among other defendants, alleging that the defendants failed to adequately manage the flow into the Pajaro River basin and failed to adequately maintain the levee infrastructure. Plaintiffs have claimed damages in the range of \$272 to \$314 million. The parties are currently in discovery and a trial date is scheduled for August 31, 2026. The County maintains it has no liability for these lawsuits; however, if the lawsuits are determined adversely to the County, the damages may be covered by the County's insurance policies up to the applicable limits thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance – *Self-Insurance*." The County cannot predict the outcome of the lawsuits or the amount of damages that may be imposed on the County, if any.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, California, has served as Municipal Advisor to the County with respect to the sale of the Certificates. The Municipal Advisor has assisted in various matters relating to the planning, structuring and sale of the Certificates. The Municipal Advisor has not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of the County to determine the accuracy or completeness of the Official Statement.

COMPETITIVE SALE OF CERTIFICATES

The Certificates will be sold pursuant to a competitive auction held on [____], 2026 pursuant to the terms set forth in the Official Notes of Sale for the Certificates (the "**Official Notice of Sale**").

The Certificates were awarded to _____ (the "**Purchaser**") and are being purchased at a purchase price of \$_____, which represents the aggregate principal component of the Certificates (\$_____) plus net original issue premium of (\$_____) and less an Purchaser's discount (\$_____).

The Purchaser intends to offer the Certificates to the public at the offering prices set forth on the cover page of this Official Statement. The Purchaser may over allot or take other steps that stabilize or maintain the market prices of the Certificates at levels above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time.

RATINGS

S&P Global Ratings ("**S&P**") has assigned a municipal bond rating of "[____]" to the Certificates. Such rating reflects only the view of S&P, and an explanation of the significance of the rating may be obtained from S&P.

There is no assurance that any credit rating given to the Certificates will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating

agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the Board of Supervisors of the County.

COUNTY OF MONTEREY

By: _____
Sonia M. De La Rosa
County Administrative Officer

APPENDIX A

[INSERT SUMMARY OF PRINCIPAL LEGAL DOCUMENTS]

APPENDIX B

MONTEREY COUNTY GENERAL DEMOGRAPHIC INFORMATION

General and Location

Monterey County (the “**County**”) borders the Pacific Ocean almost at the midpoint of the California coastline, approximately 130 miles south of San Francisco and 240 miles north of Los Angeles and was incorporated in 1850 as one of the State’s original 27 counties. The County covers an area of approximately 3,300 square miles, with a population of approximately 438,831. Agriculture, tourism and government are major contributors to the County’s economy. The Salinas Valley, located in the eastern portion of the County, is a rich agricultural center and one of the nation’s major vegetable-producing areas. The Monterey Peninsula, famed for its scenic beauty, is a year-round tourist attraction. Pebble Beach, Cypress Point, Spyglass Hill, Poppy Hills and The Links at Spanish Bay are well known Monterey Peninsula golf courses. The Monterey Bay Aquarium and the City of Carmel are other attractions that draw tourists to the Monterey Peninsula.

Population

As of January 1, 2025, the County’s population was approximately 438,831, which represents a 0.51% increase above the January 1, 2024 population estimate of 436,613. The historic population estimates for the County and cities within the County as of January 1 of the years 2021 through 2025 are listed below.

MONTEREY COUNTY Population Estimates Calendar Years 2021 through 2025, as of January 1

	2021	2022	2023	2024	2025
Carmel-by-the-Sea	3,172	3,070	3,067	3,056	3,049
Del Rey Oaks	1,571	1,554	1,561	1,551	1,546
Gonzales	8,557	8,420	8,452	8,459	8,434
Greenfield	18,908	19,888	20,316	20,543	20,785
King City	13,545	13,426	14,062	14,189	14,344
Marina	21,484	21,825	22,603	22,831	23,086
Monterey	28,630	28,333	27,380	27,148	27,273
Pacific Grove	15,016	14,826	14,955	14,935	14,871
Salinas	161,830	160,463	161,603	161,039	160,645
Sand City	379	370	376	374	373
Seaside	31,478	32,539	30,524	30,299	32,019
Soledad	26,585	26,681	26,521	26,831	27,310
Balance of County	106,274	105,189	105,552	105,358	105,096
Total	437,429	436,584	436,972	436,613	438,831

Source: State Department of Finance estimates (as of January 1).

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for the County, the State and the United States for the period 2022 through 2026.

MONTEREY COUNTY, STATE OF CALIFORNIA AND UNITED STATES Effective Buying Income 2022 through 2026

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	Monterey County	\$13,089,264	\$74,498
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Monterey County	\$12,881,259	\$74,033
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Monterey County	\$13,297,170	\$78,152
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Monterey County	\$13,353,872	\$80,097
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	Monterey County	\$14,724,818	\$85,483
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

Commercial Activity

Total taxable sales during the first two quarters of calendar year 2025 in the County were reported to be \$4,580,600,718 (the retail store component of which was \$3,037,773,488) a 3.82% increase over the total taxable sales of \$4,412,110,997 (the retail store component of which was \$3,001,180,502) reported during the first two quarters of calendar year 2024.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table.

MONTEREY COUNTY Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

Calendar Year	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	8,078	\$4,923,657	13,505	\$6,953,873
2021	7,363	5,930,462	12,425	8,439,415
2022	7,455	6,384,227	12,783	9,422,999
2023	7,163	6,287,634	12,347	9,291,579
2024	7,022	6,299,417	12,228	9,288,693

Source: California Department of Tax and Fee Administration, Taxable Sales in California (Sales & Use Tax).

Building and Construction

Provided below are the building permits and valuations for the County for calendar years 2020 through 2024.

MONTEREY COUNTY Total Building Permit Valuations (Valuations In Thousands)

	2020	2021	2022	2023	2024
<u>Permit Valuation</u>					
New Single-family	\$113,829.5	\$128,255.6	\$163,317.1	\$162,888.5	\$128,909.4
New Multi-family	29,377.6	33,842.7	43,596.7	59,296.5	6,479.0
Res. Alterations/Additions	<u>41,230.8</u>	<u>80,409.8</u>	<u>86,736.9</u>	<u>87,368.4</u>	<u>113,753.2</u>
Total Residential	184,437.9	242,508.1	293,650.7	309,553.4	249,141.6
New Commercial	76,418.1	47,919.8	47,875.1	45,777.5	29,709.1
New Industrial	5,586.0	0.0	0.0	0.0	0.0
New Other	4,291.4	18,391.7	46,545.2	27,651.2	72,872.1
Com. Alterations/Additions	<u>57,362.8</u>	<u>92,918.1</u>	<u>95,664.8</u>	<u>66,304.2</u>	<u>48,667.0</u>
Total Nonresidential	143,658.3	159,229.6	190,085.1	139,732.9	151,248.2
New Dwelling Units					
Single Family	361	473	629	491	482
Multiple Family	<u>199</u>	<u>277</u>	<u>272</u>	<u>273</u>	<u>55</u>
TOTAL	560	750	901	764	537

Source: Construction Industry Research Board, Building Permit Summary.

Employment and Industry

The unemployment rate in the County was 5.4% in September 2025, down from a revised 5.7% in August 2025, and above the year-ago estimate of 4.9%. This compares with an unadjusted unemployment rate of 5.6% for California and 4.3% for the nation during the same period. For calendar year 2024, the unemployment rate in the County was 7.3%.

The table below lists employment by industry group for the County for the past five calendar years.

SALINAS METROPOLITAN STATISTICAL AREA (MONTEREY COUNTY) Annual Average Labor Force Employment by Industry Group (March 2024 Benchmark)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force ⁽¹⁾	211,900	209,800	215,300	216,600	221,200
Employment	188,100	192,100	202,000	201,400	205,100
Unemployment	23,900	17,600	13,300	15,200	16,100
Unemployment Rate	11.3%	8.4%	6.2%	7.0%	7.3%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	53,800	54,800	58,400	54,400	56,600
Mining, Logging, and Construction	6,500	6,700	7,100	7,400	7,800
Manufacturing	4,600	4,900	5,100	5,000	4,800
Wholesale Trade	5,400	5,300	5,500	5,800	5,800
Retail Trade	15,500	16,000	16,200	16,200	16,200
Trans., Warehousing, Utilities	3,800	3,600	3,600	3,500	3,600
Information	800	800	900	900	900
Financial Activities	4,100	4,200	4,300	4,100	4,200
Professional and Business Services	14,400	15,400	15,500	14,400	13,600
Educational and Health Services	19,800	20,200	21,000	22,000	23,800
Leisure and Hospitality	18,800	20,500	24,200	25,500	25,800
Other Services	4,500	4,900	5,300	5,500	5,500
Federal Government	5,600	5,500	5,300	5,200	5,100
State Government	5,500	5,300	5,300	5,400	5,500
Local Government	22,700	22,800	23,900	24,600	25,700
Total All Industries ⁽³⁾	185,500	190,800	201,600	199,900	204,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) May not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the largest employers within the County as of December 2025, shown in alphabetical order without regard to the number of employees.

MONTEREY COUNTY Principal Employers December 2025

Employer Name	Location	Industry
Al Pak Labor	Soledad	Labor Contractors
Azcona Harvesting	Greenfield	Harvesting-Contract
Bud of California	Soledad	Fruits & Vegetables-Growers & Shippers
County-Monterey Behavioral	King City	Health Services
Filipino American Cmnty Club	Marina	Clubs
Growers Co	Salinas	Fruits & Vegetables & Produce-Retail
Hilltown Packing Co Inc	Salinas	Harvesting-Contract
Mann Packing Co Inc	Salinas	Packing & Crating Service
Mee Memorial Healthcare System	King City	Hospitals
Middlebury Institute-Intl Stds	Monterey	Schools-Universities & Colleges Academic
Misionero Vegetables	Gonzales	Fruits & Vegetables-Growers & Shippers
Monterey Bay Aquarium Rstrnt	Monterey	Zoos
Monterey County Public Works	Salinas	Government Offices-County
Monterey County Social Svc Dpt	Salinas	Government Offices-County
Monterey Mushrooms	Royal Oaks	Mushrooms
Monterey Peninsula College	Monterey	Junior-Community College-Tech Institutes
Natividad Medical Ctr	Salinas	Hospitals
Pebble Beach Co	Pebble Beach	Hotel & Motel Management
Pebble Beach Resorts	Pebble Beach	Resorts
Premium Packing	Salinas	Labor Contractors
Quality Farm Labor	Gonzales	Labor Contractors
R C Packing	Gonzales	Packing & Crating Service
Rocha Brothers Farms LLC	Moss Landing	Farms
Salinas Valley Meml Healthcare	Salinas	Health Care Management
Valley Harvesting	Greenfield	Crop Harvesting-Primarily By Machine

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd edition.

Agriculture

The following table provides a summary of agricultural production within the County for the years 2020 through 2024:

	2020	2021	2022	2023	2024
Fruit and Nut Crops	\$1,124,737,000	\$1,285,767,000	\$1,234,722,000	\$1,191,221,000	\$1,265,713,000
Vegetable Crops	2,524,608,000	2,568,381,000	3,129,167,000	2,882,975,000	3,454,347,000
Field Crops	25,481,000	28,093,000	30,098,000	30,350,000	34,645,000
Seed Crops and Apiary	4,582,000	4,787,000	6,914,000	4,322,000	3,987,000
Nursery Crops	119,836,000	99,778,000	124,314,000	128,886,000	119,703,000
Livestock & Poultry	\$110,891,000	113,434,000	113,121,000	115,584,000	114,186,000
Totals	\$3,910,135,000	\$4,100,240,000	\$4,638,336,000	\$4,353,338,000	\$4,992,581,000

Source: County of Monterey Agricultural Commission.

Transportation

Two major north-south highways connect the County with surrounding counties. State Highway 1 follows the coast. U.S. 101 follows the Salinas Valley. Highway 68 links Salinas to the Monterey Peninsula. Highways 156 and 198 link U.S. 101 with the parallel inland route in adjacent counties. Local transit needs are served by the Monterey-Salinas Transit system. Greyhound provides regularly scheduled intrastate and interstate transportation. Amtrak passenger service is available from Salinas, which is located on the Southern Pacific mainline route between San Francisco and Los Angeles. County residents and visitors utilize commercial airlines flying out of Monterey Peninsula Airport. Airport facilities are also located at Salinas Municipal Airport. Southern Pacific Transportation Company provides freight service for the interior of the County. Freight transportation is also provided by several intrastate and transcontinental trucking firms.

Education

Public school education is available through 15 elementary school districts, two high school districts, and seven unified school districts. Total public school enrollment in the 2024-25 school year is 72,224. In 2021, California legislation was passed that required school districts operating a kindergarten program to also provide a transitional kindergarten program for all 4-year-old children by fiscal year 2025–26. Tracking of this information began in 2023-24. The table below shows public school enrollment for the past five fiscal years.

	2020-21	2021-22	2022-23	2023-24	2024-25
K-8	52,070	50,759	49,811	--	--
TK - 8	--	--	--	49,344	49,161
9 - 12	23,598	23,941	23,832	23,528	23,063
Total	75,668	74,700	73,643	72,872	72,224

Source: California Department of Education, Educational Demographic Unit.

The County is served by a California State University campus, two public community colleges, Hartnell College and Monterey Peninsula College, as well as a private institution, The Monterey Institute of International Studies. Hartnell is located in Salinas and serves approximately 17,000 students. Monterey Peninsula College is located in the City of Monterey and has an enrollment of approximately 7,400. Both colleges offer courses off campus. The Middlebury Institute of International Studies at Monterey is located in the City of Monterey and has an enrollment of approximately 700. Its emphasis in undergraduate and graduate study is foreign policy, diplomacy, international relations, and languages. The Middlebury Institute of International Studies at Monterey is concluding all of its in person programs and two online programs by June 2027. California State University, Monterey Bay is located on the site of the former Fort Ord and has an enrollment of approximately 8,230.

APPENDIX C

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

APPENDIX D

[INSERT PROPOSED FORM OF SPECIAL COUNSEL OPINION]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____ *

County of Monterey
2019 Certificates of Participation
(Public Facilities Refinancing)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the County of Monterey (the “County”) in connection with the issuance of \$_____ County of Monterey 2019 Certificates of Participation (Public Facilities Refinancing) (the “Certificates”). The Certificates are being issued pursuant to Trust Agreement dated as of March 1, 2026 (the “Trust Agreement”), between the County and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the County’s fiscal year (currently April 1 based on the County’s fiscal year end of June 30).

“*Dissemination Agent*” means [The Bank of New York Mellon Trust Company, N.A.] or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the County in connection with the issuance of the Certificates.

“*Participating Underwriter*” means _____, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

* Preliminary; subject to change.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2027, with the report for Fiscal Year 2025-26, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

(b) If the County does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the County shall provide (or cause the Dissemination Agent to provide) to the MSRB a notice in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, an update for the most recently ended fiscal year of the information contained

in the tables (without any requirement to provide unaudited financial information of the County for any such tables) with the following headings in the Official Statement:

- (1) Table 1 - General Fund Balance Sheet.
- (2) Table 2 - General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.
- (3) Table 3 - General Fund Budgets.
- (4) Table 4 - General Fund Budget for Most Recently Ended Fiscal Year.
- (5) Table 5 - Assessed Value of Taxable Property.
- (6) Table 6 - Property Tax Levies, Collections and Delinquencies.
- (7) Table 7 - Ten Largest Taxpayers.
- (8) Table 8 - Transient Occupancy Tax Receipts.
- (9) Table 9 - Historical Taxable Sales and Sales Tax Receipts for Unincorporated Areas.
- (10) Table 10 - Long-Term Debt Outstanding.
- (11) Table 11 - Annual CalPERS Costs.
- (12) Table 13 - Funding History - Miscellaneous Plan.
- (13) Table 14 - Funding History - Safety Plan.
- (14) An update of the financial and operating data contained in the Official Statement under the caption "COUNTY FINANCIAL INFORMATION – Investments of County Funds; County Pool."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the County shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the County or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the County or an obligated person, or the sale of all or substantially all of the assets of the County or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Certificates. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the County obtains knowledge of the occurrence of any of these Listed Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The County’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be [The Bank of New York Mellon Trust Company, N.A.]. Any Dissemination Agent may resign by providing 30 days' written notice to the County.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that

which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the County fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the County hereunder, and shall not be deemed to be acting in any fiduciary capacity for the County, the Bond holders or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

COUNTY OF MONTEREY

By: _____
Sonia M. De La Rosa
County Administrative Officer

**DATA INNOVATIONS LLC
MASTER AGREEMENT**

Customer Name ("Customer"):	County of Monterey for the provision of services for Natividad Medical Center
Address:	1441 Constitution Boulevard
City:	Salinas
State:	California
Zip or Province/Postal Code:	93906
Country:	US
Type of Corporation:	County Hospital

This agreement for the provision of software, maintenance and support, professional services, and/or subscription services, effective on the last date of signature below which is _____ (the "Effective Date") is by and between the Data Innovations entity indicated below ("DI"):

- ☒ Data Innovations LLC, a Delaware limited liability company with principal offices at 463 Mountain View Drive, Suite 3, Colchester, VT 05446

and Customer listed above. Each of DI or Customer may be referred to as a "Party" or together the "Parties".

This agreement consists of (i) this signature page; (ii) the following General Terms and Conditions; (iii) any number of Schedules and Exhibits attached hereto; and (iv) any Quote, Statement of Work, or other written agreement entered into by the Parties (the "Master Agreement").

This Master Agreement governs each Quote or Statement of Work, and other written agreement entered into by the Parties at any time.

SCHEDULES AND EXHIBITS TO MASTER AGREEMENT	
On-Premises Software Schedule	
- Exhibit to On-Premises Software Schedule; Perpetual License - Exhibit to On-Premises Software Schedule; Subscription License - Exhibit to On-Premises Software Schedule; InterSystems Corporation End User License & Services Agreement	
Cloud-Based Solution Schedule	
Exhibit to Cloud-Based Solution Schedule; Lab GPS™	
Maintenance and Support Services Terms and Conditions Schedule	
- Exhibit to Maintenance and Support Services Terms and Conditions Schedule; On-Premises Software – Perpetual License - Exhibit to Maintenance and Support Services Terms and Conditions Schedule; On-Premises Software – Subscription License - Exhibit to Maintenance and Support Services Terms and Conditions Schedule; Cloud-Based Solution - Appendix to Exhibit to Maintenance and Support Services Terms and Conditions Schedule; Cloud-Based Solution; Lab GPS™	
Professional Services Terms and Conditions Schedule	
Exhibit to Professional Services Terms and Condition Schedule; Monterey County Travel and Business Expense Policy	
Business Associate Agreement Schedule	
Notice and Contact Information Schedule	
Quote Schedule – Quote #O-00153199	

Existing License:

- Customer entered into a written sublicense agreement with approved DI reseller, McKesson Medical-Surgical, Inc., (the "Prior Agreement") for the license and support of DI Software: IM-344861 production license ("Previously Licensed Instrument Manager Software"); and
- Customer now desires to: a) terminate the existing license for the Previously Licensed Instrument Manager Software, and b) re-license the Previously Licensed Instrument Manager Software directly from DI, and receive Maintenance and Support Services from DI for such Software under this Master Agreement; and
- DI is willing to grant a license to Customer for the Previously Licensed Instrument Manager Software and provide Maintenance and Support Services to Customer under the terms and conditions of this Master Agreement, as well as provide other DI Software and Services that Customer may request from time to time.
- NOW THEREFORE**, the Parties hereto, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, agree to the following general terms and conditions.

Master Agreement

IN WITNESS WHEREOF, Customer and DI have executed this Master Agreement as of the dates of signature below.

DI

(Authorized Signature)

Matt King

(Printed Name)

Chief Financial Officer

(Title)

December 18, 2025

(Date)

CUSTOMER

(Authorized Signature)

(Printed Name)

(Title)

(Date)

APPROVED AS TO LEGAL PROVISIONS

DI

(Authorized Signature)

Matthew Wilcox

(Printed Name)

VP, Finance

(Title)

December 18, 2025

(Date)

Signed by:

696D21D44C4341D...

Stacy Saetta

Chief Deputy County Counsel. Reviewed as to form.

1/13/2026 | 8:21 AM PST

APPROVED AS TO FISCAL PROVISIONS

DocuSigned by:

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Patricia Ruiz

Auditor Controller Analyst I

1/14/2026 | 3:12 PM PST

**GENERAL TERMS AND CONDITIONS**

NOTE: Some of the following definitions may not be applicable, depending on the Software or Service licensed. The attached Schedules, Exhibits, and Appendices should be referenced for additional definitions which are specific to the Software and Service as may be applicable.

1) DEFINITIONS.

- a) **"Acceptable Use Policy"** means the acceptable use terms and conditions set forth in Part B of the Cloud-Based Solution Schedule.
- b) **"Additional Software"** means third-party vendor software, licensed directly by Customer through its own suppliers and not sold or distributed by DI, whether or not it was recommended for use in connection with installation and Use of the Software.
- c) **"Affiliate(s)"** means any company controlling, controlled by or under common control with Customer.
- d) **"Aggregated and Statistical Data"** means the aggregated and statistical data derived from the operation of DI's Lab GPS™ Software, including, without limitation, the usage history, statistics, telemetry, number of records in the Lab GPS™ Software, the number and types of transactions processed using the Lab GPS™ Software and the performance results for the Lab GPS™ Software.
- e) **"APIs"** mean any application programming interfaces.
- f) **"Applicable Taxes"** means all value-added, sales, use, import, duties, customs or other taxes applicable to the Software licensed to Customer and/or Services performed, under this Master Agreement, except for any taxes based upon DI's net income.
- g) **"ARRA"** means Title XIII of the American Recovery and Reinvestment Act of 2009.
- h) **"Authorized User"** means the employees and authorized agents of Customer granted the right to access the Cloud Platform and Use the Subscription Services.
- i) **"Bank Fees"** means any form of payment fees (including wire transfer fees, bank fees, and credit card fees) assessed by Customer's A/P processor or bank, or DI's processor or bank, to DI related to payments made by Customer to DI hereunder.
- j) **"Billable Expenses"** means all actual, out-of-pocket expenses incurred by DI while delivering the Software and/or performing the Services under this Master Agreement, as further described in the Professional Services Schedule.
- k) **"Bundled Software"** means software licensed by DI from a third party to be distributed to Customer with the Software that has its own separate install process.
- l) **"Reserved"**.
- m) **"Change Management Process"** means the process set forth in the Professional Services Schedule for changing a previously agreed upon scope of Professional Services as detailed in a PS Agreement.
- n) **"Change Order"** means a written, mutually agreed upon change to the Customer's requirements and/or the scope of the Professional Services, delivery schedule, and/or Professional Services Fees.
- o) **"Claims and Losses"** means any and all third-party claims, demands, liabilities, actions, suits, judgments, decrees, proceedings, (including reasonable attorneys' fees incurred in connection therewith), losses, damages, and expenses.
- p) **"Cloud-Based Solution"** means a combined reference to the Software located in the cloud and the related Maintenance and Support Services that are provided and licensed together to the Customer as Subscription Services.
- q) **"Cloud Platform"** means the proprietary computer software applications, tools, APIs, connectors, programs, networks and equipment used to make the Subscription Services, and individual Software, available to Customer on an internet-hosted platform.
- r) **"Computer"** means an electronic device, owned by Customer that accepts information in digital or similar form and manipulates it for a specific result based on a sequence of instructions.
- s) **"Completed Project"** means a Professional Services project has been through the Project Closure process and has been closed as completed.
- t) **"Confidential Information"** means all non-public data or information regarding the Parties' business or technical operations including, but not limited to, (i) all designs, models, documentation, reports, data, specifications, technical process, any device, technique, or compilation of information, formula, source code, object code, flow charts, file record layouts, databases, inventions, technical data or information know-how, patents, and Trade Secrets (as defined by the Uniform Trade Secret Act), improvements, concepts and discoveries, whether or not patentable or copyrightable, relating to the Software, Work Product, and Services, (ii) information with respect to either Party's existing or contemplated products, product development, services, marketing plans, suppliers, business data or information, partner relationships, business opportunities, finances (including, without limitation, revenues, expenses, taxes, and contracts), operations, pricing and, customers or personnel, processes, techniques or know-how, sales data, internal performance results, validation reports, or any information or data developed pursuant to the performance of the Services contemplated hereunder, (iii) any other information that is specifically designated by a Party as confidential or proprietary, (iv) information that, due to its character or nature,



a reasonable person would treat as confidential. DI hereby designates the DI Property, including any permitted copies, as DI's Confidential Information. Customer Data, including permitted copies, shall be deemed "Customer Confidential Information". Confidential Information shall not include information that (A) is in or enters the public domain without breach of this Master Agreement by the Receiving Party, (B) was demonstrably in the possession of the Receiving Party prior to first receiving it from the Disclosing Party without restrictions on disclosure, (C) the Receiving Party can demonstrate was developed by the Receiving Party independently and without use of or reference to the Disclosing Party's Confidential Information, or (D) the Receiving Party receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation, or the terms and conditions of this Master Agreement and any amendments hereto.

- u) Confidential Information shall not be deemed to be in the public domain or generally known or available to the public merely because any part of said information is embodied in general disclosures or because individual features, components or combinations thereof are known or become known to the public.
- v) **"Critical Priority Software Error"** means a Software Error that renders the Software inoperable and causes a significant, time-dependent stoppage of Customer's business operations.
- w) **"Customer Data"** means all Customer data entered into, or coming in from an outside source, and captured by, the Software, including if applicable any Protected Health Information, if either are applicable, forming part of such data. Customer Data shall include Affiliate data.
- x) **"Customer Web Portal"** means the DI web portal used by customers outside of North America for logging Maintenance and Support Services Software Errors, for viewing the status of outstanding Software Errors incidents, for downloading Drivers and Documentation, for accessing a Knowledgebase of known issues and resolutions, for troubleshooting assistance and to update contact information.
- y) **"DI Property"** means the Software, Cloud Platform, Aggregated and Statistical Data, Work Product, Feedback, DI Tools, and DI's Confidential Information, including any future derivative works, enhancements or modifications thereto.
- z) **"Delivery"** means the date upon which DI has delivered the Software to a third-party shipper addressed to Customer or when DI has made the Software electronically available to Customer.
- aa) **"DI Tools"** means any tools, databases, ideas, and methodologies used by DI in providing the Professional Services and the Work Products.
- bb) **"Disclosing Party"** means the Party providing Confidential Information to the Receiving Party.
- cc) **"Discontinued Project"** means a Professional Services project that has been discontinued and closed out due to action or non-action from the Customer.
- dd) **"Disputed Fee(s)"** means an invoiced Fee that is the subject of a good faith dispute between the Parties.
- ee) **"Dispute(s)"** mean any and all disputes, controversies, differences or claims arising from or related to this Master Agreement, or the interpretation, making, performance, breach or termination thereof or transactions conducted pursuant to the rights and duties granted by this Master Agreement.
- ff) **"Dispute Notice"** means written notice given by one Party to the other Party setting forth the details of a Dispute.
- gg) **"Documentation"** means all guides, related explanatory written materials, manuals, files or on-line help, provided to Customer, for the Software, Cloud Platform and any modifications thereto.
- hh) **"Driver"** means the software developed by DI to connect laboratory devices and information systems or Additional Software to the Software.
- ii) **"Driver Update"** means updates to Drivers to correct defects, improve Software operation, add features, or provide functional corrections to the Driver that DI chooses to develop solely at its own discretion.
- jj) **"Due Date"** means thirty (30) days from the date of invoice on which all amounts billed by DI will be due and payable.
- kk) **"Embedded Software"** means software licensed by DI from a third party to be distributed to Customer with the Software that is automatically installed with the Software.
- ll) **"Emergency Maintenance and Support Services"** is defined as Critical and/or High Priority Software Errors.
- mm) **"End of Life or EoL"** means Software that has reached EoM and EoS and for which there is no successor Software. End of Life for a Software version is when DI will no longer provide Maintenance and Support Services for that Software version.
- nn) **"End of Maintenance or EoM"** defines Software or a specific Software version for which DI will no longer provide Updates.
- oo) **"End of Sale or EoS"** defines Software and Software specific versions that DI will no longer license or distribute.
- pp) **"Export Laws"** means the collective reference to the United States Export Administration Act or any other export laws, restrictions or regulations that apply to the access and Use of the Software and Services.
- qq) **"Feedback"** means all ideas, suggestions, improvements, reports, corrections and other contributions



- that Customer provides to DI, or otherwise makes with respect to the Software, Cloud Platform, and Services.
- rr) **"Fees"** means a reference to any or all of the fees due under this Master Agreement including the fees for the Software, Professional Services, Maintenance and Support Services, Subscription Services, Renewals, Bank Fees, and any Applicable Taxes.
 - ss) **"Force Majeure"** means any act or condition whatsoever beyond the reasonable control of and not occasioned by the fault or negligence of the affected Party, including, without limitation, acts of God, acts of terrorism, acts of nature or of a public enemy, acts of a federal government or any state or political subdivision thereof, internet brownouts, fires, floods, explosions, wars, pandemics, or other catastrophes; freight embargoes; or delays of a supplier or subcontractor due to such causes.
 - tt) **"Reserved"**.
 - uu) **"Hardware"** means any third-party hardware purchased from DI by Customer.
 - vv) **"High Priority Software Error"** means a Software Error that causes the Software to fail resulting in significant revenue or operational impact on Customer's business, although certain functions of Customer's business remain in operation.
 - ww) **"HIPAA"** means the Health Insurance Portability and Accountability Act of 1996.
 - xx) **"Identity Provider" or "IdP"** means a compatible third-party online service or website that authenticates users on the Internet by means of publicly available APIs, such as Google, LinkedIn or Facebook.
 - yy) **"Intellectual Property Rights"** means all patents, improvements, concepts and discoveries (whether patentable or not), copyrights, models, designs, trademarks, trade secret rights, service marks, trade names, brand names, trade dress, and other proprietary rights or applications thereof which pertain to the Software, DI Tools, Work Product, Cloud Platform and Services whether registered or not, including any future release, update, modifications, new version, release, compilation, and translation of the DI Property and Services.
 - zz) **"Internal Resolution"** means the resolution of a Dispute by the assigned representatives of each Party.
 - aaa) **"Low Priority Software Error"** means a Software Error incident opened when Customer has general Software questions or needs that do not impact day-to-day functionality.
 - bbb) **"Maintenance and Support Services"** means DI's standard technical support and maintenance services to diagnose and address a Software Error when the Software has been properly installed, if applicable, and is being Used to perform in accordance with the specifications set forth in the applicable Documentation. Maintenance and Support Services do not include training of Customer's personnel, consulting, or other available Professional Services.
 - ccc) **"Maintenance and Support Services Fees"** means all fees for the performance of Maintenance and Support Services, including all actual Billable Expenses.
 - ddd) **"Major Release"** means a release with significant new or improved functionality within the same Software bearing the same name that DI in its sole discretion determines to release as a new Major Release.
 - eee) **"Malware"** means unauthorized programming (code, scripts, active content, and other software) that is designed to, disable, erase, or otherwise harm, impede disrupt or deny Customer's Use of the Software or Services, gather information that leads to loss of privacy or exploitation, or gain unauthorized access to system resources or the Software, or that otherwise exhibits abusive behavior, including computer viruses, worms, trojan horses, spyware, dishonest adware, scareware, crimeware, most rootkits, or other malicious or unwanted software or programs. Malware does not include the Temporary SSK delivered with On-Premises Software.
 - fff) **"Mediation"** means the attempt to settle a Dispute that cannot be settled by Internal Resolution through the use of third-party mediation.
 - ggg) **"Mediator"** means an independent third party trained as a mediator to act fairly and impartially, who has been nominated by the Parties to oversee Mediation.
 - hhh) **"Medium Priority Software Error"** means a Software Error that causes a feature of the Software to fail resulting in a non-critical situation which allows the Customer's business to remain in operation. A Medium Priority incident may include issues only impacting a single user or issues where the business impact under a Critical Priority or High Priority is resolved, but there is ongoing research needed to determine the root cause of the failure.
 - iii) **"Modification"** means any change to the terms and conditions of this Master Agreement including any of its Schedules, applicable to Customer and affecting the Subscription Services.
 - jjj) **"My DI Community"** means the DI web portal used by customers located within North America, for logging Maintenance and Support Services Software Errors, for viewing the status of outstanding Software Errors incidents, for downloading Drivers and Documentation, for accessing a knowledgebase of known issues and resolutions, for troubleshooting assistance, and to update contact information.
 - kkk) **"Non-Compliance"** means any Use of the Subscription Services or of any IdP by Customer or any of its Authorized Users' that (i) does not comply with applicable law or with the Acceptable Use Policy; (ii)



subjects DI to liability to any third party; (iii) or infringes or is alleged to infringe any third-party intellectual property rights.

- lll) **"On-Premises Software"** means Software licensed to Customer for installation on Customer's hardware at Customer's site.
- mmm) **"Open-Source Software"** means software distributed to Customer with the Software that is automatically installed with the Software that meets the definition of "Open-Source" as set forth at <https://opensource.org/osd>.
- nnn) **"Period of Performance"** means the total amount of time during which a Professional Services project shall be performed.
- ooo) **"Reserved"**.
- ppp) **"Personally Identifiable Information"** means any data that could potentially be used to identify a particular person (e.g. full name, Social Security number, driver's license number, bank account number, passport number, and email address), including Protected Health Information. For purposes of clarity, Customer's login information, such as business email addresses, is not deemed Personally Identifiable Information.
- qqq) **"Privacy Regulations"** means HIPAA and ARRA, as applicable to Customer and DI.
- rrr) **"Professional Services"** means training, implementation, installation, and/or consulting services provided by DI to Customer pursuant to this Master Agreement, and as more specifically described in a PS Agreement.
- sss) **"Professional Services Fees"** means all fees for the performance of Professional Services, including all actual Billable Expenses.
- ttt) **"Prohibited Content"** means any Customer Data that DI reasonably believes violates the law, infringes or misappropriates the rights of any third party, or otherwise violates a material term of this Master Agreement, including the Acceptable Use Policy and any Personally Identifiable Information.
- uuu) **"Project Closure"** means the process DI will follow to transition a Professional Service project from an "in-process" status to a Completed Project, which includes the handoff of the Customer environment to DI Customer Support Team.
- vvv) **"Project Closure Date"** means the date a Professional Services project is closed as either a Completed Project or a Discontinued Project.
- www) **"Protected Health Information"** means individually identifiable health information that is transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium that is protected under an applicable Privacy Regulation.
- xxx) **"PS Agreement"** means the applicable Quote or SOW executed by both Parties, setting forth the Professional Services that DI shall perform for the Customer.
- yyy) **"PS Appendix"** means an appendix to a Quote setting forth the specific details and additional terms and conditions regarding the Professional Services that DI shall perform for the Customer.
- zzz) **"Quote"** means the specific proposal prepared by DI and provided to Customer, which may include a PS Appendix, if applicable, setting forth the details of the Software and Services the Customer is purchasing.
- aaaa) **"Receiving Party"** means the Party receiving the Confidential Information of the Disclosing Party.
- bbbb) **"Renewal Fees"** means the fees charged by DI to Customer to renew Maintenance and Support Services and/or Subscription Services for an additional set term.
- cccc) **"Renewal Notice"** means the written notice provided by DI to Customer with the terms and conditions, including the applicable Fees, for renewing of Maintenance and Support Services and/or for renewing Subscription Services.
- dddd) **"Renewal Term"** means any renewal term of a Maintenance and Support Services Term or a Subscription Term.
- eeee) **"Requested Enhancement"** means new functionality or enhancements to existing functionality of the Software.
- ffff) **"Scheduled Date"** means the specific date set by the Parties to commence the Professional Services.
- gggg) **"Services"** means a reference to any of the Maintenance and Support Services, Professional Services, and/or Subscription Services provided under this Master Agreement.
- hhhh) **"Software"** means (i) all application(s), (ii) Documentation, (iii) Drivers (iv) Driver Updates, (v) Requested Enhancements, and all (vi) Updates, licensed by DI to Customer pursuant to this Master Agreement.
- iiii) **"Software Error"** means a failure of the Software, licensed hereunder to Customer, when properly installed, if applicable, and being Used to perform in accordance with the specifications set forth in the applicable Documentation.
- jjjj) **"Software Fees"** means all fees for the Software licensed by Customer under this Master Agreement.
- kkkk) **"SSK"** means the Software security activation key (a unique code, specific to the Computer the On-Premises Software is installed on), with either a perpetual term or a set term that expires at the end of

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each Subscription Term, that allows Customer to activate the Software license.

llll) **"Statement of Work" or "SOW"** means the written form executed by both Parties, setting forth the specific details and additional terms and conditions regarding the Professional Services that DI shall perform for the Customer.

mmmm) **"Reserved"**.

nnnn) **"Subscription Fees"** means the fees due for Subscription Services.

oooo) **"Subscription Services"** means the license of Software and the provision of related Maintenance and Support Services to Customer on a subscription term basis.

pppp) **"Subscription Services Start Date"** shall have the meaning set forth in the applicable Schedule.

qqqq) **"Subscription Term"** means the term of Subscription Services, as set forth in the applicable Schedule or Quote.

rrrr) **"Support Hours"** mean the hours Maintenance and Support Services are available, as set forth in Maintenance and Support Services Schedule.

ssss) **"Supported Version"** is a version of Software that has not reached the state of EoS, or EoM.

tttt) **"Temporary SSK"** means a temporary ninety (90) day SSK provided as part of the initial Delivery of On-Premises Software licensed on a perpetual basis.

uuuu) **"Third-Party Software"** means a collective reference to Bundled Software, Embedded Software, or Open-Source Software.

vvvv) **"Update(s)"** means a Software Error correction, bug fix, modification, enhancement, improvement, new feature, functional corrections, upgrade, modified version, addition, Driver Updates, Requested Enhancements or other new releases, generally made available to purchasers of Maintenance and Support Services at no additional charge. Updates shall not include any major modifications, options or future products, Driver Updates or Requested Enhancements, that DI, in its sole discretion, determines to license separately and charge a separate license fee.

wwwv) **"Use", "Used," or "Using"** means to access, install, download, execute, display or otherwise benefit from using the functionality of the Software in accordance with the Documentation.

xxxx) **"Work Product"** means any implementation artifacts, interfaces, or other items delivered to Customer under a SOW.

2) **CONSTRUCTION.** Quotes, Statements of Work, or other written agreements entered into by Customer and DI after the Effective Date ("Addenda"), will be subject to this Master Agreement. The provisions of the various Addenda and Schedules will, to the extent possible, be interpreted so as to supplement each other and avoid any conflict between them. In the event of a conflict between the terms and conditions of these General Terms and Conditions, a Schedule, Exhibit, or Addenda, the conflict will be resolved by giving precedence in the following order: (i) the General Terms and Conditions, (ii) the Schedule, (iii) the Exhibit, and then (iii) the Addenda, unless explicitly stated otherwise in the Schedule, Exhibit, or Addenda, and in that case the conflicting terms and conditions in such Schedule, Exhibit or Addenda will apply only to that Schedule, Exhibit or Addenda.

3) AFFILIATES.

a) DI grants Customer the following rights related to its Affiliates, subject to the terms and conditions of this Master Agreement. Affiliate may, pursuant to a purchase order issued directly by the Affiliate to DI or a SOW entered into between Affiliate and DI:

i) connect to, access and Use the Software licensed by the Customer and installed at the Customer's site, and/or

ii) license Software and Work Product, and purchase Services and/or Hardware for:

i) connection to the Software at Customer's site, or

ii) installation at the Affiliate's site.

b) Prior to an Affiliate's i) connection, access and Use or ii) license and/or purchase, Customer agrees that it shall require each of its Affiliates to comply with the terms, conditions and restrictions contained in this Master Agreement, including, but not limited to, the use restrictions and confidentiality obligations, and that Customer remains responsible for all of the actions of the Affiliates, including a breach by Affiliate, and the actions of the Affiliates shall be deemed the actions of Customer.

c) In the event of termination of this Master Agreement, all **"Effects of Termination"**, as set forth in Section 12.e, that apply to Customer, shall apply in the same manner to each Affiliate.

4) **SOFTWARE AND SERVICES.** DI shall provide Customer the Software and Services, pursuant to the terms and conditions contained in this Master Agreement. DI's performance is dependent on Customer carrying out its obligations as set forth in this Master Agreement, and the applicable PS Agreement, and Customer acknowledges that the Professional Services Fees take into account these obligations. DI shall not be responsible for any delay in the performance of, or an inability to perform, any of its obligations contained in this Master Agreement that result from any failure or delay by Customer in the performance of its obligations contained in this Master Agreement.

5) FEES, PAYMENT, AND TAXES.

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- a) In consideration of the Software and Services and any accompanying licenses provided to Customer by DI under this Master Agreement, Customer or a third party on Customer's behalf, shall pay DI the Fees and Billable Expenses set forth on each applicable Quote, SOW, or Schedule, plus all Applicable Taxes. All Fees and Billable Expenses are quoted in, and Customer shall pay in, the currency indicated below.
 - ☒ Data Innovations LLC – US Dollars
 - b) DI shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by DI for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. Customer shall certify the invoice, either in the requested amount or in such other amount as Customer 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 30 days of receiving the certified invoice.
 - c) A Quote will be deemed to have been accepted and agreed to by Customer, either by Customer i) signing and returning an executed copy of the Quote to DI; or ii) submitting a purchase order to DI for the Software or Services detailed on the Quote, provided the purchase order specifically references the Quote number, and the value on the purchase order matches the value on the Quote.
 - d) Customer agrees that it will not now, nor at any point in the future, utilize a credit card for any payments due to DI.
 - e) All discounts, if any, provided under this Master Agreement are intended to comply with the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b). To the extent required by 42 C.F.R. § 1001.952(h) (the Anti-Kickback Statute discount safe harbor regulations) or other applicable laws and regulations, Customer must fully and accurately reflect in cost reports or other submissions to federal healthcare programs all discounts provided under this Master Agreement and, upon request by the Secretary of the U.S. Department of Health and Human Services or a state agency, must make available information provided to Customer by DI concerning the discounts.
 - f) Except for a Disputed Fee, any payments not received by DI by the Due Date will be considered past due.
 - g) In the event of a Disputed Fee, Customer shall pay the undisputed amount and notify DI of the Disputed Fee in writing within thirty (30) business days of Customer's receipt of the invoice. Customer shall not be required to pay interest on any reasonable and documented Disputed Fees. If the Parties are unable to resolve the dispute themselves, the Parties agree to submit this Dispute to resolution pursuant to Section 13.o) ("Disputes").
 - h) If Customer is not subject to any or all Applicable Taxes, then Customer is responsible for submitting the applicable documentation to DI. If this document is not provided prior to Delivery of the Software or completion of the Services, Applicable California Sales Tax will be calculated and included on the Customer's invoice.
- 6) **TERM.** The term of this Master Agreement shall begin on the Effective Date and shall continue until terminated by either Party as set forth in this Master Agreement.
- 7) **INTELLECTUAL PROPERTY.** The Parties acknowledge and agree that:
- a) DI, or its licensors, own all exclusive right, title, and interest in and to the Intellectual Property Rights in the DI Property. Customer shall not take any action inconsistent with such title and ownership. All title rights and Intellectual Property Rights may be protected by applicable copyright or other intellectual property laws and treaties.
 - b) This Master Agreement is not a sale of the DI Property, and Customer does not acquire any ownership rights or title or any Intellectual Property Rights in the DI Property. Customer acquires only the restricted right to Use the DI Property subject to the license grants herein.
 - c) DI may utilize all Feedback without any obligation to Customer.
 - d) Customer shall notify DI of any unauthorized access to the DI Property and all infringements, limitations, illegal use, or misuse of the Intellectual Property Rights that come to Customer's attention.
 - e) Customer will not remove, alter, or obscure any copyright notices, proprietary legends, trademark or service mark attributes, patent markings or other indicia of ownership contained on or in the DI Property or any portion thereof and Customer will reproduce all such notices on all copies permitted to be made by Customer under this Master Agreement.
 - f) Customer agrees not to use trademarks or other business names of DI for any purpose or to take any actions which are harmful to or inconsistent with the rights of DI in its trademarks, service marks, and trade names.
 - g) The Software (i) was developed at private expense and is the proprietary information of DI or its licensors; (ii) was not developed with government funds; (iii) is a trade secret of DI or its licensors, for all purposes of the Freedom of Information Act; (iv) is a commercial item and thus, pursuant to Section 12.212 of the Federal Acquisition Regulations (FAR) and DFAR Supplement Section 227.7202, Government's use, duplication, or disclosure of the Software is subject to the restrictions set forth by DI and the restrictions set forth in subparagraph c(1) and c(2) of Commercial Computer Software - Restricted Rights at 48 C.F.R. 52.227-19, as applicable. Furthermore, if the Software is being licensed to U.S. Government end users,



the Software and related Documentation are "Commercial Items", as that term is defined at 48 C.F.R. §2.101, consisting of "Commercial Computer Software" and "Commercial Computer Software Documentation", as such terms are used in 48 C.F.R. §12.212 or 48 C.F.R. §227.7202, as applicable. Consistent with 48 C.F.R. §12.211 through 12.212 or 48 C.F.R. §227.7202-1 through 227.7202-4, as applicable, the Commercial Computer Software and Commercial Computer Software Documentation is licensed (A) only as Commercial Items and (B) with only those rights as are granted to all other end users pursuant to the terms and conditions herein.

- h) Customer owns all exclusive right, title and interest, including Intellectual Property Rights in the Customer Data. DI shall not take any action inconsistent with such title and ownership. DI hereby agrees to assign any such right to Customer.
- i) Customer grants to DI during the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable right to use the Customer Data, solely as necessary to perform the Services and as otherwise may be agreed in writing by the Customer.

8) **CONFIDENTIAL INFORMATION.**

- a) **Confidentiality.** Each Party shall maintain the Confidential Information of the other Party in strict confidence until such time as the Confidential Information falls under one of the exceptions listed in Section 1.s) (A) – (D) ("**Confidential Information**") above. Each Party shall exercise no less than reasonable care with respect to the handling and protection of such Confidential Information, using the same protective precautions as such Party uses to protect its own Confidential Information. Each Party shall use the Confidential Information of the other Party only during the term of this Master Agreement and as expressly permitted herein, and shall not disclose such Confidential Information to any other person or third party without prior written consent of the Disclosing Party, except to its employees and independent contractors who are subject to written use and disclosure restrictions at least as protective as those set forth herein and only as is reasonably required in connection with the exercise of its rights and obligations under this Master Agreement. Notwithstanding the above, the Receiving Party may disclose Confidential Information of the Disclosing Party pursuant to a valid order or requirement of a court or government agency, provided that the Receiving Party gives prompt notice to the Disclosing Party upon receiving the order or learning of the requirement so that it may seek a protective order or other appropriate remedy. Any such disclosure by the Receiving Party of the Confidential Information of the Disclosing Party, shall not be deemed a breach of this Master Agreement and shall, in no way, be deemed to change, affect, or diminish the confidential status of such Confidential Information. Customer acknowledges and agrees that it will not permit any third party, nor any employee, representative, or agent thereof, that develops, markets, or licenses computer programs with functionality similar to the functionality of the Software to have access to DI's Confidential Information, which includes the Software.
- b) **Privacy Regulations.** The Parties agree to abide by the terms and conditions of the applicable Privacy Regulations and agree to enter into the necessary separate privacy and security agreements to facilitate compliance with the Privacy Regulations.

9) **GENERAL WARRANTIES AND DISCLAIMERS.**

- a) **Customer Warranty.** Customer represents and warrants that, prior to uploading any Customer Data into the Software, it owns or has obtained all necessary consents, licenses, approvals, and rights in the Customer Data necessary so that the use of such Customer Data by DI to provide Services to Customer does not violate any intellectual property rights or other rights (e.g. privacy) of a third party.
- b) **DI Warranties.**
 - i) DI warrants that it owns, or has the right to, license the Software.
 - ii) DI Software and Services warranties are set forth in the applicable Schedules.
- c) **Hardware Warranty.** Any Hardware purchased from DI is covered by the manufacturer's warranty. Hardware warranty coverage begins on the date of DI's initial purchase from the manufacturer.
- d) **Mutual Warranty.**
 - i) The Parties each have the power and the authority to enter into and perform this Master Agreement.
 - ii) The Parties warrant that they shall comply with all applicable laws and regulations governing the provision, access and Use of the Software and Services.
- e) **Disclaimer of Warranties.** EXCEPT AS EXPRESSLY PROVIDED IN THIS MASTER AGREEMENT, THE SOFTWARE IS PROVIDED "AS IS" AND DI MAKES NO WARRANTY, REPRESENTATION, CONDITION OR AGREEMENT WITH RESPECT TO THE SOFTWARE, SERVICES OR WORK PRODUCTS. DI EXPRESSLY DISCLAIMS AND EXCLUDES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL IMPLIED AND EXPRESS WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. DI DOES NOT REPRESENT NOR WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED, ERROR FREE, MALWARE FREE, OR THAT CUSTOMER WILL BE ABLE TO ACCESS AND USE OR OPERATE THE SOFTWARE WITHOUT PROBLEMS OR INTERRUPTIONS. SUBJECT TO THE TERMS AND CONDITIONS OF THIS MASTER AGREEMENT AND PROVIDED THE SOFTWARE IS PERFORMING SUBSTANTIALLY IN ACCORDANCE WITH THE DOCUMENTATION, CUSTOMER IS RESPONSIBLE FOR THE RESULTS TO BE ACHIEVED FROM USING THE SOFTWARE AND WORK PRODUCT AND RECEIVING THE



SERVICES.

10) INDEMNIFICATION**a) By Customer.**

- i) The County of Monterey (hereinafter "Customer") shall indemnify, defend, and hold harmless DI, its officers, agents, employees, and subcontractors from any claim, liability, loss, injury or damage arising out of, or in connection with, the performance of this Agreement by Customer and/or its officers, agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of DI and/or its officers, agents, employees and subcontractors. Customer shall reimburse DI for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which Customer is obligated to indemnify, defend and hold harmless the DI under this Agreement.

b) By DI.

- i) DI shall indemnify, defend, and hold harmless the County of Monterey (hereinafter "DI"), its officers, agents, employees, or subcontractors from any claim, liability, loss, injury or damage arising out of, or in connection with, the performance of this Agreement by DI and/or its officers, agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of Customer and/or its officers, agents, employees and subcontractors. DI shall reimburse the Customer for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which DI is obligated to indemnify, defend and hold harmless the Customer under this Agreement.

- 11) LIMITATION OF LIABILITY.** EXCEPT AS REQUIRED BY LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST DATA OR CONTENT, BUSINESS INTERRUPTIONS, LOSS OF INCOME, LOSS OF GOOD WILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, DAMAGES DUE TO FORCE MAJEURE, OR OTHER ECONOMIC LOSS, ARISING OUT OF OR RELATED TO THIS MASTER AGREEMENT, OR ANY USE OF OR FAILURE TO BE ABLE TO USE THE SOFTWARE, WORK PRODUCT, OR SERVICES, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (C) WHETHER ANY REMEDY FAILS OF ITS ESSENTIAL PURPOSE, AND (D) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) UPON WHICH THE CLAIM IS BASED. DI SHALL NOT BE LIABLE FOR (A) DISTURBANCES AND FAILURE OF INTERNET CONNECTIONS, OR (B) CUSTOMER'S DATA INPUT IN THE SOFTWARE, OR DI'S USE OF CUSTOMER DATA. A Party's total aggregate liability for any damages arising out of or related to this Master Agreement, for any and all causes whatsoever, and the other Party's maximum remedy, regardless of the form of action, whether in contract, tort, or otherwise, will not exceed the insurance policy limits stated herein Section 14 of this Agreement, for the portion of the Software, Work Product or Services that is the subject of the action, for the six (6) months immediately preceding the breach for which the damages are claimed. The existence of one or more claims will not enlarge this limit.

12) TERMINATION.

- a) **Without Cause.** Customer may terminate this Master Agreement without cause upon sixty (60) days written notice to DI.
- b) **Termination of all Subscription Services.** If Customer is only licensing Subscription Services from DI under this Master Agreement, this Master Agreement will automatically terminate at such time as Customer has terminated, or Customer has allowed to expire without renewal, all Subscription Services.
- c) **Termination for Bankruptcy.** This Master Agreement, and any effective PS Agreement, will terminate automatically if all or a substantial portion of either Party's assets are transferred to an assignee for the benefit of creditors, to a receiver or to a trustee in bankruptcy, a proceeding is commenced by or against the Party for relief under bankruptcy or similar laws and such proceeding is not dismissed within sixty (60) days, or a Party is adjudged bankrupt.
- d) **Termination with Cause.**
 - i) This Master Agreement may be terminated immediately if either Party violates the confidentiality obligations set forth herein (including the Business Associate Agreement), or the license grants and restrictions set forth herein; or
 - ii) This Master Agreement may be terminated upon written notice upon the material breach by the other Party of its obligations (including nonpayment of Fees or Billable Expenses), when such breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
- e) **Effects of Termination.** Upon any termination of this Master Agreement:
 - i) DI shall cease performing the Services and except for termination by DI for the uncured material breach of Customer pursuant to Section 12.d) ("**Termination with Cause**") above, all fully paid Software and Work Product licenses shall remain in effect. In case of termination by DI pursuant to Section 12.d) above, all licenses granted herein, and under any applicable PS Agreement, if any, shall immediately terminate, and Customer shall immediately cease using any delivered Software and Work Product and Customer shall promptly return all Software and Work Product to DI.
 - ii) The Receiving Party agrees to immediately cease using the Confidential Information of the



Disclosing Party and each Party shall promptly return to the Disclosing Party or destroy all Confidential Information of the other Party that it may have in its possession or control together with all copies thereof (including erasing such Confidential Information from all memory or data storage apparatus) and certify to the Disclosing Party such destruction / return within ten (10) days of such termination. Notwithstanding the foregoing, if the Receiving Party determines that returning or destroying the Confidential Information is infeasible, the Receiving Party shall provide to the Disclosing Party notification of the conditions that make return or destruction infeasible. The Receiving Party shall extend the protections of this Master Agreement to such Confidential Information and limit further uses and disclosures of such Confidential Information to those purposes that make return or destruction infeasible, for so long as the Receiving Party maintains such Confidential Information.

- iii) Except for Disputed Fees, any applicable Fees and Billable Expenses owed by Customer shall become immediately due and payable.
 - f) **Survival.** The provisions of this Master Agreement and any Open PS Agreement (as defined in the Professional Services Schedule), and the related obligations of the Parties, which by their nature should survive termination or expiration, shall survive and remain in full force and effect, but this shall not imply or create any continued right to use the Software and Work Products after termination of this Master Agreement and all Open PS Agreements if such termination is for Customer's material breach.
- 13) GENERAL TERMS.**
- a) **Third-Party Software.**
 - i) **Open-Source Software and Bundled Software:** Open-Source Software and Bundled Software are licensed for use by Customer, directly by the third-party vendors of such software, and DI makes no representation or warranty of any kind regarding such software, and shall have no liability associated with its use. Customer is to look to the license agreements of such software vendors for terms and conditions of use, warranties and liabilities.
 - ii) **Embedded Software:** Embedded Software is licensed for Use by Customer subject to terms and conditions set forth in this Master Agreement for the Software.
 - b) **Professional Judgment.** The Software is provided as an aid in the practice of healthcare and is not intended as a substitute for professional judgment. Customer acknowledges and agrees that DI is not engaged in the practice of medicine and that DI shall not be responsible for any medical practice management and patient care decisions made using the Software and Services. The Customer is responsible for the supervision, management, and control of its use of the Software including, but not limited to, ensuring that proper controls are in place to validate content input into the Software, and the data and results obtained through its use. Customer acknowledges that all processes, forms, and reports contained within the Software or Services may be subject to errors and are not a substitute for the exercise of professional judgment.
 - c) **Subcontracting.** DI may (i) assign and reassign personnel as it deems appropriate in its discretion to perform the Services and (ii) subcontract the performance of Services, provided DI remains liable for the Services to the same extent as if such Services had been performed by DI's employees.
 - d) **Audit Right.** During normal business hours and at any time during which the Software and/or Services are being utilized, DI, or its authorized representative or licensors, shall have the right, with a minimum of ten (10) days advanced notice one time per year, either remotely or at Customer's premises, to audit and inspect Customer's Use of the Software or Services, in order to verify compliance with the terms of this Master Agreement. If Customer is found to not be in substantial compliance with its obligations, Customer shall work with DI on a practical solution and will promptly take measures to come into compliance.
 - e) **Force Majeure.** Except with regard to payments due DI, neither Party shall be liable for any delays or failures in its performance due to an event of Force Majeure.
 - f) **Hiring.** During the term of this Master Agreement and for a period of one (1) year thereafter, neither Party shall hire any employee of the other without prior written approval. The foregoing notwithstanding, neither Party will be deemed to have breached this section by (a) hiring personnel responding to non-targeted job postings or (b) hiring personnel of the other Party that have been terminated or notified of pending termination by the other Party.
 - g) **Reserved.**
 - h) **Export.** Customer agrees that the Software will not be shipped, transferred, or exported into any country in any manner prohibited by the Export Laws. Nor will Customer allow the Software or Services to be accessed and Used in in any manner prohibited by the Export Laws. In addition, if the Software is identified as export controlled items under the Export Laws, Customer represents and warrants that Customer is not a citizen, or otherwise located within, an embargoed nation and that Customer is not otherwise prohibited under the Export Laws from receiving the Software. All rights to Use the Software are granted on condition that such rights are forfeited if Customer fails to comply with the terms of this Master Agreement.
 - i) **Notices.**
 - i) **General.** Notwithstanding the foregoing, all general correspondence regarding the basic, day-to-day performance and general operations under this Master Agreement, including notices that relate to

Master Agreement



changes/updates to the Notice and Contact Information Schedule, Updates, the availability or interoperability of the Software or Services or Modifications, may be made by email, or by DI through its website and/or via the My DI Community, or Customer Web Portal.

- ii) **Legal.** All legal notices required under this Master Agreement, and any PS Agreement, shall be (a) in writing, (b) deemed to have been duly made and received when (i) personally served, (ii) delivered by commercially established courier service, or (iii) ten (10) days after deposit in mail via certified mail, return receipt requested. All legal notices to Customer shall be to the address noted for Customer on the Notice and Contact Information Schedule this Master Agreement. All legal notices to DI shall be to the address noted for DI on the first page of this Master Agreement to the attention of the "Office of President and Chief Executive Officer".
- j) **Equitable Relief.** The Parties agree that any breach of a Party's confidentiality obligations or a breach of the license grant and restrictions set forth in this Master Agreement, and any PS Agreement, may result in irreparable injury to the other Party for which there is no adequate remedy at law. Therefore, notwithstanding the Disputes section set forth herein, in the event of any breach or threatened breach of such obligations, the non-breaching Party will be entitled to seek immediate and/or permanent injunctive relief as well as equitable relief in addition to its other available legal remedies.
- k) **Assignment.** Neither Party may assign (whether by operation of law or otherwise), sublicense, share, pledge, rent, or transfer any of its rights under this Master Agreement without the prior written consent of the other Party, which will not be unreasonably withheld. Notwithstanding the foregoing, either Party shall have the right, without acquiring consent from the other Party, to assign its rights and obligations hereunder (including any PS Agreements) upon change of control, or by sale of assets, reorganization, merger, consolidation, or otherwise, provided such assignment: a) is not to a direct competitor of the other Party; (b) does not interfere with a Party's performance obligations under this Master Agreement; (c) does not change the scope of the Services nor the fees owed per this Agreement and the intent contemplated by the Parties under this Master Agreement and any PS Agreement; or (d) is not pursuant to bankruptcy proceeding. Further, any assignment by Customer: (x) must include the assignment of all the Software and all other software or Hardware bundled or pre-installed with the Software, including all copies, Updates, and prior versions, to such person or entity; (y) must not retain any copies of the Software, including backups and copies stored on a Computer; and (z) the receiving party accepts the terms and conditions of this Master Agreement and any other terms and conditions upon which Customer legally licensed the Software. Any assignment or transfer in violation of the above is void. This Master Agreement will be binding on the Parties, their successors, and permitted assigns.
- l) **Entire Agreement.** This Master Agreement, together with all Schedules, Exhibits, and Quotes, constitutes and contains the entire understanding and agreement of the Parties with respect to the subject matter herein and, supersedes all prior representations, proposals, discussions, undertakings, communications, agreements, advertisements, and understandings, whether oral or written, between the Parties. Any "click-through" or "shrink-wrap" terms and conditions delivered with the Software or any terms or conditions appearing on the face or reverse side of any purchase order, acknowledgement, confirmation or other document furnished by Customer (whether in hard copy, electronic form, or by reference) that are different from or in addition to those set forth herein are hereby expressly rejected and shall not be binding on the Parties, even if signed and returned, unless both Parties hereto expressly agree, in an instrument separate from and in addition to the purchase order, acknowledgement, or confirmation, to be bound by such separate or additional terms and conditions. Additionally, DI shall not be bound by any terms or conditions of Customer or any third party that Customer utilizes for its business activities (including but not limited to vendor registrations, security/privacy reviews, or for purchase order and payment related processes) sent to DI electronically, including links to a website, application, or "click to approve" or "click to acknowledge" pages that are different from or in addition to those set forth herein, and such terms are hereby expressly rejected and shall not be binding on the Parties.
- m) **Amendment.** This Master Agreement may only be modified, altered, or amended by written agreement signed by an authorized officer of both Parties.
- n) **Governing Law.** This Master Agreement will be governed by and construed in accordance with the laws indicated below:
 - ☒ Data Innovations LLC – the State of California

without regard to conflicts of laws principles of any jurisdiction. The Parties hereby disclaim the application of the 1980 U.N. Convention on Contracts for the International Sale of Goods, the application of which is expressly excluded.
- o) **Disputes.** Any Disputes, shall be settled or resolved in the following manner:
 - i) **Internal Resolution.** The Parties shall first engage in Internal Resolution. To initiate Internal Resolution, a Party must provide the other Party with a Dispute Notice. Upon receipt of the Dispute Notice, the Parties shall designate representatives to confer or meet with each other within a reasonable period of time (as agreed upon by the Parties) to discuss and attempt to resolve the Dispute.
 - ii) **Mediation.** If the Dispute cannot be settled internally by Internal Resolution, then the Parties will attempt to settle their Disputes by Mediation. The Parties will nominate a Mediator who will act fairly



- and with complete impartiality towards the Parties. The language of any Mediation shall be English.
- iii) **Relief.** The Parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, without breach of this Master Agreement.
 - iv) **Court of Competent Jurisdiction.** In the event Mediation fails to resolve a Dispute, then any Party who engaged in good faith in the Mediation process may pursue its rights under this Master Agreement in any court of competent jurisdiction in the location indicated below:
 - ☒ Monterey County, California
 - p) **Language.** The English language version of this Master Agreement shall be controlling in the interpretation or application of the terms of this Master Agreement and the Schedules.
 - q) **Section Headings.** Section headings contained in this Master Agreement are for reference purposes only and shall not affect in any way the meaning and interpretation of this Master Agreement.
 - r) **No Waiver.** No failure or delay by either Party in exercising any right hereunder will operate as a waiver thereof.
 - s) **Relationship of the Parties.** The Parties are independent contractors and nothing in this Master Agreement shall be construed to create a partnership, joint venture, or employment relationship between DI and Customer.
 - t) **Third-Party Beneficiaries.** Except as expressly set forth in this Master Agreement, this Master Agreement is not intended to create and does not create enforceable obligations for the benefit of any third party.
 - u) **Severability.** If any part of this Master Agreement is found void and unenforceable, it will not affect the validity of the balance of this Master Agreement, which shall remain valid and in full force and effect.
 - v) **Counterparts.** This Master Agreement, and each PS Agreement, may be executed simultaneously in two or more counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument.
 - w) **Electronic Copies.** Fully executed pdf copy or electronic transmission of this Master Agreement, and each PS Agreement, shall serve as an original and shall be considered binding upon the Parties.
 - x) **Authority.** Each Party represents that the individual signing above on behalf of the Party is duly authorized and has the authority to execute and bind the Party indicated to this Master Agreement.

14) INSURANCE**Evidence of Coverage:**

Prior to commencement of this Agreement, DI 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.

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

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 Best's Key Rating Guide or a company of equal financial stability that is approved by Customer's Contracts/Purchasing Director.

Insurance Coverage Requirements: Without limiting DI's duty to indemnify, DI shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial General Liability Insurance, 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.

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 \$500,000 per occurrence.

Workers' Compensation Insurance. If DI employs other 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 employee – bodily injury by disease, \$1,000,000 each accident and \$1,000,000 aggregate – bodily injury by disease.

OTHER INSURANCE REQUIREMENTS:

All insurance required by this Agreement shall be with a company acceptable to Customer and issued and executed by

Master Agreement



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 years following the date DI completes its performance of services under this Agreement.



ON-PREMISES SOFTWARE SCHEDULE

All Software licensed to Customer as On-Premises Software, is provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit or Appendix attached by reference.

1) RESTRICTIONS AND USE.

- a) **Installation.** Customer may install and Use one (1) copy of each license of the Software granted to Customer hereunder on one (1) Computer.
- b) **Reproduction.** Customer shall not copy the Software without the prior written approval of DI. Notwithstanding the foregoing, Customer may make one backup copy of the Software, into machine readable form, for archival and disaster recovery purposes, provided Customer's backup copy is not in Use on any Computer. All backup copies shall remain the property of DI and are subject to the terms and conditions of this Master Agreement. Customer shall maintain a record of the number and location of all copies of Software, including copies merged with other software, and shall make those records available to DI upon request. Any backup copy of the Software that Customer makes must contain the same titles, trademarks, copyright notices, legends, and other proprietary notices that appear on or in the Software.
- c) **No Modification.** Customer shall not, and shall not permit any third party to, (i) remove or alter any copyright notices on and all copies of the Software (ii) modify, adapt, alter, or translate (excluding any language translation features that are part of the Software, and default project data files) the Software or (iii) reverse engineer, decompile, disassemble, create derivative works of any part of the Software, attempt to defeat, avoid, by-pass, remove, deactivate, or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software; or otherwise attempt to discover the source code or the underlying ideas, algorithms, structure, or organization form of the Software, except to the extent Customer may be expressly permitted to decompile under applicable law. DI reserves the right to make improvements, substitutions, modifications or enhancements to any part of the Software.
- d) **Transfer.** Customer may not, rent, lease, lend, sublicense, assign, distribute, sell, or transfer Customer's rights in the Software, use the Software for commercial time-sharing, or for service bureau use, or authorize all or any portion of the Software to be copied onto another user's Computer except as may be expressly permitted herein. Customer may, however, transfer the Software from one Customer Computer to another, provided that the transfer is carried out within a reasonable timeframe. Customer may ensure that the Software is successfully loaded on the new Computer prior to erasing from Customer's old Computer.
- e) **Updates.** If the Software is an Update to a previous version of the Software, Customer must possess a valid license to such previous version in order to Use such Update. All Updates are provided to Customer on a license exchange basis. Customer agrees that by Using an Update, Customer voluntarily terminates Customer's right to Use any previous version of the Software and will transfer all data to the new Update.

2) WARRANTIES.

- a) **Software Warranty.** DI warrants that for as long as Customer has a valid license, has a current Maintenance and Support Services term in effect for the Software, and has paid all applicable Fees due under this Master Agreement, the Software, when properly installed and Used in accordance with the applicable Documentation, will substantially perform in accordance with the Documentation provided with the Software. Customer's exclusive remedy under the limited warranty set forth herein and the sole obligation of DI for breach of this warranty shall be for DI to use commercially reasonable efforts to correct any reproducible error of the Software to conform to the Documentation, at no additional charge.
- b) **Malware Warranty.** DI warrants that as of the date of Delivery, the Software does not contain any Malware.
- c) **Media Warranty.** DI warrants that any media upon which DI provides the Software to Customer shall be free of defects in materials and workmanship for a period of ninety (90) days from Delivery of such media to Customer. As Customer's exclusive remedy and the sole obligation of DI for breach of this warranty, DI shall provide Customer with a new copy of such Software in non-defective media at no additional charge.

3) SPECIFIC SOFTWARE TERMS AND CONDITIONS.

- a) **Instrument Manager™.**
 - i) **Third-Party Software.** InterSystems Corporation's ("InterSystems") proprietary applications are Bundled Software delivered and used with DI's Instrument Manager™ software, subject to InterSystems' End User License & Service Agreement, attached as an Exhibit to this On-Premises Software Schedule. Such Bundled software is named as follows:
 - (1) Caché™ bundled with Instrument Manager™ versions up to 8.17.
 - (2) InterSystems IRIS™ bundled with Instrument Manager™ versions 9.00 and greater.
 - ii) **Affirmation.** Customer's execution of this Master Agreement shall be Customer's affirmative agreement that it accepts the term and conditions of the InterSystems' End User License & Service Agreement, attached as an Exhibit to this On-Premises Software Schedule.
 - iii) **Renewals.** Notwithstanding anything to the contrary in the InterSystems' End User License & Service Agreement ("ISC EULA"), ISC EULA renewals shall be subject to the DI Master Agreement terms and conditions and not the ISC EULA terms and conditions set forth in Section 3 of the ISC EULA.

**EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE - PERPETUAL LICENSE**

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to On-Premises Software licensed to Customer on a perpetual license basis.

1) LICENSE AND USE.

- a) Subject to Customer's compliance with the terms of this Master Agreement, DI grants to Customer, for the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable, perpetual license to Use the Software, in accordance with the Documentation, only as allowed herein and solely for Customer's internal business purposes.
- b) Each Software license will be delivered with a Temporary SSK.
- c) A permanent SSK will be provided to Customer when the applicable Software Fees have been paid in full.

2) FEES. DI shall invoice Customer for all Software Fees as set forth on the applicable Quote.**3) TERMINATION.** See Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions.



EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE - SUBSCRIPTION LICENSE

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to On-Premises Software licensed to Customer on a subscription license basis.

1) LICENSE AND USE.

- a) Subject to Customer's compliance with the terms of this Master Agreement, DI grants to Customer, for the term of this Master Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable, term license to receive and Use the Software, in accordance with the Documentation, only as allowed herein and solely for Customer's internal business purposes, as part of Subscription Services, for the length of the Subscription Term indicated on the applicable Quote.
- b) Each Software license will be delivered with an SSK.
- c) Upon completion of order processing for the Subscription Services, a new SSK will be provided to Customer set for the length of the Subscription Term.
- d) The date of receipt of payment of the Subscription Fees shall be deemed the Subscription Services Start Date.
- e) If Customer chooses to renew an expiring Subscription Services for a new Subscription Term (a "Renewal Term"), upon completion of the applicable order processing, Customer will be provided with an SSK for the new Renewal Term.
- f) Each Subscription Term, including any Renewal Term, shall be no less than a twelve (12) month period.

2) FEES.

- a) DI will invoice Customer annually for the Subscription Fees due for each Subscription Term.
- b) Customers will be notified in advance of an upcoming expiration of a Subscription Term and will be provided with a Quote for the Subscription Fees due for a Renewal Term.

3) SUSPENSION OF A SUBSCRIPTION SERVICES.

- a) DI reserves the right to suspend a Subscription Services and any pending Professional Services if Customer fails to pay the appropriate Subscription Fees within thirty (30) days from when the Monterey County Auditor-Controller receives the invoice ("**Suspension**").
- b) During any term of Suspension:
 - i) DI will not provide Maintenance and Support Service, including Updates or any Professional Services; and
 - ii) Customer will not be able to access the My DI Community or the Customer Web Portal, Updates and Drivers.
- c) Customer acknowledges and agrees that it shall not attempt to circumvent any Suspension restrictions imposed on the Software or Services.
- d) DI will lift the Suspension upon Customer's payment of all of the unpaid Subscription Fees due and payable.

4) TERMINATION.

- a) **Termination for Convenience.** The Parties acknowledge and agree that each Subscription Services Term is priced as a minimum term and may not be terminated for convenience.
- c) **Termination for Material Breach.** Subscription Services may be terminated immediately upon written notice by either Party upon the material breach by the other Party of its obligations under this Master Agreement (including nonpayment of any applicable Fees), which breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
- d) **Termination of this Master Agreement.** If this Master Agreement is terminated in whole, for any reason, all licenses to Subscription Services shall terminate as of the termination date.
- e) **Effect of Termination.** Upon termination of Subscription Services:
 - i) DI shall cease providing, and Customer shall immediately cease using, the Subscription Services and all related licenses granted to Customer shall immediately terminate.
 - ii) Customer shall be liable to DI for Subscription Fees due for the remainder of any Subscription Terms (initial or Renewal Terms) in place at the time of termination. The owed Subscription Fees will become immediately due and payable.
 - iii) If Customer terminates a Subscription Service by not renewing the Subscription Term, and afterwards Customer desires to reinstate the Subscription Service, Customer will have to purchase a new Subscription Service for a new, full Subscription Term, at the then-current prices.
 - iv) The provision of Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions shall go into effect, as applicable,

**EXHIBIT TO ON-PREMISES SOFTWARE SCHEDULE**

This Exhibit is attached to the On-Premises Software Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the license of Instrument Manager™.

INTERSYSTEMS**END USER LICENSE & SERVICES AGREEMENT**

1. This Agreement is between InterSystems Corporation ("ISC") and you the customer (hereinafter "you") that has ordered license(s) to use ISC's proprietary software (the "Licensed Software") and/or services ("Services") from ISC as a part of your agreement with DI, a licensed Application Partner of ISC ("AP").
2. Upon ISC's acceptance of your order (the "Effective Date") and the payment of the appropriate fee (the "License Fee") to ISC, ISC shall grant to you a nontransferable and nonexclusive license to use the Licensed Software internally solely in the conduct of your business (the "License"). For the avoidance of doubt, the "Licensed Software" shall not include any open source or third party software that may be shipped with, installed with or used in conjunction with ISC's proprietary software. No license shall be granted upon the physical delivery of any software to you. The granting of each License is subject to the approval of ISC, who has the right to disapprove any such request. A Trade In shall be deemed to be the cancellation of your old paid up License and the granting of a new paid up License. Services ordered by you shall be provided in accordance with the terms and conditions contained in ISC's Price List ("Price List") in effect on the date such Services are rendered, provided that ISC has received the appropriate fee therefor ("Service Fee"). If you ordered a License or Services through an AP, you may only use the Licensed Software and Services in conjunction with such AP's software.
3. To enter into a License, you must accept the terms of this Agreement as a schedule to your agreement with DI. Your agreement with DI specifies whether your License is a paid-up License or is a subscription License. The term ("License Term") of a paid-up License shall be 30 years from the Effective Date. The License Term of a subscription License begins on the Effective Date and is renewed automatically from year to year on the anniversary of the Effective Date unless proper notice of non-renewal is provided. The License Term of a paid-up or a subscription License is subject to earlier termination in accordance with Section 6 below.
4. ISC hereby warrants to you that (i) the Licensed Software will operate substantially in accordance with ISC's documentation relating thereto for one (1) year following the Effective Date, and (ii) all Services shall be performed in a manner consistent with industry standards. The foregoing warranties are conditioned upon the use of the Licensed Software strictly in accordance with ISC's documentation and instructions, and upon the absence of any misuse, damage, alteration, or modification thereto. ISC SHALL NOT BE DEEMED TO HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO YOU AS TO THE CONDITION, MERCHANTABILITY, TITLE, NON-INFRINGEMENT, DESIGN, OPERATION, OR FITNESS FOR A PARTICULAR PURPOSE OF THE LICENSED SOFTWARE OR SERVICES. Your exclusive remedy for a breach of the above warranties shall be for ISC to use reasonable efforts to repair, replace or re-perform any non-conforming Licensed Software or Services, as applicable. In the event of a valid claim that any Licensed Software that has not been altered, modified, misused or damaged infringes upon the intellectual property rights of a third party when used in accordance with ISC's documentation and instructions, ISC shall either (a) modify the Licensed Software, (b) procure a license for you to use the Licensed Software or (c) terminate your License, at ISC's option. LIMITED WARRANTY HEREIN DOES NOT INCLUDE TECHNICAL ASSISTANCE AND SOFTWARE UPDATE SERVICES AND IS NOT A SUBSTITUTE FOR SUCH SERVICES, WHICH ARE AVAILABLE FOR A SEPARATE FEE.
5. ISC's liability to you shall in no event exceed the License Fees or Services Fees received by ISC in respect of the specific Licensed Software or Services on account of which such liability arose. In no event shall ISC be liable to you for any special, incidental, exemplary, indirect, or consequential damages or lost profits.
6. Either party may terminate this Agreement upon the other's breach. You shall be liable for all fees relating to Licensed Software or Services provided prior to termination, and Sections 5, 6, 7, 8 and 10 hereof shall survive.
7. The Licensed Software and related documentation are and shall remain the sole property of ISC. You may make copies of the Licensed Software for backup and archival purposes only. You agree not to (i) decompile, disassemble, or reverse engineer the Licensed Software or (ii) disclose to others the Licensed Software or any data or information relating to the Licensed Software. In addition, you agree not to use or disclose any confidential information provided to you by ISC or its affiliates relating to the Licensed Software, Services or this business relationship. You agree to allow ISC or its representatives to audit your use of the Licensed Software upon five (5) days' notice by ISC, including providing access to your premises.
8. This Agreement shall be construed in accordance with and governed by the laws and regulations of the Commonwealth of Massachusetts. Any litigation arising herein shall be initiated and conducted exclusively in the state or federal courts in Boston, Massachusetts.
9. You agree to comply with all applicable laws, including, but not limited to, U.S. export control or similar laws with respect to use of the Licensed Software and technical data. The English version of this Agreement shall control unless otherwise required by local law.
10. **US Federal Government Use: This clause applies to any use of the Licensed Software by any U.S. federal government entity, agency or department.** The Licensed Software is commercial computer software and commercial computer software documentation as those terms are defined in the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). The Licensed Software is for the United States federal government's end use subject to the terms and conditions of the License Agreement, which



is a customary commercial license provided in accordance with FAR [48 C.F.R.] 12.211 (Technical Data) and FAR [48 C.F.R.] 12.212 (Software) and, for End Users that are Department of Defense Government Entities, DFARS [48 C.F.R.] 252.227-7015 (Technical Data – Commercial Items), DFARS [48 C.F.R.] 227.7202-1 (Commercial Computer Software or Commercial Computer Software Documentation Shall be Acquired under the Licenses Customarily Provided to the Public), DFARS [48 C.F.R.] 227.7202-3 (Rights in Commercial Computer Software or Computer Software Documentation), and DFARS [48 C.F.R.] 227.7202-4 (Contract Clause Governing the Government's Rights in Commercial Computer Software or Commercial Computer Software Documentation). The License Agreement is in lieu of, and supersedes, any other provisions or terms and conditions addressing the United States federal government's rights in the Licensed Software.

11. These terms together with any applicable terms provided to you by DI constitute the entire agreement (collectively, the "Agreement") between you and ISC relating to the subject matter hereof and supersede any prior understandings between us as well as any purchase orders or similar documents that may be submitted to ISC. ISC shall have the right to transfer or assign this Agreement without your consent. This Agreement may only be modified or amended by a writing signed by both Parties.

InterSystems Corporation: V. Aug07 1.0



CLOUD-BASED SOLUTION SCHEDULE

All Software licensed to Customer as part of a Cloud-Based Solution, is provided pursuant to the General Terms and Conditions, this Schedule and any Exhibit or Appendix attached by reference.

PART A – STANDARD TERMS AND CONDITIONS

- 1) **DEFINITIONS.** The following definitions are added to this Master Agreement for the purpose of providing the Subscription Services:
 - a) **“Access and Use Terms and Conditions”** means the terms and conditions set forth in Section 3 below, under which DI grants Customer a license to access and Use the Software and the Subscription Services.
 - b) **“Affected Subscription Services”** means a Subscription Services that is materially and adversely affected by a Modification.
 - c) **“Critical Threat”** Use of the Subscription Services or of any IdP by Customer or any of its Authorized Users that poses an imminent threat to (i) the security or integrity of any Customer Data or the data of any other DI customer, or (ii) the availability of the Cloud Platform to Customer or any other DI customer.
 - d) **“Customer Identifying Information”** means any information identifying the legal Customer entity, such as Customer’s legal name or address. Customer Identifying Information shall be deemed to be “Customer Data”.
 - e) **“Login Notice”** means an email to Customer containing a link for log in access to the Cloud Platform and Software that is initiated upon payment of the applicable Subscription Services Fees.
 - f) **“Modification Notice”** means a notice provided by DI to Customer of any Modification(s) to this Master Agreement, applicable to Customer and affecting the Subscription Services.
 - g) **“Operating Hours”** means the hours the Cloud Platform will be available, as set forth in Part C - Service Level Agreement.
 - h) **“Scheduled Maintenance”** means the application of any Updates or performance of other maintenance activities related to the Cloud Platform and/or Software.
 - i) **“Security Measures”** means DI’s current technical and organizational security measures designed to meet the following objectives: (i) ensure the security and confidentiality of Customer Data in the custody and under the control of DI; (ii) protect against any anticipated threats or hazards to the security or integrity of such Customer Data; and (iii) protect against unauthorized access to or use of such Customer Data.
 - j) **“Service Level Agreement”** means the service level terms and conditions for the Cloud Platform and Software, as set forth in Part C.
 - k) **“Service Level Warranty”** means the service level warranty, as set forth in Part C (“Service Level Agreement”).
 - l) **“Uptime”** means the uptime availability for the Cloud Platform and Software, as set forth in Part C.
- 2) **FEES.**
 - a) Customer must pay the Subscription Fees, set forth on the applicable Quote, prior to the start of any initial Subscription Term or a Renewal Term.
 - b) DI will invoice Customer annually for the Subscription Fees due for each calendar year of the then-current Subscription Term (“Calendar Year Portion”).
 - c) Customers will be notified in advance of an upcoming expiration of a Subscription Term and will be provided with a Quote for the Subscription Fees due for the Renewal Term.
- 3) **ACCESS AND USE TERMS AND CONDITIONS**
 - a) **License.** Subject to Customer’s compliance with the terms of this Master Agreement:
 - i) **Access and Use.** DI grants to Customer, for the current Subscription Services Term, a non-exclusive, non-transferable, non-sublicensable, revocable, license to receive the Subscription Services, and access and Use, and permits its Authorized Users to access and Use, the Software, in accordance with the Documentation, only as allowed herein solely for Customer’s internal business purposes.
 - ii) **Subscription Start Date.** The date DI provides the Login Notice to Customer shall be deemed the Subscription Services Start Date.
 - iii) **Reproduction.** DI grants Customer the right to reproduce the Documentation, as necessary, for Customer’s internal business purposes, in its ordinary course of business. Any copies of the Documentation that Customer makes must contain the same titles, trademarks, copyright notices, legends and other proprietary notices that appear on or in the Documentation.
 - b) **No Modification.** Customer shall not, and shall not permit any third party to, (i) remove or alter any copyright notices on and all copies of the Software (ii) modify, adapt, alter or translate (excluding any language translation features that are part of the Software, and default project data files) the Software or (iii) reverse engineer, decompile, disassemble, create derivative works of any part of the Software, attempt to defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software; or otherwise attempt to discover the source code or the underlying ideas, algorithms,



structure or organization form of the Software, except to the extent Customer may be expressly permitted to decompile under applicable law. DI reserves the right to make improvements, substitutions, modifications or enhancements to any part of the Software.

- c) **Run Time Components.** To the extent that the Software includes run time or other components licensed by DI from third parties, Customer shall not create any software program that links, embeds or makes direct function calls to such components.
- d) **Transfer.** Customer may not, share, rent, lease, lend, sublicense, assign, distribute, sell or transfer Customer's license/rights under this Master Agreement for any purpose, including but not limited to commercial time-sharing, or for service bureau use.
- e) **Updates.** Customer agrees that by Using an Update, Customer voluntarily terminates Customer's right to Use any previous version of the Software and will transfer all data to the new Update.

4) CUSTOMER GENERAL RESPONSIBILITIES.

- a) **Acceptable Use Policy.** Customer shall comply with and will ensure that its Authorized Users comply with the Acceptable Use Policy.
- b) **Software and Hardware.** The procurement, compatibility, operation, security, support and maintenance of Customer's hardware and software (that are not the Software) used to receive the Subscription Services are the responsibility of Customer.
- c) **Internet Access and Connectivity.** Customer will be solely responsible for obtaining, maintaining and paying for all equipment and third-party services (e.g., Internet access and email service) required for Customer to obtain and maintain connectivity and access between Customer's network, its hardware, and the Subscription Services.
- d) **Login Credentials and Account Keys.** Any login credentials and private keys generated by the Software are for Customer's internal use only and Customer will not sell, transfer or sublicense them to any other entity or person, except that Customer may disclose Customer login credentials and private keys to an Authorized User.
- e) **Passwords.** Customer will be solely responsible for safeguarding and maintaining the confidentiality of Authorized User names and passwords, administering name and password information for its Authorized Users, restricting Software passwords to Authorized Users only, maintaining single Authorized User passwords, and making Authorized User accounts inactive when employment is terminated. Customer agrees to add or inactivate Authorized Users, reset passwords and manage its account only through the Software or notify DI in the event an Authorized User's employment has been terminated and the aforementioned steps cannot be performed.
- f) **Authorized Users.** Customer shall implement reasonable controls to ensure that the Subscription Services are accessed and Used only by Authorized Users. Customer is responsible for all activities that occur under Customer's log ins to the Software, regardless of whether the activities are authorized by Customer or undertaken by Customer or an Authorized User, and DI is not responsible for unauthorized access to Customer's installation of the Software. Customer will be deemed to have taken any action that Customer permits, assists or facilitates any person or entity to take related to this Master Agreement. Customer is responsible for Authorized Users Use of the Software. Customer will ensure that all Authorized Users comply with Customer obligations under this Master Agreement. If Customer becomes aware of any violation of Customer obligations under this Master Agreement caused by an Authorized User, Customer will immediately suspend access to the Subscription Services and the Software by such Authorized User.
- g) **Customer Data.** Customer will ensure that Customer Data, and Customer and Authorized User's use of Customer Data or Use of the Software will not violate any applicable law. Customer is solely responsible for the occurrence, quality, integrity and content and use of Customer Data. Customer is responsible for any transmission of Customer Data Customer or its Authorized Users, send, receive, post, access, or store via the Cloud Platform and Software.
- h) **Customer Security and Backup.** Customer is solely responsible for properly configuring and using the Software and otherwise taking appropriate action to secure, protect and backup Customer Data in a manner that will provide appropriate security and protection, which might include use of encryption to protect Customer Data from unauthorized access, and routinely archiving Customer Data.
- i) **Prohibited Content.** If DI reasonably believes any of Customer Data is Prohibited Content, DI will notify Customer of the Prohibited Content and may request that such content be removed from the Software or access to it be disabled. If Customer does not remove or disable access to the Prohibited Content within two (2) business days of notice, DI shall remove or disable access to the Prohibited Content or suspend access to the Software to the extent it is not able to remove or disable access to the Prohibited Content. Notwithstanding the foregoing, DI may remove or disable access to any Prohibited Content without prior notice in connection with illegal content, where the content may disrupt or threaten Use of the Software in accordance with applicable law or any judicial, regulatory or other governmental order or request.

5) THIRD PARTY SOFTWARE OR SERVICES.

- a) **IdPs.** The Cloud Platform may include functionality that enables Customer, at Customer's option, to connect with certain IdP services or sites, via public facing APIs provided and controlled by the IdP. Any authentication information transmitted to or accessed by the Cloud Platform from an IdP is considered



Customer's Confidential Information under this Master Agreement and, to the extent within DI's possession or under DI's control, shall be protected as such pursuant to the terms of this Master Agreement. If an IdP modifies its APIs or equivalents so that they no longer interoperate with the Cloud Platform or imposes requirements on interoperability that are unreasonable for DI, and if, after applying reasonable efforts, DI is unable to overcome such modifications or requirements then, upon reasonable notice to Customer, DI may cease or suspend its provision of interoperability between the Cloud Platform and the affected IdP services or sites without liability to Customer. Except for DI's obligations to protect authentication credentials obtained by the Cloud Platform from an IdP, DI has no responsibility for the acquisition, development, implementation, operation, support, maintenance, or security of any IdP.

- 6) **MODIFICATION(S).** DI will provide Customer with a Modification Notice, applicable to Customer and affecting Customer's current Subscription Services. If Customer does not wish to accept such Modification, then Customer may terminate Customer's subscription for the Affected Subscription Service by providing DI notice in accordance with the following:

- a) If the Modification Notice states that the Modification(s) will become effective upon commencement of the next Renewal Term, then Customer may notify DI, in writing, of its determination not to renew the Affected Subscription Services, upon the earlier of (a) thirty (30) days prior to commencement of the next Renewal Term or (b) within five (5) business days after receipt of the Modification Notice, if such Modification Notice is received by Customer within the thirty (30) day period, prior to the date of the next Renewal Term.
- b) If the Modification Notice states that the Modification(s) will become effective during the then current Subscription Services Term, then Customer may notify DI in writing, of its determination to terminate Customer's subscription for the Affected Subscription Services, at any time within the thirty (30) day period immediately following the date of the Modification Notice. Customer's termination will become effective on the later to occur of (a) the date on which Customer delivers the termination notice, or (b) the date on which the applicable Modifications become effective. If Customer terminates any Affected Subscription Services pursuant to this section, then Customer will be entitled to a pro-rata refund of any prepaid Subscription Services Fees for the terminated Affected Subscription Service for the unused portion of the current Subscription Services Term. For clarification, Subscription Services Fees do not include any activation fees, installation fees, Professional Services Fees, or other expenses incurred in connection with the Affected Subscription Services.
- c) If Customer does not terminate the Affected Subscription Service as specified in the preceding sections, then Customer will be bound by the Modification(s) beginning upon the date on which the Modification Notice states they become effective.

7) **WARRANTIES.**

- a) DI warrants that for as long as Customer has a valid Subscription Services Term in effect for the Software, the Software, when properly Used in accordance with the applicable Documentation, will substantially perform in accordance with the Documentation provided with the Software. Customer's exclusive remedy under the limited warranty set forth herein and the sole obligation of DI for breach of this warranty shall be for DI to use commercially reasonable efforts to correct any reproducible error of the Software to conform to the Documentation, at no additional charge.
- b) DI warrants that it shall use, reasonable efforts, using applicable current industry practices, to ensure that the Cloud Platform and the Software, in the form provided by DI to Customer under this Master Agreement, do not contain any Malware.

8) **SUBSCRIPTION SERVICES TERM.**

- a) Initial Term. The initial Subscription Services Term shall be set forth in the applicable Quote. A Login Notice will be initiated to Customer upon payment of the applicable Subscription Services Fees. The date DI provides the Login Notice shall be deemed the Subscription Services Start Date.
- b) Renewals.
 - i) Customers will be provided with a Renewal Notice and Quote in advance of an upcoming expiration of a Subscription Services Term. The Subscription will be considered renewed only if Customer signs the Quote should Customer elect to Renew,
 - ii) Customer will also have the option to discontinue year two or year three of the Subscription Services by providing notification to DI at least thirty (30) days in advance of the expiration date of the current annual Subscription Services Term.
 - iii) Customer must pay the Renewal Fees prior to the expiration of the then-current Subscription Services Term.
 - iv) DI may increase its charges for the Subscription Services Fees for each successive term. Any such increase shall be set out in the Renewal Notice for the Subscription Services Term for which the increase is to be in effect.
 - v) Upon renewal of Subscription Services, should the Subscription terms and conditions change, those changes shall be provided to Customer along with the Renewal notice and Quote.

9) **SUSPENSION AND TERMINATION**

- a) **Suspension for Critical Threats.** If DI determines that Customer's or any of its Authorized Users' Use of the Subscription Services pose a Critical Threat, the DI will immediately attempt to contact Customer to



- resolve the Critical Threat. If DI is unable to immediately contact Customer, or if DI contacts Customer but Customer is unable to immediately remediate the Critical Threat, then DI, acting reasonably in the circumstances then known to DI, may suspend Customer's and its Authorized Users' Use of the Cloud Platform until the Critical Threat is resolved and DI is able to restore the Subscription Services to Customer.
- b) **Suspension or Termination for Non-Compliance.** If DI determines that Customer's or any of its Authorized Users are in Non-Compliance, and if Customer has not remediated the Non-Compliance within five (5) days of notification by DI, then DI may suspend Customer's and its Authorized Users' Use of the Cloud Platform until the Non-Compliance is resolved and DI is able to restore the Subscription Services for Customer. If DI determines that the Non-Compliance is incapable of cure, then DI may immediately terminate its provision of Subscription Services to Customer.
 - f) **Suspension or Termination for Non-Payment.** DI, at its sole discretion, reserves the right to suspend, or terminate Customer's Subscription Services if the Fees due for the current Calendar Year Portion or Renewal Term, are not paid prior to start of such Calendar Year or Renewal Term.
 - g) **Termination for Convenience.** The Parties acknowledge and agree that each Subscription Services Term is priced as a minimum term and may not be terminated for convenience.
 - h) **Termination for Material Breach.** Subscription Services may be terminated immediately upon written notice by either Party upon the material breach by the other Party of its obligations under this Master Agreement (including nonpayment of any applicable Fees), which breach has not been cured within thirty (30) days after the breaching Party has received written notice thereof.
 - i) **Termination for a Modification.** Customer may terminate the Subscription Services, related to a Modification Notice, as set forth in Section 6 ("**Modifications**") above.
 - j) **Termination of this Master Agreement.** If this Master Agreement is terminated in whole, for any reason, all licenses to Subscription Services shall terminate as of the termination date.
 - k) **Effect of Termination.** Upon termination of Subscription Services:
 - i) DI shall cease providing, and Customer shall immediately cease using, the Subscription Services and all related licenses granted to Customer shall immediately terminate.
 - ii) Customer shall be liable to DI for Subscription Fees due for the remainder of any Subscription Terms (initial or Renewal Terms) in place at the time of termination. The owed Subscription Fees will become immediately due and payable.
 - iii) If Customer terminates a Subscription Service by not renewing the Subscription Term, and afterwards Customer desires to reinstate the Subscription Service, Customer will have to purchase a new Subscription Service for a new, full Subscription Term, at the then-current prices.
 - iv) The provision of Section 12.e) ("**Effect of Termination**") of the General Terms and Conditions shall go into effect, as applicable.

PART B - ACCEPTABLE USE POLICY

This Acceptable Use Policy ("**AUP**") applies to Use of DI's Subscription Services, access to the Cloud Platform, Software and to all other services and products offered by DI and accessible from the Cloud Platform (collectively referred to herein as the "**DI Services**").

1) USE OF THE DI SERVICES.

- a) Customer may not:
 - i) Attempt to gain unauthorized access to, or interfere or attempt to interfere with or compromise, in any manner, with the functionality or proper working of the DI Services.
 - ii) Upload to the DI Services, or Use the DI Services, to store or transmit material in violation of any third-party privacy or data protection rights.
 - iii) Upload to the DI Services, or Use the DI Services to store or transmit any Malware.
 - iv) Upload to the DI Services or Use the DI Services to store, transmit or process any Personally Identifiable Information, or any other regulated data or information in violation of any applicable law or regulations.
 - v) Interfere with or disrupt the integrity or performance of the DI Services or third-party data stored or processed with the DI Services.
 - vi) Attempt to gain unauthorized access to the DI Services or their related systems or networks, including through denial of service, fuzzing or similar attacks.
 - vii) Attempt to probe, scan, penetrate or test the vulnerability of the DI Services, or to circumvent, avoid or breach DI's security or authentication measures, whether by passive or intrusive techniques or by social engineering.
 - viii) Attempt to reverse engineer any of DI's technology (including the Cloud Platform and Software), including as a means to find vulnerabilities to avoid DI's current Security Measures.

- 2) **SHARED RESOURCES.** Customer agrees that DI may quarantine or delete any Customer Data stored on the Cloud Platform or in the Software if DI reasonably believes that the Customer Data is infected with any Malware or is otherwise corrupted and has the potential to infect or corrupt the Cloud Platform and/or Software or other



customer's data that is stored or accessed via the Cloud Platform and Software.

3) ABUSE.

- a) Customer may not Use the DI Services to engage in, foster, or promote illegal, abusive or irresponsible behavior, including:
 - i) Unauthorized access to, or Use of the DI Services, including any unauthorized attempt to probe, scan or test the vulnerability of the DI Services to breach security or authentication measures.
 - ii) Monitoring data or traffic with the DI Services without the express authorization of DI.
 - iii) Interference with service to any user of the DI Services.
 - iv) Use of a DI Service account without the appropriate authorization.
 - v) Collecting or using email addresses, screen names or other identifiers without the consent of the person identified (including, phishing, internet scamming, password robbery, spidering, and harvesting).
 - vi) Collecting or using information without the consent of the owner of the information.
 - vii) Use of the DI Services to distribute software that covertly gathers information about a user or covertly transmits information about the user.
 - viii) Use of the DI Services to commit fraud.
 - ix) Any conduct that is likely to result in retaliation against the DI Services or DI's employees, officers or other agents, including engaging in behavior that results in any server used to provide the DI Services being the target of a denial of service ("DoS").
 - x) Use of the DI Services to facilitate competition with DI including through establishment of accounts that do not fairly represent their purpose, or for benchmarking purposes not authorized by DI.

4) OFFENSIVE CONTENT.

- a) Customer may not publish, transmit or store on the Cloud Platform of Software, or Use any DI Services, to enable, control or provide access to any content or links to any content that DI reasonably believes:
 - i) Is obscene.
 - ii) Contains harassing content or hate speech, or is violent, incites violence, or threatens violence.
 - iii) Is unfair or deceptive under the consumer protection laws of any jurisdiction.
 - iv) Is defamatory or violates a person's privacy.
 - v) Creates a risk to a person's safety or health, creates a risk to public safety or health, is contrary to applicable law, or interferes with an investigation by law enforcement.
 - vi) Improperly exposes trade secrets or other confidential or proprietary information of another person or entity.
 - vii) Is intended to assist others in defeating technical copyright protections.
 - viii) Infringes on another person or entity's copyright, trade or service mark, patent or other property rights, or violates any privacy right.
 - ix) Is illegal or solicits conduct that is illegal under laws applicable to Customer or to DI.
 - x) Is otherwise malicious, fraudulent, or may result in retaliation against DI by offended viewers or recipients.

- 5) OTHER.** Customer will not be entitled to any credit or other compensation for any interruption of the DI Services resulting from AUP violations.

PART C – SERVICE LEVEL AGREEMENT

- 1) The Service Level Warranty provided in this Schedule shall not apply to any services other than bandwidth and facility services and shall not apply to performance issues (i) caused by factors outside of DI's reasonable control; (ii) that resulted from any actions or inactions of Customer or any third parties; or (iii) that resulted from Customer's equipment and/or third-party equipment.
- 2) For purposes of this Service Level Agreement, the term "**Uptime**" shall mean all Operating Hours except for time devoted to Scheduled Maintenance and to any time during which connectivity to the Cloud Platform or Software is lost due to the factors described in Section 1 above.
- 3) The Cloud Platform and Software will operate on a twenty-four hour per day, seven-day per week basis (the "**Operating Hours**").
- 4) From time to time, DI may, at its sole discretion, decide to perform Scheduled Maintenance to the Cloud Platform and/or Software, which may result in interruptions in access to the Software by Customer during the Operating Hours. DI will notify the Customer when Scheduled Maintenance will occur.
- 5) Subject to the limitations set forth in Sections 1, 2, 3, and 4 of this Part C ("Service Level Agreement"), DI warrants and represents that it will use commercially reasonable efforts to provide ninety-five (95%) Uptime of the Cloud Platform and Software, in any calendar quarter during the Subscription Services Term (the "**Service Level Warranty**").
- 6) In the event of a breach of the Service Level Warranty, as the sole remedy for such breach DI shall credit to



Customer's account a pro-rata portion of the Subscription Services Fees, pre-paid by Customer, for the unavailable Subscription Services during the period of such breach.

- 7) Customer must exercise its right to a refund under Section 6 above by written notice, subject to the terms of Section 13.h.ii) ("**Legal Notices**") of the General Terms and Conditions, delivered to DI not later than thirty (30) days after the close of the calendar quarter in which the breach occurred.
- 8) Notwithstanding the foregoing, Customer agrees that any failure of the Cloud Platform and/or Software to meet the Uptime warranty set forth in this Schedule that is not directly caused by DI, but is caused by something outside of DI's control, shall not be deemed a breach of the Service Level Warranty (e.g. Customer's internet service goes down, downtime is caused by DI's third-party platform vendor, failure of video streaming service, etc.).

**EXHIBIT TO CLOUD-BASED SOLUTION SCHEDULE - LAB GPS™**

This Exhibit is attached to the Cloud-Based Solution Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of access and Use of Lab GPS™.

- 1) **LAB GPS™.** Lab GPS is a software developed and owned by Data Innovations and is sublicensed to Customer by DI as a Cloud-Based Solution.
- 2) **AUTHORIZED USERS.**
 - a) The number of Authorized Users who may concurrently access and Use the Software shall not exceed the number of Authorized Users specified in the applicable Quote.
 - b) Authorized User seats cannot be shared by more than one (1) individual, but Customer may replace and re-assign the seat to a new Authorized User.
- 3) **AGGREGATED AND STATISTICAL INFORMATION.**
 - a) DI may utilize all Aggregated and Statistical Information, without obligation to Customer, for purposes of internal analytical purposes related to the operation, of the Software or its supporting processes and systems and the provision of the Subscription Services, including the (i) monitoring, managing, enhancement or undertaking of internal research for technological development of the Software or Subscription Services, (ii) detection of security incidents, and to protect against malicious, deceptive, fraudulent or illegal activity; and (iii) identification of errors that impair existing functionality. DI may make information derived from its analysis of the Aggregated and Statistical Information publicly available on an aggregated and anonymized basis, provided that DI's use of the Aggregated and Statistical Information does not contain any Personally Identifiable Information nor will it disclose any Customer Identifying Information. For the sake of clarity such aggregated and anonymized data is not Confidential Information of Customer.
 - b) Customer acknowledges and agrees that to provide Customer and other DI customers with comprehensive comparative and benchmark data, DI reserves the perpetual right to aggregate data including Customer Data, without any obligation to Customer, and disclose Aggregated and Statistical Information from all DI customers in its database. Customer Data will not be attributed to Customer.
- 4) **INFORMATION SECURITY.** DI will implement and maintain commercially reasonable technical and organizational Security Measures. A copy of DI's current Security Measures may be found at <http://www.datainnovations.com/terms-and-conditions>. Customer is solely responsible for the consequences of Customer's decision not to adopt updates or best practices that DI makes available to Customer.
- 5) **EFFECT OF TERMINATION.** The following provision is added as an additional subsection to Section 9.h) ("Effect of Termination") of Part A ("Standard Terms and Conditions") of the Cloud-Based Solution Schedule: Customer Data stored on the Cloud Platform and in the Software will be permanently deleted.



MAINTENANCE AND SUPPORT SERVICES SCHEDULE

All Maintenance and Support Services are provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit or Appendix attached by reference.

DI will provide the Maintenance and Support Services set forth in this Schedule, and any related Exhibits, for the current Major Release and the previous Major Release of a Supported Version of the Software for which Customer has a valid license to Use and for which Customer is current on all Maintenance and Support Services Fees.

- 1) **MAINTENANCE AND SUPPORT SERVICES PRIORITY LEVELS.** Upon request for Maintenance and Support Services where the issues being experienced by the Customer are identified as a Software Error, Customer and DI will mutually agree on the severity level of the Software Error. DI will respond to issues with the Software according to the following schedule:

a) **Critical Priority Software Error:**

- i) Critical Priority Software Errors must be reported via telephone.
- ii) DI will acknowledge Critical Priority Software Errors within one (1) hour of the initial contact via telephone and commence working towards a resolution at that time.

b) **High Priority Software Errors:**

- i) High Priority Software Errors must be reported via telephone.
- ii) DI will acknowledge High Priority Software Errors within four (4) hours of the initial contact via telephone and commence working towards a resolution at that time.

c) **Medium Priority Software Errors:**

- i) Medium Priority Software Errors may be reported via telephone, email, or through the My DI Community, and/or the Customer Web Portal (as specified in the table in the Exhibit, attached to this Schedule by reference, for the specific Software license type).
- ii) DI will acknowledge Medium Priority Software Errors within twenty-four (24) hours of the initial contact.

d) **Low Priority Software Errors:**

- i) Low Priority Software Errors may be reported via telephone, email, or through the My DI Community, and/or the Customer Web Portal (as specified in the table in the Exhibit, attached to this Schedule by reference, for the specific Software license type).
- ii) DI will acknowledge Low Priority Software Errors within forty-eight (48) hours of the initial contact.

- 2) **OBTAINING SUPPORT.** A customer requesting that DI provide Maintenance and Support Services for the Software shall contact DI during the times and in the manner set forth in the Exhibit, attached to this Schedule by reference, for the specific Software license type. Customer shall provide DI with (a) an accurate description of the Software Error; (b) the steps necessary to reproduce the Software Error; (c) if required, the data being processed at the time of the Software Error and associated log files; and (d) the severity of the Software Error, including the circumstances that lead to the Software Error.

a) **During Support Hours.** Customer may log requests for Maintenance and Support Services in the following manner:

- i) **Telephone:** Customer may log Maintenance and Support Services requests by calling the telephone number provided in the Exhibit, attached to this Schedule by reference, for the specific Software license type. All Critical Priority and High Priority Software Errors must be logged via telephone.
- ii) **E-mail:** Customer may log Maintenance and Support Services requests by sending e-mails to the appropriate DI regional support center via the email address provided in the Exhibit, attached to this Schedule by reference, for the specific Software license type. All Critical and High Priority Software Errors must be logged via telephone. E-mail is reserved for Medium and Low Priority Software Errors.
- iii) **My DI Community, and/or Customer Web Portal:** Using the My DI Community, and/or Customer Web Portal, as indicated in the Exhibit attached to this Schedule by reference, for the specific Software license type, Customers can log Medium and Low Priority Issues, view the status of outstanding issues, download Drivers, (for Instrument Manager™ only) Documentation, and access a Knowledgebase of known issues and resolutions, for troubleshooting assistance and update contact information. DI does not warrant My DI Community, and/or Customer Web Portal will operate without interruption or without errors.

- b) **Emergency Support.** Emergency Maintenance and Support Services are available 24x7x365. An Emergency Maintenance and Support Services request may be submitted for a live Software system where all or a portion of the system has become non-operative and is affecting a critical laboratory function.

- c) **Non-Emergency Support After Hours.** Customers requesting that DI provide non-Emergency Maintenance and Support Services outside of Support Hours may purchase Professional Services for "Custom Support Services". Custom Support Services must be scheduled and are subject to DI's resource availability and shall be provided subject to a separate, PS Agreement entered into between the Parties.

3) **CUSTOMER RESPONSIBILITIES.**

- a) **Remote Access.** In order to assist DI in meeting the commitments above, Customer agrees to provide an



approved remote method to the devices running the Software with connectivity to the Software and access that permits connectivity and administration using Software's administration tools accessing the database engine.

- b) **Diagnostics Data.** In the event DI requests any data dumps, logs, or any other documentation from Customer to resolve a reported Software Error, such information shall be forwarded by overnight courier at Customer's expense or through electronic means such as e-mail, remote access, or FTP.
- c) **Primary Technical Contact(s).** DI reserves the right to only provide Maintenance and Support Services for up to three (3) individuals employed or subcontracted by the Customer who have been identified and trained as the Primary Technical Contacts of the Software. Customer shall identify its designated Primary Technical Contacts in the Notice and Contact Information Schedule for the specific Software license type.
- 4) **HARDWARE PLATFORM / INFRASTRUCTURE.** Customer is responsible for the maintenance of its hardware platform and technical infrastructure. This infrastructure includes but is not limited to a reliable backup solution, networking components, Malware protection, and security software applications (i.e. firewalls).
- 5) **UPDATES.** Customer shall have the right to receive Updates at no additional charge by requesting the same from the Customer's respective DI's regional support center or accessing the Updates from the DI's customer web site. If Customer requests that Updates be provided to Customer via electronic media (e.g. CD/DVD), DI may charge reasonable processing and shipping fees.
- 6) **REQUESTED ENHANCEMENTS.** Customer may submit a request to DI for a Requested Enhancement. DI may, at its discretion, develop the Requested Enhancements in full, in part, and/or with variations to the request.
- 7) **DRIVER UPDATES.** Customer shall have the right to receive Driver Updates at no additional charge by requesting the same from the Customer's respective regional DI's support center or accessing the Driver Updates from the DI customer web site. If Customer requests that the Driver Updates be provided to Customer via electronic media (e.g. CD/DVD), DI may charge reasonable processing and shipping fees.
- 8) **NEW DRIVERS.** Customer may submit a request to DI for the development of a new Driver. DI may, at its discretion, develop the requested new Driver in full, in part, and/or with variations to the request.
- 9) **NO LIABILITY FOR INACCURATE DIAGNOSTICS.** DI will attempt to provide accurate advice and information to Customer's employees requesting telephone or web-based, e-mail support with respect to the Software; however, the Parties acknowledge that DI cannot guarantee that such advice and information will be error free and accurate in all instances as such advice and information is dependent upon Customer's presentation and interpretation of the support needed as well as complete disclosure of the circumstances leading up to the request and, as such, DI will not be liable to Customer for any damages sustained by Customer as a result of incorrect or inaccurate advice by DI unless such damages were directly caused by the gross negligence or willful misconduct of DI.
- 10) **INSTALLATION OF ADDITIONAL SOFTWARE AND UPDATES.** Customer should not install any version, update, or upgrade of any Additional Software, on a shared platform with the Software, unless Customer understands the impact and necessity of the Additional Software version, update, or upgrade with the Software. Customer must understand and assume the risk to the Software for the application of Additional Software versions, updates, or upgrade.
- 11) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** DI will not be obligated to provide Maintenance and Support Services if: (a) Customer fails to provide DI all information, technical assistance, and access to the computing device on which the Software is installed and any other equipment and personnel necessary to assist DI; (b) the Software is not Used in accordance with the applicable Documentation; (c) any Software Error malfunction or defect reported by Customer is found by DI to be due to a cause other than the Software or Updates as delivered by DI; (d) Customer has not installed the Updates in a timely manner (see the Updates and Driver Updates sections above); or (e) the Software Error, malfunction, or defect cannot be reproduced. If any such non-Software error, malfunction, or defect may reasonably be corrected by DI, DI may correct it at Customer's request, subject to resource availability, for reasonable service charges, agreed to by Customer and DI. Examples of non-Software Errors, malfunctions, defects, associated materials, or services outside the scope of Maintenance and Support Services include but are not limited to the following:
 - a) Troubleshooting of Customer's computer hardware, operating system, system monitoring software, Malware software, or network;
 - b) Database management including but not limited to database backups, database archiving, database disk utilization monitoring, database patching, database upgrades;
 - c) Set up of Customer-provided equipment;
 - d) Troubleshooting Additional Software;
 - e) Troubleshooting Additional Software issues;
 - f) Data modification caused by Customer error or host computer system error;
 - g) Customer-requested modifications to the Documentation;
 - h) Customer account management (e.g. password resets).
- 12) **MAINTENANCE AND SUPPORT SERVICES WARRANTY AND DISCLAIMER:** DI warrants that Maintenance and Support Services will be performed with reasonable skill and care by competent and trained personnel, and in accordance with applicable and reasonable industry standards and practices. As Customer's exclusive remedy and DI's sole obligation for breach of this warranty, DI shall use commercially reasonable efforts to correct



defective Maintenance and Support Services at no additional charge to Customer, provided that Customer gives DI specific written notice of the defective Maintenance and Support Services within thirty (30) days after the Maintenance and Support Services are performed.

13) NOTIFICATIONS REGARDING EOS, EOM AND EOL:

- a) Communications related to Software may be frequent. DI suggests that Customer subscribe to the appropriate email notifications at [E-mail Updates | Data Innovations](#).
- b) EoS - DI policy is to provide a minimum 12-month notification for an End of Sale event, whenever possible.
- c) EoM - DI policy is to provide a minimum 12-month notification, whenever possible, when Customer is required to act in response to an End of Maintenance event to avoid degradation of the normal Use of the Software or a specific Software version.
- d) EoL - DI policy is to provide a minimum of 24 months notification prior to an End of Life event for Software. It is DI's policy to provide a minimum of 12 months' notification prior to an End of Life event for a specific Software version whenever possible. Maintenance and Support Services for Software and specific Software versions will be provided based on the [published End of Life dates](#).



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE ON-PREMISES SOFTWARE – PERPETUAL LICENSE

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions, and restrictions that are specific to the provision of Maintenance and Support Services for On-Premises Software licensed to Customer on a perpetual license basis.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The term of Maintenance and Support Services is for twelve (12) months. The start date and accrual of Maintenance and Support Services Fees for all Software licensed under this Master Agreement shall be from the date of Delivery of the Software.
- 3) **FEES.** The Maintenance and Support Services Fee for the Software is eighteen percent (18%) per year of DI's then current list price of the Software.
- 4) **RENEWAL:**
 - a) Unless terminated as provided herein, Maintenance and Support Services shall renew annually via a renewal Quote signed by both parties which shall serve as the Renewal Notice at least forty-five (45) days prior to the end of the then-current Maintenance and Support Services term.
 - b) Customer will have the option to discontinue its Maintenance and Support Services by providing notification to DI at least thirty (30) days in advance of the expiration date of the current Maintenance and Support term. Customer must pay the Maintenance and Support Services Fees for the Renewal Term prior to the expiration date of the then-current Maintenance and Support Services term.
 - c) DI reserves the right to terminate Customer's Maintenance and Support Services if Fees are not paid prior to the start of the Renewal Term.
 - d) DI may increase its charges for Maintenance and Support Services Fees for each successive Renewal Term by providing no less than forty-five (45) days advance notice of such increase before the beginning of the Renewal Term for which the increase is to be in effect. Annual price increases shall not exceed a 3% total increase.
- 5) **TERMINATION.** Termination of Maintenance and Support Services by either DI or Customer shall not terminate any fully paid-up, perpetual license to the Software.
- 6) **REINSTATEMENT.** In the event Customer allows Maintenance and Support Services to lapse, DI may allow Customer to reinstate Maintenance and Support Services upon Customer's performance of both of the following conditions (a) Customer agrees to install the latest version of the Software immediately upon Maintenance and Support Services reinstatement and (b) payment for all Maintenance and Support Services Fees accruing between the date in which the prior Maintenance and Support Services term expired and the effective date of reinstatement.
- 7) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
Asia	8:30 am – 6:00 pm HKT Monday – Friday	Customer Web Portal * asia-support@datainnovations.com +852 2398 3182
Europe	8:00 am – 6:00 pm CET/CEST Monday – Friday	Customer Web Portal * europe-support@datainnovations.com +32 2 332 24 13
Latin America	8:30 am – 6:00 pm BRT/BRST Monday – Friday	Customer Web Portal * latinamerica-support@datainnovations.com +55 11 38013283
North America	9:00 am – 8:00 pm EST/EDT Monday – Friday	My DI Community * northamerica-support@datainnovations.com +1 802 658 1955
Note(s): * Based on Customer's regional location, the My DI Community or Customer Web Portal may be accessed via support.datainnovations.com .		

- 8) **PRIMARY TECHNICAL CONTACT(S).** As of the Effective Date, Customer designates the individuals set forth on the Notice and Contact Information Schedule as the Primary Technical Contacts.
- 9) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** The following items are added as additional sub-items to Section 11 ("Maintenance and Support Service Exclusions") of the Maintenance and Support Services Schedule:
 - a) Issues regarding installation in the event Customer chooses to install or implement the Software on its own;
 - b) Software recovery or data manipulation and recovery due to hardware (regardless of whether or not the hardware was purchased by Customer directly from DI or from another third-party vendor) failure caused by circumstances such as lightning strikes, floods or other Acts of God, neglect, power surges, power



failures, or air conditioning or humidity control issues;

- c) Database modifications or alterations made by non-DI personnel; and
- d) Server maintenance including disk management, hardware operation, operation system updates, Malware software management, removal of Customer-introduced Malware.

- 10) **OPERATING SYSTEMS:** On-Premises Software has been validated for operation on a variety of operating systems and hardware platforms. Minimum system specifications and supported operating systems can be provided per version of Software.



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE ON-PREMISES SOFTWARE – SUBSCRIPTION LICENSE

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of Maintenance and Support Services for On-Premises Software licensed to Customer on a subscription license basis.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software as part of the Subscription Services in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The Maintenance and Support Services term for each Software license shall be coterminous with the applicable Subscription Term
- 3) **FEES.** Maintenance and Support Services for the Software are included as part of the annual Subscription Fee at DI's then current list price at the time of initial Subscription Service purchase and/or renewal.
- 4) **TERMINATION.** Maintenance and Support Services shall automatically terminate upon the termination of the applicable Subscription Services.
- 5) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
Asia	8:30 am – 6:00 pm HKT Monday – Friday	Customer Web Portal * asia-support@datainnovations.com +852 2398 3182
Europe	8:00 am – 6:00 pm CET/CEST Monday – Friday	Customer Web Portal * europe-support@datainnovations.com +32 2 332 24 13
Latin America	8:30 am – 6:00 pm BRT/BRST Monday – Friday	Customer Web Portal * latinamerica-support@datainnovations.com +55 11 38013283
North America	9:00 am – 8:00 pm EST/EDT Monday – Friday	My DI Community * northamerica-support@datainnovations.com +1 802 658 1955
Note(s): My DI Community may be accessed via support.datainnovations.com .		

- 7) **PRIMARY TECHNICAL CONTACT(S).** As of the Effective Date, Customer designates the individuals set forth on the Notice and Contact Information Schedule as the Primary Technical Contacts.
- 8) **MAINTENANCE AND SUPPORT SERVICES EXCLUSIONS.** The following items are added as additional sub-items to Section 11 ("Maintenance and Support Service Exclusions") of the Maintenance and Support Services Schedule:
 - a) Issues regarding installation in the event Customer chooses to install or implement the Software on its own;
 - b) Software recovery or data manipulation and recovery due to hardware (regardless of whether or not the hardware was purchased by Customer directly from DI or from another third-party vendor) failure caused by circumstances such as lightning strikes, floods or other Acts of God, neglect, power surges, power failures, or air conditioning or humidity control issues;
 - c) Database modifications or alterations made by non-DI personnel; and
 - d) Server maintenance including disk management, hardware operation, operation system updates, Malware software management, removal of Customer-introduced Malware.
- 9) **OPERATING SYSTEMS:** On-Premises Software has been validated for operation on a variety of operating systems and hardware platforms. Minimum system specifications and supported operating systems can be provided per version of Software.
- 10) **NOT APPLICABLE:** The following provisions set forth in the Maintenance and Support Services Schedule do not apply to EP Evaluator®:
 - a) **Priority Levels - Critical Priority Software Error - Section 1.a)**
 - b) **Priority Levels – High Priority Software Error – Section 1.b)**
 - c) **Emergency Support – Section 2.b)**
 - d) **Non-Emergency Support After Hours– Section 2.c)**
 - e) **Driver Updates – Section 7**
 - f) **New Drivers – Section 8**



EXHIBIT TO MAINTENANCE AND SUPPORT SERVICES SCHEDULE CLOUD- BASED SOLUTION

This Exhibit is attached to the Maintenance and Support Services Schedule by reference and sets forth the additional terms, conditions and restrictions that are specific to the provision of Maintenance and Support Services for Software licensed to Customer as part of a Cloud-Based Solution.

- 1) **GENERAL.** Provided Customer is current on all applicable Fees, Customer shall receive Maintenance and Support Services for the Software as part of the Subscription Services in accordance with the terms and conditions set forth herein.
- 2) **TERM.** The Maintenance and Support Services term for each Software license shall be coterminous with the applicable Subscription Term
- 3) **FEES.** Maintenance and Support Services for the Software are included as part of the annual Subscription Fee at DI's then current list price at the time of initial Subscription Service purchase and/or renewal.
- 4) **RENEWAL:** Unless terminated as provided herein, Maintenance and Support Services shall renew in conjunction with the renewal of the applicable Subscription Term. Customer will be notified at least forty-five (45) days prior to the upcoming expiration of a Subscription Term and will be provided with a Quote to renew the Subscription Term which shall require signatures by both Parties. Customer must pay the Subscription Fees for the Renewal Term prior to the expiration date of the then-current Subscription Term.
- 5) **TERMINATION.** Maintenance and Support Services shall automatically terminate upon the termination of the applicable Subscription Services.
- 6) **BROWSERS.** The Cloud-Based Solution has been validated for operation on a variety of browsers. Minimum specifications can be provided, upon request, per version of Software.



Appendix to Exhibit to Maintenance and Support Services – Cloud-Based Solution Lab GPS

This Appendix is attached to the Exhibit to Maintenance and Support Services Schedule – Cloud-Based Solution by reference and sets forth the additional terms, conditions, and restrictions that are specific to the provision of Maintenance and Support Services for Lab GPS.

- 1) **NON-EMERGENCY MAINTENANCE AND SUPPORT SERVICES.** The following table sets forth the times and manner in which Customer may request non-Emergency Support Maintenance and Support Services:

Non-Emergency Support is available Monday through Friday, excluding holidays published on www.datainnovations.com during the hours for the region listed below.		
Region	Support Hours	Technical Support Contact
North America	9:00 am – 5:00 pm EST/EDT Monday – Friday	My DI Community* northamerica-support@datainnovations.com +1 802 658 1955
Note(s): * My DI Community may be accessed via support.datainnovations.com .		

- 2) **PRIMARY TECHNICAL CONTACT(S).** As of the Effective Date, Customer designates the individuals set forth on the Notice and Contact Information Schedule as the Primary Technical Contacts.
- 3) **NOT AVAILABLE:** The following support levels and types, set forth in the Maintenance and Support Services Schedule are not available for Lab GPS:
- a) **Priority Levels - Critical Priority Software Error - Section 1.a)**
 - b) **Priority Levels – High Priority Software Error – Section 1.b)**
 - c) **Emergency Support – Section 2.b)**
 - d) **Non-Emergency Support After Hours– Section 2.c)**
- 4) **NOT APPLICABLE:** The following provisions set forth in the Maintenance and Support Services Schedule do not apply to Lab GPS:
- a) **Customer Responsibilities:**
 - i) Remote Access – Section 3.a)
 - ii) Diagnostic Data – Section 3.b)
 - b) **Hardware Platform / Infrastructure – Section 4**
 - c) **Updates – Section 5**
 - d) **Driver Updates – Section 7**
 - e) **New Drivers – Section 8**
 - f) **Installation of Additional Software and Updates – Section 10**



PROFESSIONAL SERVICES SCHEDULE

All Professional Services are provided pursuant to the General Terms and Conditions, this Schedule, and any Exhibit, Quote, or Appendix attached by reference.

- 1) **PROFESSIONAL SERVICES FEES.** DI will invoice Customer for the Professional Services Fees as set forth in the applicable PS Agreement, Quote, or PS Appendix.
- 2) **PERIOD OF PERFORMANCE.**
The Period of Performance for each Professional Services project shall be set forth in the applicable PS Agreement. The Period of Performance may only be modified or extended by mutual agreement of the Parties through the Change Management Process, and if warranted, via a written Amendment signed by both parties.
- 3) **ASSUMPTIONS/CONSIDERATIONS.**
 - a) Any Professional Service not explicitly identified in the applicable PS Agreement is considered "out-of-scope" and assumed to be the responsibility of the Customer. Per the request of Customer, those items can be evaluated, considered, and (if agreed upon by the Parties) addressed through the Change Management Process and a written Amendment signed by both parties.
 - b) Pricing for each PS Agreement assumes Customer resources will be engaged to perform and complete its obligations for the completion of the Professional Services project throughout the Period of Performance. If additional time is required to complete the Professional Services project due to Customer delays or related issues, including but not limited to, completion of Customer tasks outlined in the applicable PS Agreement, this will be discussed between the Customer and DI. If additional time beyond the Period of Performance is requested by Customer to continue delivery of the Professional Services, the additional time will be addressed via the Change Management Process.
- 4) **CHANGE MANAGEMENT PROCESS.** Customer acknowledges and agrees that the Professional Services Fees set forth in the Quote are only for the Professional Services scoped based on Customer provided information and projected Customer technical skills and time commitment required for the performance of such Professional Services. If after the Effective Date of this Agreement i) DI determines that the information provided was not accurate, ii) the information changes, and/or iii) Customer is not able to provide personnel at the technical level, or time-commitment level originally agreed upon, an adjustment to the Professional Services may have to be made by DI, and such adjustment may cause an increase in the Professional Services Fees. Such an increase shall not be binding until both parties agree via a written Amendment. Further, if Customer requests DI perform Professional Services beyond those scoped an adjustment to the scope of Professional Services will have to be made by DI, and such adjustment may require an increase in the Professional Services Fees. Prior to any changes taking affect, an Amendment will be entered into between DI and the Customer to document the revisions to this Agreement and the applicable Quote, if necessary. DI shall have no obligation to begin work on any additional Professional Services prior to the executed Amendment being in place. Changes are broadly defined as work activities not originally scoped in the Agreement.
- 5) **LICENSE GRANT AND OWNERSHIP.**
 - a) Subject to the terms and conditions of this Master Agreement, and the applicable terms set forth in a PS Agreement, and upon payment of all Professional Services Fees owed under the PS Agreement, DI hereby grants Customer a perpetual (subject to the termination provisions below and as set forth in Section 12 ("Termination") of the General Terms and Conditions), non-exclusive, non-transferable, license to use the Work Products solely for Customer's internal business purposes. Nothing contained herein shall grant any rights of ownership to Customer in the DI Tools. If any Software (whether pre-existing or new) is delivered as part of the Professional Services provided herein, Customer acknowledges and agrees that i) nothing contained herein shall grant any rights of use or ownership to Customer in such Software, and ii) all such Software shall be licensed to Customer pursuant to separately executed license agreements.
 - b) Customer acknowledges that DI shall have sole and exclusive ownership of all right, title, and interest in and to the Work Products, including any and all DI copyright material, including algorithms, predefined rules and validation templates, provided to Customer under the scope of this Master Agreement and all modifications and enhancements thereof (including ownership of all trade secrets and copyrights pertaining thereto), subject only to the rights and privileges expressly granted to Customer herein. This Master Agreement does not provide Customer with title to or ownership of the Work Products, but only a right of limited use as set forth herein.
 - c) The license to use the Work Products granted to Customer by DI herein, shall be limited by the following: Customer shall not distribute, copy, or use the Work Products for any purpose beyond the scope of this Master Agreement, except for archival or backup purposes or disclosure required by law, regulatory compliance, and/or laboratory accreditation purposes.
- 6) **RULES-BASED SERVICES.** As part of the Professional Services provided under this Master Agreement, DI may provide Customer with Instrument Manager™ Rules-Based Decision Processing services ("Rules-Based Services") which can include:
 - a) Consulting and/or training Customer on designing and developing rules and algorithms of their own creation to direct Instrument Manager in the processing of patient test results.
 - b) Predefined rules and algorithms that have been modified with Customer's input and approval to direct Instrument Manager in the processing of patient test results.



- c) Templates and consulting to Customer for use and approval to validate the Professional Services provided under this Master Agreement for the Instrument Manager system prior to processing patient test results.
 - d) Customer agrees and acknowledges that the content of any algorithms, and any corresponding results and actions, shall be solely Customer's responsibility. While DI may offer Customer consulting, training, and/or predefined algorithms and rules to implement certain parameters for processing patient test results, Customer agrees that the final identified parameters shall at all times be determined by, and be the sole responsibility of, Customer. Customer shall not, under any circumstances, rely upon DI to make final determinations regarding the content or direction of any Customer rules or processing decisions.
 - e) Because the responsibility for any and all parameters, content, and direction of any rules implemented via Instrument Manager through Rules-Based Services rests solely with Customer, DI makes no representations or warranties with respect to any algorithms, or their content, implemented via its Rules-Based Services.
- 7) **DI EXPENSE REIMBURSEMENT GUIDELINES.** All Billable Expenses incurred by DI while performing the Professional Services shall be reimbursed by Customer per the Monterey County Travel and Business Expense Policy attached as an Exhibit to this Professional Services Schedule, in addition to the following and subject to the following DI Reimbursement Guidelines:
- a) **General.**
 - i) Travel and related expenses should be governed by what is reasonable and appropriate for the business purpose involved and should be the least expensive alternative that meets reasonable quality standards and scheduling needs. Lodging shall be reimbursed per GSA (General Services Administration) per diem allowances for the Monterey County area. Mileage shall be reimbursed at IRS allowances.
 - ii) When requesting reimbursement, DI will report expenses as they were actually spent and support with appropriate receipt.
 - b) **Receipts.** Receipts are required for reimbursement of all expenses.
 - c) **Meals.** Reasonable food and beverage expenses will be reimbursed for breakfast, lunch, and dinner meals only. No other incidental food or beverages will be expensed. Meals may be reimbursed at GSA allowances per diem.
 - d) **Air Travel.**
 - i) DI will secure the lowest coach class fare available for direct, non-stop flights.
 - ii) Customer will not be expected to reimburse for first class tickets or upgrades. First class exception will not apply if airlines place traveler in first class at the coach fare rates.
 - e) **Ground Transportation.**
 - i) DI will use the most economical ground transportation appropriate under the circumstances.
 - ii) No "luxury" or "stretch" limousine expenses will be expensed or expected to be reimbursed.
 - f) **Lodging.**
 - i) DI will book lodging with a reasonable cost for hotel accommodations at the single room rate at a business quality hotel.
 - ii) No "deluxe" or "luxury" room rate expenses will be reimbursed.
 - g) **Parking and Tolls.**
 - i) Parking and toll expenses, including hotel parking, will be reimbursed by Customer.
 - ii) Parking tickets, fines, car washes, and valet service will not be reimbursed by Customer.
 - h) **Other Reimbursable Travel Expenses.** hotel internet may be reimbursable with a documented business purpose.
 - i) **Non-Reimbursable Expenditures.** In general, those expenses that exceed reasonableness or are not appropriately documented will not be reimbursed. Additionally, expenses that are not reimbursable include, but are not limited to:
 - i) airline or other travel insurance
 - ii) first class tickets or upgrades
 - iii) "deluxe" or "luxury" room rates
 - iv) stretch or luxury limousine expenses
 - v) traffic and parking violations and valet or laundry services
 - vi) spa or exercise charges
 - vii) barbers and hairdressers
 - viii) toiletry articles
 - ix) gasoline for personal cars
 - x) movie rentals
 - xi) cost of hotel safes



xii) rental of sport utility vehicles or luxury cars

- 8) **WARRANTY.** DI warrants that the Professional Services will be performed with reasonable skill and care by competent and trained personnel and in accordance with applicable and reasonable industry standards and practices, and that the Work Products will substantially perform in accordance with the specifications set forth in a PS Agreement. As Customer's exclusive remedy and DI's sole obligation for breach of this warranty, DI shall use commercially reasonable efforts to correct defective Professional Services and/or Work Products at no additional charge to Customer, provided that Customer gives DI specific written notice of the defective Professional Services or Work Products within thirty (30) days after the Professional Services are performed.
- 9) **TERM, RESCHEDULING, AND TERMINATION.**
- a) **Term.** Each PS Agreement shall have the term set forth in the PS Agreement. If a term is not specified in the PS Agreement, the PS Agreement shall begin upon the effective date of the PS Agreement and shall continue until all Professional Services are completed, unless earlier terminated as provided herein.
 - b) **Rescheduling.** If, after the Scheduled Date has been agreed upon by the Parties, Customer requests to reschedule the Professional Services, such rescheduling request shall be provided to DI as follows:
 - i) Professional Services, excluding training: If, after the Scheduled Date has been agreed upon by the Parties, Customer requests to reschedule the Professional Services (excluding training), such written rescheduling request shall be provided to DI at least twenty (20) business days prior to the Scheduled Date.
 - ii) Professional Services specifically for training: Requests by Customer to cancel or reschedule training must be made at least thirty (30) business days prior to training Scheduled Date.
 - c) **Effect of Rescheduling.**
 - i) Professional Services, excluding training: If the Professional Services are rescheduled Customer is responsible for any fees and expenses, already incurred by DI prior to the rescheduling, associated with the Professional Services, including transportation change fees and any reasonable and appropriate corresponding increase in Professional Services Fees due to the Rescheduling.
 - ii) Professional Services specifically for training:
 - (1) If training reschedule requests are received at least thirty (30) business days prior to Scheduled Date, Customer's trainees can be rescheduled for an available seat in a comparable program either in person or virtually. DI cannot guarantee seat availability for training in the original site for which Customer's trainee had been scheduled.
 - (2) Reschedule requests or cancellations by Customer made less than thirty (30) business days prior to the Schedule Date, or no shows, are subject to a rescheduling fee up to the full price of the training seat.
 - (3) All reschedule requests or cancellations must be sent to the DI North America training team at: northamerica-training@datainnovations.com.
 - d) **Expiration of Training Seats.**
 - i) Training seats invoiced pursuant to a SOW must be used by Customer within ninety (90) days of the applicable PS Agreement Project Closure Date, whichever occurs first. After the ninety (90) day period, any unused training seats shall be deemed delivered under the applicable invoice, unless otherwise agreed upon in a Change Order to the SOW between DI and an authorized representative of the Customer.
 - ii) Training seats purchased outside of a SOW, pursuant to a Quote only, must be used within twelve (12) months from the date of invoice. At the end of the twelve (12) month period, any unused training seats shall be deemed delivered under the applicable invoice.
 - e) **Termination Without Cause.** Either Party may terminate an individual PS Agreement without cause upon thirty (30) days' written notice to the other. If Customer terminates any PS Agreement without cause, Customer shall promptly reimburse DI for any Fees for Professional Services performed, and Billable Expenses incurred, prior to the date of termination.
 - f) **Termination with Cause.** If either Party materially breaches the terms of an individual PS Agreement, (including, without limitation, any obligation to pay Professional Services Fees), and fails to remedy such breach (if such breach can be remedied) within thirty (30) days of receipt of written notice of such breach, the other Party may terminate such PS Agreement.
 - g) **Termination of this Master Agreement.** If this Master Agreement is terminated for any reason, all PS Agreements still in effect as of the date of termination of this Master Agreement ("Open PS Agreements") shall immediately terminate.
 - h) **Effect of Termination.** Upon any termination of a PS Agreement, Section 12.e) ("Effect of Termination") of the General Terms and Conditions shall be directly applicable to the terminated PS Agreement.



**EXHIBIT TO PROFESSIONAL SERVICES SCHEDULE
MONTEREY COUNTY TRAVEL AND BUSINESS EXPENSE POLICY**



TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

Revised December 11, 2012

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I. PURPOSE

The purpose of this policy is to establish uniform travel and business expense reimbursement policies, rules and claim procedures for persons authorized to conduct County business.

II. SCOPE

The County travel and business expense reimbursement policy applies to all County employees, members of legislative bodies established by the Board (salaried or not), non-County employees (such as contractors who receive travel and/or business expense reimbursements) and volunteers traveling on County business.

III. DEFINITIONS

Unless the context otherwise requires, the definitions contained in this part govern the construction of this policy. They do not necessarily apply in other County contexts.

A. Accountable Expense Reimbursement Plan

Reimbursements of travel and other business expenses to a County employee, contractor or volunteer will be considered to be made under an "Accountable Expense Reimbursement Plan" if the following three requirements are met:

- The person substantiates his or her expenses by submitting an expense report with
 - 1) the amount of the expenditure,
 - 2) the time and place of the travel or business entertainment,
 - 3) the business purpose of the expenditure, and
 - 4) the names and business relationship of any persons entertained.
- The person documents the expenses with supporting receipts, paid bills, etc. within 60 days after the expense is paid or incurred, and
- Excess advances, if any, are repaid to the County within 120 days after the expense is paid or incurred.

"County" means the County of Monterey.

B. County Business

"County business" means the activity directly related to the ordinary, necessary and/or required business functions of the County of Monterey ("County"). It does not include travel or expenses related to an employee's participation in the County's Educational Assistance Program or commuting expenses (a non-reimbursable expense).

C. County Employee

"County employee" means any County officer or employee, whether elected or appointed, filling a budgeted position approved by the Board of Supervisors.

Independent contractors and their employees are not County employees.

D. County Traveler

"County traveler" means any County employee, authorized non-County employee (such as a contractor) or volunteer traveling on County business. Agency temporary employees are not covered by this policy and are not reimbursable for travel.

E. County Volunteer

"County volunteer" means a person, other than a County employee, who performs volunteer work authorized by a department or the Board of Supervisors for the County, such as a department volunteer, a commissioner or a member of an interview panel. It does not include agency temps, inmates, wards or probationers working for the County.

F. Home

"Home" means the actual dwelling place of the County traveler without regard to any other legal or mailing address.

G. Main or Regular Place of Work

"Main or regular place of work" means the principal place of business for the County employee or the principal location to which the County volunteer/contractor is assigned to work for the County. This may be the place at which s/he spends the largest portion of his/her regular County workday or working time or, in the case of field workers, the assigned location/headquarters to which s/he returns upon completion of regular or special assignments.

H. Meals

Meals that are 1) directly related or associated with bona fide County business matters and 2) approved for reimbursement by a member of the Board of Supervisors or a department head (or his or her designee) will be considered a reimbursable County business expense, if incurred in connection with out-of-County business travel or while conducting in-County business. Also, reimbursement for the provision of in-kind meals to employees on the business premises of the County will only be allowed if there is a substantial non-compensatory business reason for providing such meals to employees.

I. Temporary Work Location

"Temporary work location" means the place where the County employee, volunteer or contractor is assigned on an irregular or short-term basis. If an employee is assigned to a work location for no more than 35 work days during a calendar year, then the location is considered temporary. Attending conferences, meeting or training sessions away from the main or regular place of work by County employees or volunteers, or field

workers conducting fieldwork at off-site locations, does not normally constitute assignment to another site. If the employee is assigned for more than 35 work days during the calendar year, the new location has become the main or regular place of work.

J. Vehicle

"Vehicle" means a motor vehicle, which can be legally operated on public highways.

IV. AUTHORIZATION TO TRAVEL

A. General Conditions

1. Travel will be authorized only when the travel is necessary and in the best interest of the County.
2. Advance authorization is required for all County travel, as specified in B & C.
3. Advance written authorization from the County Administrative Officer is required for all County travel by County volunteers, except as follows:
 - a) Travel by appointed members of County boards, commissions, or advisory committees to and from the official meetings of their respective boards.
 - b) Travel to and from the County for members of personnel interview panels, subject to authorization by the Human Resources Department.
 - c) Travel to and from meetings, conferences and training covered by the County MHSA plan, subject to authorization by the Behavioral Health Program Manager or designee.

B. In-County Travel

County employees are authorized to travel within the County when said travel is required by the department and is considered a part of the routine, day-to-day official duties of the employee as defined and authorized by the department head or his/her designee. All other in-County travel requires advance authorization by the department head or his/her designee.

C. Out-of-County Travel

1. All travel outside of the County, but within the State of California, requires advance authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.

2. All travel outside of the State of California requires advance written authorization by the department head, or his/her designee. Travel by immediate staff of a member of the Board of Supervisors requires the advance authorization of the respective Board member.
3. Authorization for out-of-state travel by current members of the Board of Supervisors is subject to the guidelines established by the Board.

D. Travel Requests

Travel requests that require department head authorization shall be submitted to the department head pursuant to department policy. If the traveler is requesting a travel advance, an approved "County of Monterey Travel Request" form (usually in the form of a "white claim" or "GAX"), accompanied by all documentation relative to the request, shall be forwarded to the Auditor-Controller.

V. TRAVEL EXPENSES

A. General Conditions

1. County travelers are entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals for authorized travel, subject to the conditions set forth in this Travel and Business Expense Reimbursement Policy ("Policy"), whenever the expenses are incurred as part of his/her official duties and authorized because the County traveler is required to work, attend a school, training, meeting or convention overnight at a location sufficiently distant from main or regular place of work to qualify under this policy for meal per diem and overnight lodging.
2. Notwithstanding Section 1 above, claims shall be paid subject to the rules set forth in this Policy and statutory law. Eligibility to submit a claim does not automatically entitle the claimant to reimbursement for any and all expenses.
3. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the County Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources to travel. Said travelers shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the conditions set forth in this travel policy.
4. Arrangements for transportation, lodging or registration fees that have cancellation or change penalties shall be carefully monitored by the department. If cancellation/change occurs due to direction by the County traveler's department head, or his/her designee, or the County Administrative Officer, the County department will cover the penalty cost. If the cancellation/change occurs due to a traveler's personal request or obligations, the traveler will be required to pay the

penalty. Exceptions shall be made when a traveler is unable to travel because of hospitalization, serious sickness or death of self or an immediate family member or when the department head certifies that the reason for the employee's absence was legitimate and authorized.

B. Transportation Expenses

1. General Conditions

- a) Transportation expenses are the direct costs related to movement of the County traveler from authorized point of departure to destination of travel and back to the authorized point of return.
- b) All transportation expenses incurred shall be based upon the most efficient, direct, and economical mode of transportation required by the occasion.
- c) Whenever a time frame is established as criteria for eligibility for claiming, such as the requirements set forth for meals in Section V, subsection C. 1. d., estimated travel time shall be based upon legal vehicle speed limits, volume of traffic, and weather conditions in effect at the time of travel.

2. Vehicle Transportation

Vehicle use (both County-owned and private) by authorized County travelers during the conduct of official County business is subject to the County Vehicle Use Policy.

a) Private Vehicle

- (1) Travel by private vehicle will be reimbursed at the IRS rate for business use of a personal vehicle in effect in the County at the time of travel.
- (2) Authorized County travelers who travel in a vehicle other than their own may not claim mileage for business use of a private vehicle but may claim reimbursement of actual fuel expenses necessary for the trip and expended by the traveler. Receipts are required and should be claimed by the employee actually paying the expense.
- (3) Authorized County travelers may not claim mileage for business use of a private vehicle in the following instances:
 - (a) when the County traveler is riding with someone who will be claiming reimbursement for the vehicle's use from the County or another source;
 - (b) when the County traveler is traveling in a County or other government

agency vehicle;

- (c) when the County traveler is traveling in a rented vehicle (paid by County);
 - (d) when the County traveler has been assigned a County Vehicle for home retention, is receiving an allowance or lump sum for mileage, unless specifically provided for in the terms of their agreement or contract with the County or by Board resolution.
- (4) County employee mileage to the regular or main place of work from home, and back, is considered commuting and may not be claimed.
 - (5) County employee mileage to the temporary work location from home, and back, is considered commuting and may not be claimed except in the following cases:
 - (a) if the County employee is required to report to the regular or main place of work before reporting to the temporary work location, s/he is eligible for mileage from the regular or main place of work to the temporary work location;
 - (b) if the County employee is required to report to the regular or main place of work after working at the temporary work location and before going home, s/he is eligible for mileage from the temporary work location to the regular or main place of work.
 - (6) Mileage in conjunction with authorized County travel to and from a school, training, convention or meeting shall be based on the distance to the destination from the traveler's home or the regular or main place of work, whichever is less, except in the following cases:
 - (a) if the traveler is required to report to his/her work location before leaving, s/he is eligible for mileage to the school, training, convention/meeting from the work location.
 - (b) if the traveler is required to report to his/her work location before returning home, s/he is eligible for mileage based on the distance from the school, training, convention/meeting to the work location.
 - (7) Appointed volunteer members of County boards, commissions, or advisory committees may claim mileage to the official meetings of their respective boards from home, and back.
 - (8) Members of personnel interview panels may claim mileage to the panel location from their regular or main place of work, and back.

- (9) When two or more County travelers from the same department are traveling to the same site by vehicle, they should use only as many vehicles as are required to accommodate the number of travelers and business needs of the County. If a County traveler chooses to use a separate private vehicle because of personal preferences or obligations, h/she shall not be eligible for mileage or fuel reimbursement for the travel unless the department head determines that reimbursement is appropriate and justified.
- (10) If a County traveler chooses to use a private vehicle instead of an alternative mode of transportation chosen by the department head because of personal preferences or obligations, his/her mileage reimbursement shall not exceed the cost of using the alternative mode of transportation unless the department head determines that the additional reimbursement is appropriate and justified.

b) County Vehicle Transportation

- (1) County travelers using a County vehicle for traveling shall not be eligible for reimbursement for mileage.
- (2) County travelers required to fuel a County vehicle at their own expense should claim the actual fuel costs expended by them. Receipts must accompany the claim. Vehicle license number and the odometer reading should be written on the receipts.
- (3) If the County vehicle experiences mechanical failure, the County traveler shall follow the rules set forth in the "Mechanical Failure" section of the "Vehicle Operator's Handbook" located in the glove compartment of each County vehicle.

c) Rental Vehicle Transportation

- (1) Vehicles may be rented for transportation at the destination point when the County traveler travels to the destination via commercial common carrier and the cost of the rental will be less than the charge for shuttle or taxi service to and from the carrier termination point to the function or hotel accommodations.
- (2) Vehicles may be rented for transportation to the destination point when the cost of the rental will be less than other reasonable and available modes of transportation.
- (3) If more than one County traveler from the same department is traveling to the same function, only one rental vehicle may be claimed and then only if

it is available for use by all of the County travelers.

- (4) The County traveler shall choose the least expensive size and mileage limits appropriate to the use required. Rental expenses for luxury cars, motorcycles and recreational vehicles may not be claimed.
- (5) Rental cars shall be refueled prior to return to the rental agency to reduce cost to the County. Rental cars should be returned to the renting location and on time to avoid additional charges.
- (6) When traveling domestically the County traveler shall waive additional vehicle insurance (except for additional driver and coverage for drivers under 25 years of age), provided that the employee has his/her own vehicle insurance coverage. When traveling internationally additional insurance should be accepted if the traveler lacks other similar coverage.
- (7) An original car rental receipt showing the number of days and type of vehicle rented is required for vehicle rental claims. A copy of the receipt or a credit card receipt alone is insufficient.

d) Commercial Carrier Transportation

- (1) County travelers shall seek and attempt to use the lowest rates available for the type of commercial carrier service being utilized. Whenever possible, travelers should take advantage of flight arrangements that minimize County cost (for example, purchasing a round trip ticket may be less expensive than two one-way tickets). Reservations should be made as far in advance as possible to take advantage of available discounts and special offers. Travel agents that have added ticket handling charges should be avoided.
- (2) Claims for travel via commercial carrier shall be limited to the cost of travel at economy rates for the same day and time of travel or actual cost, whichever is less. County travelers may upgrade tickets, provided that the traveler and not the County pay for the difference in cost for such upgrade. The County will not reimburse any type of travel insurance unless the Department Head requests the traveler to purchase cancellation coverage. Reasonable baggage charges, if imposed by the airline, on the first checked bag are reimbursable.
- (3) Claims for commercial carrier tickets shall be substantiated by an original ticket document (such as an e-ticket or passenger receipt ticket copy) showing the price, date, date/time of travel and class of travel. A copy of the credit card receipt or statement from a travel agency alone is insufficient.

- (4) County business traveler may retain frequent flyer/hotel rewards and similar program benefits. However, participation in these programs must not influence flight/hotel/etc. selection, which would result in incremental cost to the County beyond the lowest available airfare/hotel cost unless the difference is paid by the traveler. Free tickets or cash allowances for volunteering to be denied timely boarding may be retained by the traveler but no additional cost to the County or interruption of County work is allowed and any additional time required to complete the trip is to be personal time.
- (5) Should a Saturday night stay reduce the cost to the County of a ticket more than the total of any additional hotel/meal/parking cost, the costs to do so are reimbursable to the traveler but should be well-documented with a clear savings to the County.

e) Private Aircraft Transportation

- (1) Traveling by private aircraft which is flown by a County employee may be authorized if it will be the most efficient means of travel and the flight is incidental to the purpose of the County travel. Said use shall require the advance written approval of the County Administrative Officer. If approved, the following must be provided to the Auditor-Controller's Office in advance of the travel:
 - (a) a copy of the pilot's Federal Aviation Administration (FAA) pilot's certificate and instrument rating for the category and class of aircraft to be flown and the type of flying to be performed;
 - (b) a copy of the pilot's current medical certificate;
 - (c) a copy of the FAA Pilot Proficiency Award Program certificate issued to the pilot within the twelve months prior to the flight;
 - (d) a copy of the pilot's flight log showing a minimum of 250 hours of flight time within the twelve months prior to the flight;
 - (e) a certificate of public liability and property damage insurance of not less than \$1,000,000 naming the County as an additional insured.
- (2) Traveling by private aircraft, which is flown by a non-County employee, except for flights conducted by members of the Sheriff's Air Squadron in the performance of their official duties, is normally prohibited.
- (3) County travelers who operate a private aircraft in connection with approved County travel may be reimbursed the actual cost paid by the

traveler for fuel used by the aircraft on the trip or the County's mileage rate for each air mile at the travelers option.

f) Other Transportation Expenses

(1) The following necessary transportation expenses may be claimed at actual cost (receipt required) when directly related to transporting the County traveler to and from the business destination point:

- (a) taxi, shuttle, or public transit fares;
- (b) parking fees (airport long-term parking is required for travel exceeding 24 hours);
- (c) bridge, road or ferry tolls;
- (d) other actual transportation expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.

(2) The following transportation expenses may not be claimed:

- (a) traffic and parking violations;
- (b) emergency repairs or non-emergency repairs on non-County vehicles;
- (c) personal travel while at an out-of-County location;
- (d) other actual transportation expenses determined to be unreasonable or unnecessary by the department head or the Auditor-Controller.

C. Meal Expenses

1. Eligibility for Meals

- a) County employees, contractors and volunteers may be reimbursed for in-County meal costs that are 1) ordinary (not extravagant) and necessary, 2) directly related or associated with bona fide County business matters and 3) approved by a member of the Board of Supervisors or a department head (or his or her designee). County business discussions associated with a meal must be conducted in a "clear business setting".
- b) County travelers involved with in-County travel that does not require an overnight stay away from their home are not eligible to claim for meals taken outside the County, unless the requirements of paragraph a) above are met, or unless provided for in a Board of Supervisor-approved written County policy.

- c) County travelers on out-of-County business travel that requires an overnight stay away from their home are eligible to claim for meals taken out-of-County.
- d) County travelers are eligible to claim the meal reimbursements noted below for travel requiring overnight lodging if the total travel time (work time, plus the lunch period plus round-trip travel time) is estimated to equal or exceed 12 hours.
 - (1) Breakfast may be claimed if the County traveler must reasonably be away from home because of County business travel at or before 7:00 a.m.
 - (2) Lunch may be claimed if the County traveler must reasonably be away from home because of County business travel at or before Noon.
 - (3) Dinner may be claimed if the County traveler must reasonably be away from home because of County business travel at 7:00 p.m. or after.
- e) Snacks are a personal expense, not reimbursable.
- f) Claims for meals purchased by a County employee or volunteer on behalf of federal, state or local public officials or employees is prohibited, including any other Monterey County employees, unless provided for under other Board of Supervisor approved written County policies.
- g) County travelers are not eligible to claim meals or other expenses for those persons who are not otherwise eligible to file a claim themselves for County reimbursement.
- h) County travelers are not eligible to keep or claim per diem allowances for anyone other than themselves.

2. Meal Claims

- a) The County maximum full day meal and incidental expenses rate shall be equal to the maximum federal per diem meal and incidental expenses (M&IE) rate established by the GSA. Said maximums include taxes and gratuities.
- b) Meal expense amounts shall be calculated by the Auditor-Controller for first and last partial days of travel based on the maximum federal per diem meal rate for the appropriate meal(s).
- c) Claims for out-of-County meals taken in conjunction with travel that includes an overnight stay away from the traveler's home shall be reimbursed in the form of a "per diem allowance", which means the traveler is eligible to be reimbursed at the maximum rate allowed and receipts are not required (except for Board of

Supervisor Members). Partial days shall be reimbursed at the appropriate meal rate.

- d) Allowable meal costs may only exceed the prescribed per diem rates if the meal is being served at a conference or workshop and the costs of the speaker, conference, and/or registration are included in the price. The agenda/brochure or other documentation describing the event and the price must accompany the claim to the Auditor-Controller's Office.
- e) A County traveler may not claim a per diem allowance or reimbursement for any meal which is provided, or otherwise available, to the County traveler with the lodging or function, whether or not there is an actual charge for the meal. For example, if lunch is provided at the function or breakfast is included in the cost of lodging, the traveler may not claim a per diem allowance or request reimbursement for eating elsewhere. For purposes of this section, continental breakfast and meals provided during airline or other commercial carrier travel do not constitute provided meals and do not need to be deducted from the per diem allowance. A County traveler may not claim a per diem allowance for a meal that was paid for by someone else.
- f) If a breakfast is included in the cost of lodging, the traveler may not claim for a breakfast meal; however, s/he may apply the next day's breakfast allowance amount towards the maximum lodging amount. For example, if the maximum lodging amount is \$79.00 and the breakfast allowance is \$8.00, the employee may claim up to a maximum of \$87.00 for lodging which includes a continental breakfast. (For purposes of this section, continental breakfast does not constitute a provided breakfast meal.)
- g) Claiming for alcoholic beverage expenses are prohibited in all cases.
- h) As required by California Government Code 53232.2 Board of Supervisors members must provide receipts for all meals and will be reimbursed at the lower of the appropriate per diem amount or the actual expense.

D. Lodging Expenses

1. Eligibility for Lodging

- a) County travelers are not eligible to claim for lodging for in-County functions.
- b) For out-of-County business that is conducted on one business day, if the County traveler's actual time for the day is estimated to equal or exceed 12 hours (including work time, the lunch period and round-trip travel time), then the County traveler will have the option of securing one night's lodging at either the

front-end or back-end of the trip. Illustration: A member of the County Board of Supervisors who resides in Monterey County is required to attend a one-day business meeting in Sacramento. The Board member estimates that his total time for the day without obtaining lodging would be 14 hours (8 hours of meetings, 1 hour for lunch and 5 hours for round-trip travel). The Board member will have the option of securing one night's lodging in Sacramento, either the night before the meeting, or after conclusion of the meeting.

- c) For out-of-County business that requires multiple business days, if County travelers are eligible to claim lodging for the first and last evenings of an out-of-County trip, they are also eligible to claim lodging for any evenings that fall in between the first and last evenings of the trip.
- d) County travelers are not eligible to claim reimbursement of lodging costs when staying overnight as a guest of friends or relatives.

2. Lodging Claims

- a) Lodging expenses shall be claimed at either the actual cost of the lodging (limited to the single occupancy rate for a single room) or the County's maximum lodging rate (Federal Per Diem Rate), whichever is less. Receipts are required. Taxes are in addition to the Federal Per Diem Rate.
- b) Lodging costs may exceed the County's maximum lodging rate only when a conference, meeting or convention is being sponsored by an organization of which the County, the department or employee is a member, the lodging may be claimed at the actual cost if seminars or meetings are to be held at the particular hotel and/or events are scheduled for evening hours, and the department head has given advance written authorization.
- c) An original room folio receipt, showing the number of days and the number of occupants, is required for lodging claims. A copy of the receipt, travel agency statement or a credit card receipt alone is insufficient.
- d) When a room is shared with a fellow County traveler, the expense may either be prorated, and the prorated amount claimed by each County traveler, or one County traveler may claim the total expense at the multiple occupancy rate.
- e) When a room is shared with a person other than a County traveler and said person will also be claiming reimbursement from the County or another source, the amount shall be prorated between the two travelers.
- f) Lodging expense may not be claimed for guests of the County traveler. Where expense for a family member or friend is included in the receipt, the claim must not exceed the single occupancy rate.

- g) Special lodging, such as accommodations in apartments, RV parks, campgrounds or other semi-permanent lodgings, shall require advance written authorization of the County Administrative Officer and the Auditor-Controller.
- h) County travelers should inquire when making lodging arrangements whether the County is exempt from Transient Occupancy Taxes (TOT) in the locale where they are staying and should provide the necessary form to the lodging facility, if required to do so to obtain the waiver.
- h) Except when registering for lodging at a pre-arranged group rate in conjunction with a conference or meeting, County travelers shall request the government rate or lowest available eligible rate when making lodging arrangements.
- i) Travelers are responsible for canceling hotel rooms before the cancellation period ends and should record the cancellation number in case of disputes. Travelers will not be reimbursed for “no-show” hotel charges unless there are unavoidable reasons for not canceling the room.
- j) When multiple country travelers are traveling together and the rooms are put on one invoice, one traveler may take care of the invoice but should provide the details on who stayed in each room on the invoice.

E. Registration Fees

Conference, convention and seminar registration and tuition fees may be claimed at the actual cost, provided that the agenda/brochure or other documentation describing the event, including the price, accompanies the approved claim to the Auditor-Controller's.

F. Other Travel Expenses

1. County travelers are eligible to claim a per diem incidental allowance, limited to the maximum federal per diem incidental rate established by the IRS, for each day of travel requiring an overnight stay away from the traveler's home. Said allowance covers fees and gratuities for persons who provide services, such as food servers and luggage handlers, and does not require receipts (Except for Board of Supervisors Meals). If applicable (such as a Board of Supervisor meal), gratuities are limited to not exceed 15% of the service costs unless billed by a provider's standard policy at a higher rate.
2. County travelers are eligible to claim the following expenses at actual cost, even if they also qualify for a per diem incidental allowance. Receipts are required.
 - a) County business calls (traveler must annotate purpose of call on the bill)
 - b) fax machine charges incurred to send or receive documents for County use.

- c) copy machine charges incurred to copy documents for County use.
- d) Internet access connection and/or usage fees away from home not to exceed \$15.00 per day, if Internet access is necessary for county related business.
- e) other business related expenses determined to be reasonable and necessary by the department head and the Auditor-Controller.

VI. OTHER COUNTY BUSINESS EXPENSES

A. General Guidelines

In the course of conducting County business, employees, contractors or volunteers may incur business expenses (including meal expenses pursuant to Section V.C) on behalf of the County. Such expenses will be approved for reimbursement if the disbursement meets the following requirements:

- The disbursement is for an ordinary (not extravagant) and necessary expense of conducting County business, or is an expense that is required by the County,
- The expense is approved by a member of the County Board of Supervisors, or a County department head (or his or her designee), and
- The payee accounts for the expense in accordance with the rules for a “Accountable Expense Reimbursement Plan”, as set forth in the Internal Revenue Code and related regulations.

B. Taxation of Business Expense Reimbursements

If a reimbursement to an employee, contractor or volunteer meets the requirements of an “Accountable Expense Reimbursement Plan”, then such reimbursement will not be reportable for federal or California income tax purposes.

VII. CLAIMING PROCEDURES FOR OUT-OF-COUNTY TRAVEL

A. Travel Advance Claims

1. Authorizations and Eligibility

- a) Travel advances are strongly discouraged and are only available to County employees. The issuance of travel advances creates double work for departmental and auditor-controller staff and should only be used if a County travel card cannot be used or the employee does not have a personal credit card. Board of Supervisors Members are not eligible for travel advances.

The first choice is for travelers to use their personal credit cards to pay for their

travel expenses and be reimbursed before their monthly statement arrives. Secondly, the County has arranged for the use of the Travel Card to pay many travel related expenses. Departments may use their Travel Cards to pay for airline tickets and conference registration expenses for all of their employees, not just the cardholder. Commercial carrier and conference registration expenses should not be considered in the advance calculation. The third choice would be a cash advance, if necessary.

- b) Travel advances require the authorization of the department head or his/her designee, and the Auditor-Controller or his/her designee.
- c) The net amount of the travel advance shall not exceed the following:
 - (1) 75% of the total estimate for the following travel expenses, exclusive of payments made payable directly to the vendor:
 - (a) lodging (documentation, including at least the confirmation number and hotel name should be provided), including hotel parking
 - (b) rental vehicle transportation;
 - (c) per diem meal allowances;
 - (d) long-term airport parking;
 - (e) other out-of-pocket expenses deemed necessary and reasonable by the Auditor-Controller.
 - (2) 50% of the total estimate of reimbursement for mileage for business use of a private vehicle.
- d) A travel advance shall not be issued for a net amount less than \$100.00 nor more than \$2,000.00.
- e) A travel advance shall not be issued more than thirty (30) calendar days in advance of the commencement of travel.
- f) Travelers are not eligible for an additional travel advance if they have an unsettled advance, unless the advances are for travel taken consecutively. In such case, the sum total of the travel advances shall not exceed \$2,000.00.

2. Travel Advance Requests

- a) Requests for travel advances involving travel shall be submitted by the department head to the Auditor-Controller's Office on a completed and signed

"County of Monterey Travel Request" form, accompanied by all documentation relative to the request, at least ten (10) working days in advance of the commencement of travel.

- b) After a completed and approved "County of Monterey Travel Request" form is received by the Auditor-Controller's Office, a warrant payable to the County traveler for the amount requested shall be issued, up to the 100% maximum amount allowed pursuant to this County travel policy.

3. Travel Advance Settlements

- a) Within five (5) working days of completion of travel, the County traveler shall submit all receipts for allowable travel expenses to the Department and within fifteen (15) working days of completion of travel to the Auditor-Controller's Office on a completed County claim form. Credit for the travel advance shall be subtracted from the amount owed to the County traveler.
- b) In the event that allowable expenses are less than the amount of the travel advance, the County traveler shall submit the difference in the form of a check or money order made out to the "County of Monterey" with the claim form.
- c) County travelers who cannot provide a required receipt shall reimburse the County for the amount of the money advanced to them for that expense.
- d) Travelers who do not submit the required documentation by the time frames set forth above may lose their eligibility for future travel advances.
- e) Department heads are responsible for ensuring that their employees settle their travel advance claims within the time frames set forth in subsection a) above. Non-compliance may jeopardize advances for the entire department.

B. Prepaid Vendor Claims

1. Vendor Claim Requests

- a) Once travel has been authorized, claims to the vendor may be submitted for lodging and registration fees when there is sufficient time for the check to be processed before the authorized County traveler commences travel.
- b) If the travel requires a "County of Monterey Travel Request" form, the approved form shall be submitted with the claim. If the original has been submitted with a previous claim, then that shall be noted on the claim form and a copy of the form attached.
- c) Whenever possible, the County shall be named as registrant for events to allow

transfer of attendance privilege when conflicts prevent the original registrant from attending.

- d) The County will mail the warrant directly to the vendor unless the traveler requests that the warrant be returned to them to hand carry to the vendor.

2. Vendor Claim Settlements

- a) Each vendor claim must have an original receipt attached in order to settle the claim. The required receipts for vendor claims that have been prepaid shall be forwarded to the Auditor-Controller's Office within thirty (30) calendar days after completion of travel.
- b) Claims paid directly to vendors that are not substantiated by receipts within thirty (30) calendar days of the completion of travel shall be considered to be unsettled travel advances to the County traveler.
- c) Department heads are responsible for ensuring that their employees return their receipts within the time frames established by this policy. Non-compliance may jeopardize the department's ability to have travel expenses paid in advance.
- d) In the event that all or a portion of the prepaid cost to a vendor is reduced after the check has been processed, the County traveler is responsible for ensuring that the entire difference is returned to the County within the time frames established for settling the claim.

C. Travel Reimbursement Claims

- 1. After completion of travel, the County traveler shall submit a completed County claim form to the department head for authorization. After review and authorization, the department head shall submit the authorized claim, together with any required receipts, to the Auditor-Controller's Office. Said claim shall be received by the Auditor-Controller's Office within thirty (30) calendar days of the completion of travel.
- 2. The traveler shall not be reimbursed until s/he has signed the certification for the claim that is required by the Auditor-Controller's Office.
- 3. The Auditor-Controller's Office shall review the claim for compliance with applicable County policies and procedures. If approved by the Auditor-Controller's Office, the claim shall be processed and a check sent to the claimant within ten (10) working days. If denied, or denied in part, the department's contact person will be notified immediately. The Auditor-Controller has the final decision on allowable expenses.
- 4. No reimbursement for travel shall be paid to the employee until all required receipts

for the travel claim have been filed with the Auditor-Controller's Office.

5. Travel reimbursements are to be paid via checks and not to be paid via petty cash.

D. Mileage Claims

1. Whenever travel requires advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the same claim form as the other expenses that apply to that travel. The only exception is if mileage is the only expense of the trip, in which case the traveler may claim the mileage on the monthly "Mileage Reimbursement" claim form.
2. Whenever travel does not require advance authorization of the department head, or his/her designee, the resulting mileage expense shall be claimed on the "Mileage Reimbursement" claim form.
3. Mileage claims shall be submitted monthly, unless the total for the month is less than \$50.00, in which case the claim may be held for an additional month. However, the claim must not be held over to the next month more than twice, regardless of the dollar amount.
4. All mileage claims for the last month of the fiscal year must be processed by year-end close.
5. Mileage Claims are to be paid via warrants and not to be paid via petty cash.

E. Reimbursement by Outside Source

1. County travelers receiving reimbursement from an outside source for travel on County time shall forward said reimbursement to the Auditor-Controller for handling and deposit if the traveler intends to submit an expense claim to the County or use County resources, including a County vehicle, to travel. In such cases, the traveler shall then be entitled to submit a claim for actual and necessary expenses for transportation, meals, lodging, and incidentals, subject to the claiming conditions set forth in this travel policy. Said reimbursement shall be delivered to the Auditor-Controller's Office within thirty (30) days of the receipt of the funds.
2. If a County volunteer or non-employee will be receiving a per diem or other reimbursement of travel expenses from a source outside of the County, the volunteer shall not be eligible to claim or receive any additional reimbursement from the County for the same expenses.

F. Late Claims

If a claim for reimbursement or settlement of a travel claim is submitted after the allowed time frames, the payment to the employee shall not be made until the claim has

been reviewed and approved by the Auditor-Controller or his/her designee.

G. Travel Card Use

Subject to the rules contained in the Travel Card Policy, travel expenses (airline, hotel, vehicle rental, gas, emergency repair of county vehicles and airport parking) may be charged to County of Monterey Travel Cards. Prohibited items include employee meals, room service, movies, cash advances, gift cards of any kind, liquor, tobacco and other items prohibited by the Travel Card Policy. Under no circumstances should personal items (even if reimbursed to the county) be charged to the travel card. Expenses paid on the travel card should not be included on a claim for reimbursement.

VII. INTERPRETATIONS

The Auditor-Controller, or his/her designee, shall be responsible for interpretations of this policy.

VIII. EXCEPTIONS

Exceptions to this policy require the approval of the Auditor-Controller or his/her designee.

IX. CONFLICT WITH RULES

In the event that this County Travel policy is in conflict with another County policy, the policy with the strictest application shall prevail.



BUSINESS ASSOCIATE AGREEMENT SCHEDULE

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“BAA”) effective as of the last date of signature below which is _____, (“Effective Date”), is entered into by the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center (the “Covered Entity” or “NMC”) and Data Innovations LLC (the “Business Associate”) (each a “Party” and collectively the “Parties”).

RECITALS

A. WHEREAS, Business Associate provides certain Services for Covered Entity that involve the Use and Disclosure of Protected Health Information (“PHI”) that is created, received, transmitted, or maintained by Business Associate for or on behalf of Covered Entity.

B. WHEREAS, The Parties are committed to complying with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), and their implementing regulations, including the Standards for the Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Part 164, Subparts A and E (the “Privacy Rule”), the Breach Notification Standards, 45 C.F.R. Part 160 and 164 subparts A and D (the “Breach Notification Rule”), and the Security Standards, 45 C.F.R. Part 160 and Part 164, Subpart C (the “Security Rule”), (collectively “HIPAA”), all as amended from time to time.

C. WHEREAS, The Parties are also committed to complying with the California Confidentiality Laws (defined below).

D. WHEREAS, To the extent that Business Associate is performing activities in connection with covered accounts for or on behalf of Covered Entity, the Parties are also committed to complying with applicable requirements of the Red Flag Rules issued pursuant to the Fair and Accurate Credit Transactions Act of 2003 (“Red Flag Rules”).

E. WHEREAS, The Privacy and Security Rules require Covered Entity and Business Associate to enter into a business associate agreement that meets certain requirements with respect to the Use and Disclosure of PHI. This BAA sets forth the terms and conditions pursuant to which PHI, and, when applicable, Electronic Protected Health Information (“EPHI”) shall be handled, in accordance with such requirement.

NOW THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this BAA, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS

1.1 All capitalized terms used in this BAA but not otherwise defined shall have the meaning set forth in the Privacy Rule, the Breach Notification Rule, or the Security Rule.

(a) “Breach” shall have the same meaning as “breach” as defined in 45 C.F.R. § 164.402 and shall mean the access, acquisition, Use, or Disclosure of PHI in a manner not permitted under the Privacy Rule that compromises the privacy or security of the PHI; the term “Breach” as used in this BAA shall also mean the unlawful or unauthorized access to, Use or Disclosure of a patient’s “medical information” as defined under Cal. Civil Code § 56.05(j), for which notification is required pursuant to Cal. Health & Safety Code 1280.15, or a “breach of the security of the system” under Cal. Civil Code §1798.29.

(b) “California Confidentiality Laws” shall mean the applicable laws of the State of California governing the confidentiality of PHI or Personal Information, including, but not limited to, the California Confidentiality of Medical Information Act (Cal. Civil Code §56, et seq.), the patient access law (Cal. Health & Safety Code §123100 et seq.), the HIV test result confidentiality law (Cal. Health & Safety Code §120975, et seq.), the Lanterman-Petris-Short Act (Cal. Welf. & Inst. Code §5328, et seq.), and the medical identity theft law (Cal. Civil Code 1798.29).

(c) “Protected Health Information” or “PHI” shall mean any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual or the past, present or future payment for the provision of health care to an individual; (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information that can be used to identify the individuals, and (iii) is provided by Covered Entity to Business Associate or created, maintained, received, or transmitted by Business Associate on Covered Entity’s behalf. **PHI includes EPHI.**

(d) “Services” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to a Services Agreement between Covered Entity and Business Associate to which this BAA applies.

2. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited herein, Business Associate may:

(a) Use or Disclose PHI to perform Services for, or on behalf of, Covered Entity, provided that such Use or Disclosure would not violate the Privacy or Security Rules, this BAA, or California Confidentiality Laws;

(b) Use or Disclose PHI for the purposes authorized by this BAA or as otherwise Required by Law;

(c) Use PHI to provide Data Aggregation Services for the Health Care Operations of Covered Entity, if required by the Services Agreement and as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B);

(d) Use PHI if necessary for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate as permitted by 45 C.F.R. § 164.504(e)(4)(i);

(e) Disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate as permitted under 45 C.F.R. § 164.504(e)(4)(ii), provided that Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will remain confidential and be Used or further Disclosed only as Required by Law or for the purpose for which it was Disclosed to the person, and that such person will notify the Business Associate of any instances of which such person is aware that the confidentiality of the information has been breached;

(f) Use PHI to report violations of law to appropriate Federal and state authorities, consistent with 45 C.F.R. § 164.502(j)(1); and

(g) De-identify any PHI obtained by Business Associate under this BAA in accordance with 45 C.F.R. § 164.514 and Use or Disclose such de-identified information only as required to provide Services pursuant to the a Services Agreement between the Parties, or with the prior written approval of Covered Entity.

3. RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PHI

3.1. Responsibilities of Business Associate. With regard to its Use and/or Disclosure of PHI, Business Associate shall:

(a) Notify the Privacy Officer of Covered Entity, in writing, of: (i) any Use and/or Disclosure of the PHI that is not permitted or required by this BAA; (ii) any Security Incident of which Business Associate becomes aware; and (iii) any suspected Breach. Such notice shall be provided within ten (10) business days of Business Associate's discovery of such unauthorized access, acquisition, Use and/or Disclosure. Notwithstanding the foregoing, the Parties acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and unsuccessful log-in attempts. The Parties acknowledge and agree that this Section 3.1(a) constitutes notice by Business Associate to Covered Entity of such ineffective Security Incidents and no additional notification to Covered Entity of such ineffective Security Incidents is required, provided that no such Security Incident results in a Breach. Business Associate shall reasonably cooperate with Covered Entity to comply with applicable mitigation and/or notification obligations under the Privacy and Security Regulation. Business Associate shall investigate each Security Incident or unauthorized access, acquisition, Use, or Disclosure of PHI, or suspected Breach that it discovers and shall provide a summary of its investigation to Covered Entity, upon reasonable request. If Business Associate or Covered Entity determines that such Security Incident or unauthorized access, acquisition, Use, or Disclosure, or suspected Breach constitutes a Breach, then Business Associate shall comply with the requirements of Section 3.1(a)(i) below;

(i) Business Associate shall provide a supplemental written report in accordance with 45 C.F.R. § 164.410(c), which shall include, to the extent possible, the identification of each individual whose PHI has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, Used or Disclosed during the Breach, to Covered Entity without unreasonable delay, but no later than ten (10) business days after discovery of the Breach;

(ii) Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the appropriate government agencies, and, if applicable, the media. Business Associate shall reasonably assist with the implementation of any decisions by Covered Entity to notify individuals or potentially impacted individuals;

(b) Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of such improper access, acquisition, Use, or Disclosure, Security Incident, or Breach. Business Associate shall take prompt corrective action, including any action required by applicable State or federal laws and regulations relating to such Security Incident or non-permitted access, acquisition, Use, or Disclosure. Business Associate will reimburse Covered Entity's costs and expenses including attorney's fees, that are reasonably incurred due to the Breach by Business Associate, and as substantiated by evidence of receipts, including costs associated with the notification of Individuals and the media, as well as 12 months of credit monitoring.

(c) Implement reasonable and appropriate administrative, physical, and technical safeguards and comply with the Security Rule to prevent Use and/or Disclosure of EPHI other than as provided by this BAA;

(d) Obtain and maintain a written agreement with each of its Subcontractors that creates, maintains, receives, Uses, transmits or has access to PHI that requires such Subcontractors to adhere to the substantially the same restrictions and conditions with respect to PHI that apply to Business Associate pursuant to this BAA;

(e) Make available all internal practices, records, books, agreements, policies and procedures and PHI relating to the Use and/or Disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity to the Secretary of the Department of Health and Human Services ("Secretary") in a time and manner designated by the Secretary for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule To the extent permitted by law, Business Associate shall provide Covered Entity a copy of any PHI and other documents and records that Business Associate provides to the Secretary;

(f) Document Disclosures of PHI and information related to such Disclosure and, within thirty (30) days of receiving a written request from Covered Entity, provide to Covered Entity such information as is requested by Covered Entity to permit Covered Entity to respond to a request by an individual for an accounting of the Disclosures of the individual's PHI in accordance with 45 C.F.R. § 164.528. At a minimum, the Business Associate shall provide the Covered Entity with the following information: (i) the date of the Disclosure; (ii) the name of the entity or person who received the PHI, and

if known, the address of such entity or person; (iii) a brief description of the PHI Disclosed; and (iv) a brief statement of the purpose of such Disclosure which includes an explanation of the basis for such Disclosure. In the event the request for an accounting is delivered directly to the Business Associate, the Business Associate shall, within ten (10) business days, forward such request to the Covered Entity. The Business Associate shall implement an appropriate recordkeeping process to enable it to comply with the requirements of this Section;

(g) Subject to Section 4.4 below, return to Covered Entity within thirty (30) days of the termination of this BAA, the PHI in its possession and retain no copies, including backup copies;

(h) Disclose to its Subcontractors or other third parties, and request from Covered Entity, only the minimum PHI necessary to perform or fulfill a specific function required or permitted hereunder;

(i) If all or any portion of the PHI is maintained in a Designated Record Set:

(i) Upon ten (10) business days prior written request from Covered Entity, provide access to the PHI to Covered Entity to meet a request by an individual under 45 C.F.R. § 164.524. Business Associate shall notify Covered Entity within ten (10) days of its receipt of a request for access to PHI from an Individual; and

(ii) Upon ten (10) business days prior written request from Covered Entity, make any amendment(s) to the PHI that Covered Entity directs pursuant to 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within ten (10) days of its receipt of a request for amendment of PHI from an Individual;

(j) To the extent that Business Associate carries out one or more of Covered Entity's obligations under the Privacy Rule, Business Associate shall comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of such obligations;

(l) Unless prohibited by law, notify the Covered Entity within ten business (10) days of the Business Associate's receipt of any request or subpoena for PHI. To the extent that the Covered Entity decides to assume responsibility for challenging the validity of such request, the Business Associate shall reasonably cooperate with the Covered Entity in such challenge; and

(m) Maintain policies and procedures materially in accordance with State Confidentiality Laws and industry standards designed to ensure the security and integrity of the Covered Entity's data and protect against threats or hazards to such security.

3.2 Business Associate Acknowledgment.

(a) Business Associate acknowledges that, as between the Business Associate and the Covered Entity, all PHI shall be and remain the sole property of the Covered Entity.

(b) Business Associate further acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA and the HITECH Act. Business Associate shall comply with all California Confidentiality Laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

3.3 Responsibilities of Covered Entity. Covered Entity shall, with respect to Business Associate:

(a) Provide Business Associate a copy of Covered Entity's notice of privacy practices ("Notice") currently in use;

(b) Notify Business Associate of any changes to the Notice that Covered Entity provides to individuals pursuant to 45 C.F.R. § 164.520, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI;

(c) Notify Business Associate of any changes in, or withdrawal of, the consent or authorization of an individual regarding the Use or Disclosure of PHI provided to Covered Entity pursuant to 45 C.F.R. § 164.506 or § 164.508, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI; and

(d) Notify Business Associate of any restrictions on Use and/or Disclosure of PHI as provided for in 45 C.F.R. § 164.522 agreed to by Covered Entity, to the extent that such restriction may affect Business Associate's Use or Disclosure of PHI.

4. TERM AND TERMINATION

4.1 Term. This BAA shall become effective on the Effective Date and shall continue in effect until all requested services and obligations of the Parties under the Agreement have been met, unless terminated as provided in this Section 4 or by mutual agreement between the Parties. Certain provisions and requirements of this BAA shall survive its expiration or other termination as set forth in Section 5 herein.

4.2 Termination. If Covered Entity determines in good faith that Business Associate has breached a material term of this BAA, Covered Entity may either: (i) immediately terminate this BAA and any underlying Services Agreement; or (ii) terminate this BAA and any underlying Services Agreement within thirty (30) days of Business Associate's receipt of written notice of such breach, if the breach is not cured to the satisfaction of Covered Entity.

4.3 Automatic Termination. This BAA shall automatically terminate without any further action of the Parties upon the termination or expiration of Business Associate's provision of Services to Covered Entity.

4.4 Effect of Termination. Upon termination or expiration of this BAA for any reason, Business Associate shall return all PHI pursuant to 45 C.F.R. § 164.504(e)(2)(ii)(J) if, and to the extent that, it is feasible to do so. Prior to returning the PHI, Business Associate shall recover any PHI in the possession of its Subcontractors. To the extent it is not feasible for Business Associate to return any portion of the PHI, Business Associate shall provide Covered Entity with a statement that Business Associate has determined that it is infeasible to return or destroy all or some portion of the PHI in its

possession or in possession of its Subcontractors. In such event, Business Associate shall: (i) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or carry out its legal responsibilities; (ii) return to Covered Entity the remaining PHI that the Business Associate maintains in any form; (iii) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains PHI; (iv) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions as set out in Section 2 above, which applied prior to termination; and (vi) return to Covered Entity the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

5. MISCELLANEOUS

5.1 Survival. The respective rights and obligations of Business Associate and Covered Entity under the provisions of Sections 2.1, 4.4, 5.7, 5.8, 5.11, and 5.12 shall survive termination of this BAA until such time as the PHI is returned to Covered Entity or destroyed. In addition, Section 3.1(i) shall survive termination of this BAA, provided that Covered Entity determines that the PHI being retained pursuant to Section 4.4 constitutes a Designated Record Set.

5.2 Amendments; Waiver. This BAA may not be modified or amended, except in a writing duly signed by authorized representatives of the Parties. To the extent that any relevant provision of HIPAA, the HITECH Act, or California Confidentiality Laws is materially amended in a manner that changes the obligations of the Parties, the Parties agree to negotiate in good faith appropriate amendment(s) to this BAA to give effect to the revised obligations. If the Parties cannot agree on an amendment to this BAA, this BAA may be terminated by either Party upon thirty (30) days written notice to the other Party, or upon shorter notice as may be required by applicable law. Further, no provision of this BAA shall be waived, except in a writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.

5.3 No Third Party Beneficiaries. Nothing express or implied in this BAA is intended to confer, nor shall anything herein confer, upon any person other than the Parties hereto any rights, remedies, obligations, or liabilities whatsoever.

5.4 Notices. Any notices to be given hereunder to a Party shall be made via U.S. Mail or express courier to such Party's address given below, and/or via facsimile to the facsimile telephone numbers listed below.

If to Business Associate, to:

Data Innovations LLC
Attn: Privacy Officer
463 Mountain View Drive, Suite 3
Colchester, VT 05446
Phone: 802-658-2850

If to Covered Entity, to:

Natividad Medical Center
Attn: Compliance/Privacy Officer
1441 Constitution Blvd.
Salinas, CA 93906
Phone: 831-755-4111
Fax: 831-755-6254

Each Party named above may change its address and that of its representative for notice by the giving of notice thereof in the manner hereinabove provided. Such notice is effective upon receipt of notice, but receipt is deemed to occur on next business day if notice is sent by FedEx or other overnight delivery service.

5.5 Counterparts; Facsimiles. This BAA may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.

5.6 Relationship of Parties. Notwithstanding anything to the contrary in the Services Agreement, Business Associate is an independent contractor and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform, or cause to be performed all Business Associate obligations under this BAA.

5.7 Choice of Law; Interpretation. This BAA shall be governed by the laws of the State of California. Any ambiguities in this BAA shall be resolved in a manner that allows Covered Entity and Business Associate to comply with the Privacy Rule, the Security Rule, and the California Confidentiality Laws.

5.8 Indemnification. Business Associate shall indemnify, defend, and hold harmless the County of Monterey (the "County"), its officers, agents, and employees from any claim, liability, loss, injury, cost, expense, penalty or damage, including costs incurred by the County with respect to any investigation, enforcement proceeding, or third party action, arising out of, or in connection with, a violation of this BAA or a Breach that is directly and solely attributable to a grossly negligent act or deliberate omission of Business Associate and/or its agents, members, employees, or Subcontractors, excepting only loss, injury, cost, expense, penalty or damage caused by the negligence or willful misconduct of personnel employed by the County. It is the intent of the Parties to provide the broadest possible indemnification for the County. This provision is in addition to, and independent of, any indemnification provision in any related or other agreement between the Parties and is only applicable to the provisions herewithin to which the Business Associate is legally bound under HIPAA or other laws or statutes which pertain to the protections afforded to PHI.

5.9 Applicability of Terms. This BAA applies to all present and future Service Agreements and Business Associate relationships, written or unwritten, formal or informal, in which Business Associate creates, receives, transmits, or maintains any PHI for or on behalf of Covered Entity in any form whatsoever. This BAA shall automatically be incorporated in all subsequent agreements between Business Associate and Covered Entity

involving the Use or Disclosure of PHI whether or not specifically referenced therein. In the event of any conflict or inconsistency between a provision of this BAA and a provision of any other agreement between Business Associate and Covered Entity, the provision of this BAA shall control unless the provision in such other agreement establishes additional rights for Business Associate or additional duties for or restrictions on Business Associate with respect to PHI, in which case the provision of such other agreement will control.

5.11 Legal Actions. Promptly, but no later than ten (10) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the interests of Covered Entity or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.12 Audit or Investigations. Promptly, but no later than ten (10) business days after notice thereof, Business Associate shall advise Covered Entity of any audit, compliant review, or complaint investigation by the Secretary or other state or federal agency related to compliance with HIPAA, the HITECH Act, or the California Confidentiality Laws.

IN WITNESS WHEREOF, each of the undersigned has caused this BAA to be duly executed in its name and on its behalf as of the Effective Date.

BUSINESS ASSOCIATE

By: 

Print Name Matt King

Print Title Chief Financial Officer

Date: December 18, 2025

COVERED ENTITY

By: _____

Print Name: _____

Print Title: _____

Date: _____

BUSINESS ASSOCIATE

By: 

Print Name Matthew Wilcox

Print Title VP, Finance

Date: December 18, 2025

**NOTICE AND CONTACT INFORMATION SCHEDULE**

- 1) **Legal Notice Information:** List the contact information for all legal Notices required under the General Terms and Conditions.

Same as: Page 1 of Master Agreement ☐

Name:	Natividad Materials Management Director
Address:	1441 Constitution Blvd.
City:	Salinas
State:	CA
Zip or Province/Postal Code:	93906
Country:	USA

Attention to:	

- 2) **Business Associate Addendum Notice Information:** List the contact information for Notices required under Business Associate Addendum.

Same as: Section 1 ☐

Name:	Natividad Chief Information Officer
Address:	1441 Constitution Blvd.
City:	Salinas
State:	CA
Zip or Province/Postal Code:	93906
Country:	USA

Attention to:	

- 3) **Primary Technical Contact Information:** List the contact information for the three Primary Technical Contacts for Maintenance and Support Services for the specific Software being licensed:

☐ **Instrument Manager™**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	

☐ **EP Evaluator®**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	



☐ **Lab GPS™**

Primary Technical Contact #1	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #2	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	
Primary Technical Contact #3	
Name:	
Primary Telephone Number:	
Secondary Telephone Number:	
Email:	



QUOTE SCHEDULE

Quote #O-00153199



Quote Prepared For:
Arthur Tiongson
tiongsonat@natividad.com

Sales Representative:
Edwin Hammond
ehammond@datainnovations.com

Bill To:
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
US

Ship To:
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
US

All prices denominated in **USD(\$)**
Payment Terms: **Net 30**

Year 1

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Professional Services				\$22,250.00
Year 1 Total:				\$54,625.00

Year 2

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Year 2 Total:				\$32,375.00

Year 3

Product Summary				Total
IM™ Subscription Software				\$32,375.00
Year 3 Total:				\$32,375.00

				Total: \$119,375.00

Year 1

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
IM-SVC-01-04	New Implementation Services	1	\$22,250.00	\$22,250.00
Professional Services are available for Instrument Manager™ implementation.				
Services to be defined by a mutually agreed- to and signed Statement of Work.				
Year 1 Total:				\$54,625.00



Year 2

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
Year 2 Total:				\$32,375.00

Year 3

Product Code	Product Name	Qty	Unit Price	Total
IM-CX-PRM	Instrument Manager™ Premium Subscription Interface Connection	11	\$1,750.00	\$19,250.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription.				
IM-EU-PRM	Instrument Manager™ Premium Subscription End User Connection	5	\$1,750.00	\$8,750.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription to concurrently access the Instrument Manager™ system from any remote network location.				
IM-EU-PRM-TEST	Instrument Manager™ Premium Subscription End User Connection for Test	1	\$875.00	\$875.00
Adds one End User connection license to the Instrument Manager™ Premium Subscription for Test to concurrently access the Instrument Manager™ Test system from any remote network location.				
IM-CX-PRM-TEST	Instrument Manager™ Premium Subscription Interface Connection for Test	4	\$875.00	\$3,500.00
Adds one interface connection license to the Instrument Manager™ Premium Subscription for Test.				
Year 3 Total:				\$32,375.00

Total: \$119,375.00**Additional Notes**

The IM™ Premium Subscription Base Software License includes:

- Instrument Manager™
- Production System with High Availability
- Test System with High Availability
- Disaster Recovery
- Specimen Management
- Sample Archival
- Specimen Routing
- Manual Results Entry
- Peer & Daily QC Integration (Bio-Rad Unity Real Time, Thermo LabLink xL, and TechnoPath)
- Open Data Exchange Connection
- Moving Averages
- DMS Connections and Light Pole Connections can be added, as needed.

The Instrument Manager™ solution listed above is licensed to Customer on a subscription basis for a set subscription term of: Three (3) Years ("Subscription Term")

Invoicing Terms: DI will invoice Customer for the total fees due for the Subscription Term as follows:

Year 1 - Upon signature of SOW and PO received by Customer and SOW milestones
 Year 2 - Annually prior to start date of Year 2
 Year 3 - Annually prior to start date of Year 3



Additional Purchases: If Customer purchases any additional add-on Instrument Manager™ connections or End Users for Instrument Manager™ production or test system during the IM™ Subscription Term, at the time of purchase, the Fees for the Add-Ons shall be prorated into the fees due for the remaining years left in the Subscription Term.

PO & Mailing Address:

Data Innovations LLC
463 Mountain View Drive
Colchester, VT 05446

Payment Remittance Address:

Data Innovations LLC
PO Box 101978
Atlanta, GA 30392-1978
DUNS #96-490-0463
TAX ID: 51-0263969

Standard Terms & Conditions

1) About this Quote

Attached is the requested quote (the "Quote"). The Quote includes all of the items in which an interest was indicated. The included pricing proposal is intended to provide a price guarantee for a period of ninety (90) days. Execution of the Master Agreement between Data Innovations LLC and County of Monterey for the provision of services for Natividad Medical Center, to which this Quote is attached as a Schedule, will be deemed Customer's acceptance of the pricing, specific time frames and terms and conditions set forth herein. Future Maintenance and Support Services ("M&S") amounts will be adjusted to reflect any software license purchased under this Quote.

2) Sales Tax

Sales tax (if applicable) will be invoiced upon acceptance of the terms of this Quote.

3) Invoice and Payment Terms

All pricing is in set forth Currency, FOB Shipping Point. Prices are subject to change without notice. Data Innovations LLC will invoice for the fees set forth in this Quote as of date of signature of the Master Agreement. Payment terms are 100% due and payable net thirty (30) days from the date of invoice.

- IM™ Subscription Software (Premium) Subscription Fees:
 - Year 1 – Upon Effective Date of Statement of Work # O-00153199
 - Year 2 – Annually prior to start date of Year 2
 - Year 3 – Annually prior to start date of Year 3
- Professional Services Fees – pursuant to the invoicing milestones set forth in Section 10.1 ("Fixed Fee Basis") of Statement of Work # O-00153199

4) Delivery Terms

DI will deliver the Software license(s) electronically to Customer upon execution of the Master Agreement to which this Quote is a Schedule.

5) Entire Agreement

The Software, Maintenance and Support Services, Professional Services and/or Subscription Services listed above are subject to the Master Agreement between Data Innovations LLC and County of Monterey for the provision of services for Natividad Medical Center, effective as of the Effective Date, to which this Quote is attached as a Schedule (the "Agreement"). The Agreement shall govern and supersede any conflicting terms and conditions contained on this Quote. This Quote and the Agreement represent the entire agreement between the Parties and supersedes all other representations, proposals, discussions, undertakings, communications, agreements, advertisements, and understandings, whether oral or written, between the Parties and shall govern and control with respect to the subject matter herein. Any terms or conditions appearing on the face or reverse side of any purchase order, acknowledgement, or confirmation that are different from or in addition to those described herein are hereby expressly rejected and shall not be binding on the Parties, even if signed and returned, unless both Parties hereto expressly agree, in an instrument separate from and in addition to the purchase order, acknowledgement, or confirmation, to be bound by such separate or additional terms and conditions.

6) Services Cancellation or Rescheduling Policy:

If Professional Services are cancelled, Customer is responsible for any expenses utilized up to the date of cancellation including pre-arranged travel expenses. If Professional Services are rescheduled, Customer is responsible for any expenses associated with rescheduling, including transportation change fees.

Additional Terms & Conditions for IM Subscription

1) Activation Code Note

Activation Codes for the new Subscription Term will be furnished within three (3) business days from receipt of payment.

2) Subscription Plan

The new subscription term shall be defined by the Term dates noted above and renewed by the Term End Date.



DATA INNOVATIONS LLC

STATEMENT OF WORK

This Statement of Work (the "SOW"), effective as of the last date of signature below (the "Effective Date") by and between Data Innovations LLC ("DI"), a Delaware limited liability company, having its principal place of business at 463 Mountain View Drive, #305, Colchester, Vermont 05446 and Natividad Medical Center. ("Customer"), having its principal place of business at 1441 Constitution Blvd. Salinas, CA 93906, sets forth the terms and conditions under which DI agrees to provide Professional Services to Customer.

This SOW is subject to the terms and conditions of the Master Agreement entered into between the parties and shall be executed contemporaneously with the Master Agreement such that both this SOW and the Master Agreement (the "**Agreement**") shall have the same Effective Date, to which this SOW is a supplement. All terms and conditions in the Agreement are incorporated by reference herein and shall remain unchanged and in effect. All Professional Services will be provided under this SOW and terms and conditions of the Agreement. In the event of any conflict between the terms and conditions of this SOW and the terms and conditions of the Agreement, the terms and conditions of the Agreement shall control. All definitions not set out in this SOW shall have the meaning as set forth in the Agreement.

1. DEFINITIONS.

- 1.1. **"AV"** means "Auto-verification", the process of using computer-based rules to verify clinical laboratory test results without manual intervention.
- 1.2. **"AV Workflow"** means a standardized set of rules written in IM based on Customer's Standard Operating Procedure(s) ("SOPs").
- 1.3. **"Business Hours"** means Monday to Friday 8 am – 5 pm local time to Customer location.
- 1.4. **"Communication Plan"** means a documented outline of how DI will communicate important, on-going project related information to key Customer stakeholders.
- 1.5. **"Completed Project"** means this SOW when it has been through the Project Closure process and has been closed as completed.
- 1.6. **"Discontinued Project"** means the status of this SOW if it has been discontinued and closed out due to action or non-action from Customer.
- 1.7. **"Enterprise Configuration"** means a configuration that is shared across lab locations using the same IM system.
- 1.8. **"Functional Testing"** means testing a successful roundtrip of one (1) test component order out of the LIS to the instrument, and one (1) test component result filing back into the LIS from the instrument on each instrument in scope.
- 1.9. **"Go-Live"** means the date the Instrument Manager software, and any associated Work Product delivered under this SOW if applicable, become operational in a live production environment.
- 1.10. **"Go-Live Deployment (Cutover) Plan"** means a document list of steps needed to define the segment-relates tasks that drive a successful deployment of Instrument Manager to production operations.
- 1.11. **"Go-Live Support"** means the implementation support provided by DI immediately at the production cutover event.
- 1.12. **"Holiday"** means the calendar day falling on any of the following observed US holidays: New Year's Day, Martin Luther King Jr Day, President's Day, Memorial Day, Juneteenth, Independence Day, Independence Day, Labor Day, Columbus or Indigenous People Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.13. **"IM"** means DI's proprietary software application, Instrument Manager™.
- 1.14. **"Instrument Connectivity Testing"** means establishing connectivity of each instrument in scope with IM.
- 1.15. **"LIS"** means Laboratory Information System.
- 1.16. **"LIS Connectivity Testing"** means establishing connectivity between the LIS and IM.
- 1.17. **"Mapped Record Testing"** means testing every test component and every test panel from the LIS on orders and results for all instruments in scope.
- 1.18. **"Period of Performance"** means the total amount of time during which this SOW shall be performed (as defined herein).
- 1.19. **"Post Deployment Support"** means the on-going support provided by the DI Professional Services team beyond the Go-Live event.
- 1.20. **"Project Closure"** means the process DI will follow to transition this SOW from an "in-process" status to a Completed Project, which includes the handoff of the Customer environment to DI Customer Support Team.
- 1.21. **"Project Closure Date"** means the date this SOW is closed as either a Completed Project or a Discontinued Project.
- 1.22. **"Project Closure Document"** means the form, executed by DI and Customer, to formally close this SOW and authorize the handoff to the DI Customer Support Team.



- 1.23. **"Project Closure Meeting"** means the final meeting of DI and the Customer to formally close this SOW.
 - 1.24. **"Project Initiation"** means the first contact/session between a DI assigned resource and the primary point of contact on the Customer team ("PPOC"). The objective of this meeting is to establish rapport, to ensure that product readiness activities have been completed, to align on project scope and objectives, to validate project resource assignments/availability, and to confirm key milestones and overall project timeline. This session allows the project planning to begin. This session serves as the start of the Period of Performance.
 - 1.25. **"Project Initiation Meeting"** means the date of the first meeting between DI and the Customer to discuss the Professional Services.
 - 1.26. **"Project Kickoff"** means the gathering of all Customer and DI stakeholders, team members, and sometimes business partners, to review and align on the project objectives, scope of deliverables, timeline, communication plan, roles/responsibilities, and overall governance for the delivery of the project. This session allows the extended Customer team members and DI assigned resources to review and to understand the comprehensive project plan, including their role in its success.
 - 1.27. **"Project Kickoff Meeting"** means a discovery meeting with the Customer to confirm alignment across Customer and DI's core and extended Professional Service project team.
 - 1.28. **"Project Plan"** means a specific Professional Service project plan for Customer that includes phase-based timelines, Customer and Professional Services project resource requirements and assignments, level of effort per task, timelines, Go-Live date(s), and potential associated risks.
 - 1.29. **"Project Readiness Checklist"** means the document/file (provided by a DI Sales Representative to Customer as part of the initial sales process) that Customer must complete to confirm that Customer has completed all necessary tasks, prerequisites, and requirements necessary to initiate the Professional Services. This document will be submitted to DI by the Customer upon completion.
 - 1.30. **"Project Status Meeting"** means a meeting with Customer to evaluate and monitor progress, reported issues and/or challenges against key SOW milestones.
 - 1.31. **"QC"** means Quality Control
 - 1.32. **"Shell Configuration"** means building configurations and connection assignments in IM for all instruments in scope.
 - 1.33. **"Smoke Testing" also referred to as "Build Verification Testing or Confidence Testing"** means a software testing method used to determine if a release of IM is ready for promotion to production use.
 - 1.34. **"Specimen Management"** means the database used to house patient, specimen, and test information within IM.
 - 1.35. **"Specimen Management Workspace"** means the configurable screen in the IM application where patient, specimen, and test information can be viewed and acted upon.
 - 1.36. **"Trip"** means an on-site visit to the Customer location provided by one (1) DI Professional Services resource. A Trip includes two (2) days of travel and up to three (3) days of work. All Billable Expenses are included in the Professional Service Fees for the Trip set forth in applicable quote.
 - 1.37. **"User Security"** means the IM module used to assign security access to features within IM.
 - 1.38. **"Validation Documentation"** means the Customer created documentation that supports the Customer Validation Testing of IM to ensure that it meets the intended Customer functional and user requirements.
 - 1.39. **"Validation Test Plan"** means the documented plan to identify the activities that need to be completed in order to establish compliance with the Customer requirements (verification) and to establish that the IM system will meet the Customer expectations.
 - 1.40. **"Validation Testing"** means Customer's quality assurance process of verifying that the IM application meets the Customer needs and requirements of its key stakeholders.
2. **PROFESSIONAL SERVICES.**
- 2.1. **Description of Professional Services.** DI in conjunction with the Customer will perform the following Professional Services under this SOW:
 - 2.1.1. **Initiation and Planning - Customer-provided Project Manager ("PM")**
 - **DI Responsibilities:** DI will provide an assigned DI resource responsible for the following tasks as part of the initiation and planning of the project:
 - Provide input into the initiation planning tasks led by the Customer.
 - Confirm the scope of project as described herein.
 - Testing and validation planning support.
 - Prepare for full team kick off to include all project resources and key project stakeholders.



- **Customer Responsibilities:** Customer is responsible for the following as part of the initiation and planning of the project:
 - Development of a Project Plan and timeline with target Go-Live date(s).
 - Development of a resource plan detailing roles and responsibilities for all assigned resources for all tasks identified in the Project Plan.
 - Development of a Communication Plan to ensure alignment and escalation pathways for all project resources and key stakeholders.
 - Manage resources and project timeline.
 - Complete Project Status Meetings with Customer and DI resources
- The output from the planning tasks shall be the following as mutually agreed to between DI and the Customer:
 - A Project Plan including a timeline/schedule, a Communication Plan, a Go-Live target date, a detailed resource plan, and a testing strategy.
 - A Customer-provided Validation Test Plan.

2.1.2. **Build and Test - Server Install and Instrument Integration:**

- **DI Responsibilities:** DI is responsible for the following to complete the build and test phases of the project, according to the agreed-upon project timeline:
 - Schedule and conduct the Project Kick-off.
 - Provide consulting support to Customer during server procurement.
 - Assist Customer resources with the installation of IM Software on applicable Customer-provided production, failover and test servers.
 - Customer is assumed to have purchased net new IM licenses for both production and test to be used with new Customer-provided servers.
 - Production and failover servers use the same IM license number.
 - At least one (1) server meeting the server specifications provided by DI must be available for IM install to begin the project. Delays in server procurement may delay the start of the project.
 - Customer may have both High Availability ("HA") and Disaster Recovery ("DR") failover servers configured as a part of this project as licensed and desired to meet Customer's end-state redundancy configuration.
 - Advise Customer on how to download Drivers, install Drivers, create configurations and create connections for the instrument(s) defined below and the Meditech LIS Driver:
 - Two (2) Abbott Alinity
 - Two (2) Siemens CS 2500
 - One (1) Cepheid Genexpert
 - One (1) Beckman IRIS
 - One (1) Qiagen Qiasat
 - Instruments are intended to be interfaced during the project Period of Performance ("PoP") as detailed in Section 8 herein. Extension of the PoP to interface instruments beyond the PoP shall be handled via Change Management as detailed in Section 6 herein.
 - Customer must ensure the IM production license has sufficient connections licensed prior to confirmed Go-Live date. Additional connections may need to be purchased if number of connections built is greater than the number of connections estimated in the pre-sale instrument inventory review.
 - Number of connections licensed or purchased may be more or less than the number of instruments included in the scope of the project.
 - Changes to the scope of the project may be handled via the Change Management process as detailed in Section 6 herein.
 - If purchased and applicable, register Customer for training seats.



- Advise Customer on how to modify the instrument and LIS configurations, including necessary test code, fluid code, error code, and instrument ID mapping if applicable.
- Collaborate with Customer to write necessary rules in IM to format orders and results correctly for instruments and the LIS for pass-through connectivity. The scope of this project does not include Professional Services to write rules for AV Workflows in IM, Professional Services to write rules or provide Specimen Management Workspace setup to manage any other non-AV Workflows in IM, or complex rules or setup to replace any current middleware solutions.
- Assist and advise Customer as needed with all phases of testing to include LIS Connectivity Testing, Instrument Connectivity Testing, Functional Testing, Mapped Record Testing, and Validation Testing for all instruments in scope.
- Provide application guidance and mentoring to the Customer while the Customer executes their Validation Test Plan according to the project timeline and regulatory requirements of the laboratory. Execution and sign-off of Validation Test Plans are the responsibility of the Customer.
- Provide consulting support to Customer resources as they determine requirements for and execute on end user training and maintenance strategy for long-term support of the IM application.
- **Customer Responsibilities:** Customer is responsible for the following to complete the build and test phases of the project, according to the agreed-upon project timeline. Using guidelines and assistance provided by DI, Customer will:
 - Provide all necessary server and network infrastructure required for IM to function as designed for instrument integration with the LIS.
 - Provide resources, per the Project Plan for the following activities:
 - Participation in the installation and mirror setup of the IM application.
 - Participation in and completion of the Shell Configuration activity to download Drivers, Install Drivers, create configurations, and create connections.
 - Completion of all phases of testing including LIS Connectivity Testing, Instrument Connectivity Testing, Functional Testing, Mapped Record Testing, and Validation Testing.
 - Completion of Driver configuration build in IM including all test code, fluid code, error code, and instrument ID mapping as applicable to the specific Driver and configuration.
 - Execution of the Validation Test Plan according to the project timeline and regulatory requirements of the laboratory.
 - Create all applicable Validation Documentation according to regulatory requirements and obtain approval of testing evidence by the applicable Customer resources.
 - Develop and implement an end user training and long-term application maintenance strategy for the IM application.
 - Customer resources registered for training classes should plan to complete the IM Fundamentals 2.0 course or current equivalent course prior to the start of Functional Testing, and the Foundations of Rule Writing in IM or equivalent current course prior to the start of Mapped Record Testing.
 - For Customer IM Analyst(s) without IM experience or training, DI **requires** all IM Fundamentals 2.0 or equivalent training to be completed prior to start of Functional Testing.

2.1.3. Deploy

- Cutover and Go-Live Support

- Prepare IM production server(s) for Go-Live.
- A customized cutover plan will be discussed and created with Customer resource(s) at least thirty (30) days prior to confirmed Go-Live date.



- Assist Customer as needed to move the validated instrument configuration(s) from the test server to the production server prior to each Go-Live event in scope.
- Go-Live Support will be provided by DI for up to **one (1) Go-Live event(s)** under the following conditions:
 - Provide **one (1)** resource for up to **eight (8)** hours per day for **one (1)** day, for a total of **eight (8)** hours of remote Go-Live support. – Target Go-Live date (subject to confirmation during project planning): to be determined.
- If Customer requests the Go-Live event to occur during a defined Holiday, additional charges will apply.

• **Post-Deployment Support**

- DI will provide Post Deployment Support for **up to two (2) week(s)** following Customer's final Go-Live event during Business Hours. At the completion of Post-Deployment Support, the Customer will be transitioned to DI Customer Support Team and the SOW will be closed.
- Post Deployment Support includes:
 - Support for the Professional Services that went live as a part of a DI-provided Go-Live event.
 - Assistance with troubleshooting non-emergent, non-time dependent issues related to the normal operation and maintenance of instrument interfaces.
- Post Deployment Support does not include:
 - All emergency support – Customer should contact DI Customer Support according to DI's Maintenance and Support agreement in place with Customer.
 - Off-hours support for issue resolution.
 - On-site Professional Services.
 - IT support for Customer-provided servers, other hardware, and Customer's network. Customer provides all support for network, servers, and other Customer-provided hardware as applicable.
 - Support to run Customer's laboratory instrumentation. Customer must provide resource(s) to maintain, operate, configure, and troubleshoot instruments.
- DI will respond to issues raised within twenty-four (24) hours of receipt.

2.1.4. **Project Closure**

- Upon completion of the Customer transition to the DI Customer Support Team, a Project Closure Meeting will be scheduled and conducted by the assigned DI resource, followed by the DI Project Closure Document, which is routed to the Customer for signature via DocuSign.

2.2. **On-site Visits.**

- DI will deliver the quantity of Trips, as listed in the Quote under part #IM-SVC-01-TRP, to complete the Professional Services defined herein. If part #IM-SVC-01-TRP is not present on the Quote, the number of Trips is zero (0).
- Additional Trips to support the Professional Services may be purchased separately at an additional cost.
- For Professional Services delivered on-site at a Customer facility, appropriate access will be provided to the DI consultant to enable them to do their work effectively. Access typically includes the Customer laboratory, resources, instruments, and test and production IM systems.

3. **WORK PRODUCTS & TIMELINE.**

- 3.1. **Work Products.** DI in conjunction with the Customer will provide support for and/or deliver the Work Products listed in the following table. The actual sequence of Work Products will be determined by the joint DI and Customer project team and will be documented after Project Kickoff.

WORK PRODUCT	RESPONSIBLE PARTY	PROJECT PHASE
Project Readiness Checklist	Customer	Initiation & Planning
Project Plan	Customer	Initiation & Planning
Communication Plan	Customer	Initiation & Planning



Validation Test Plan	Customer	Initiation & Planning
Validation Documentation	Customer	Initiation & Planning
Project Kickoff Meeting	DI, Customer	Initiation & Planning
End User Training	Customer	Build
DI Software/Solution Installation & Mirror Setup	DI, Customer	Build
Shell Configuration	DI, Customer	Build
Completion of Functional and Mapped Record Testing	Customer	Build & Test
Completion of Validation Testing and Validation Documentation	Customer	Test
Support of Validation Testing	DI	Test
Go-Live Deployment Plan	DI, Customer	Deploy
Smoke Testing	Customer	Deploy
Support of Go-Live Deployment	DI	Deploy
Post Go-Live Deployment Support	DI	Deploy
Transition to Customer Support Team	DI, Customer	Project Closure
Project Closure Meeting	DI	Project Closure
Project Closure Document	DI, Customer	Project Closure

3.2. **Project Timeline.** Chronology has yet to be precisely determined; exact dates and times will be coordinated as *mutually agreed to by Customer and DI*.

3.3. **Summary of Professional Services.**

- IM installed on applicable production, failover, and test servers.
- Instruments in scope are integrated with IM and LIS.
- IM production server(s) prepared for Go-Live.
- IM failover server synced with production server.
- IM test server loaded with production configuration.
- Go-Live Support provided as described in Section 2.1.3. "Deploy" herein.

4. **ASSUMPTIONS/CONSIDERATIONS.**

4.1. **Delays and Scope Consideration.**

- 4.1.1. Any Professional Service not explicitly identified in this SOW is considered "out-of-scope" and assumed to be the responsibility of the Customer. Per the request of Customer, those items can be evaluated, considered and (if agreed upon) addressed through the Change Management Process set forth below.
- 4.1.2. Pricing for this SOW assumes Customer resources will be engaged to perform and complete its obligations for the completion of the SOW throughout the Period of Performance. If additional time is required to complete this SOW due to Customer delays or related issues including but not limited to completion of Customer tasks outlined herein this will be discussed between the Customer and DI. If additional time beyond the Period of Performance is requested by Customer to continue delivery of the Professional Services, the additional time will be addressed via the Change Management Process set forth below.
- 4.1.3. As applicable to the project scope, any delays in the completion of the LIS build, instrument delivery, instrument readiness to connect to IM, data collection necessary for IM configuration, completion of any pre-requisite tasks, network issues, or server procurement will delay the start of this project and/or result in additional effort and costs against the potential breach in Period of Performance.
- 4.1.4. Instruments are required to be available for wet testing as indicated by the Project Plan testing strategy and to be in compliance with laboratory regulations. Coordinating the testing strategy with laboratory operations is required to ensure project timelines are met. Delays in instrument availability and testing completion, beyond the agreed upon project timeline may require additional effort to be estimated and cost incurred.

4.2. **Project Readiness Checklist.**

- 4.2.1. Customer will be provided with the DI Project Readiness Checklist, which must be completed in advance of the project being initiated. Upon DI receipt of the completed Project Readiness Checklist file, the required DI team members will be assigned. A DI project team member will contact the Customer directly to initiate the project delivery.
- By returning the Project Readiness Checklist, the Customer agrees that Lab, IT and Network resources are available to start work and be fully engaged in the project.
 - If the Project Readiness Checklist gets returned to DI incomplete, the Customer agrees that DI Technical and Professional Services will assist in answering questions to assist Customer in completing the requirements. Depending on the



situation, these activities may count against the Period of Performance.

4.3. Instrumentation Considerations and Availability of Instruments for Testing.

- 4.3.1. All instruments must be able to be taken out of the live (current production) interface environment, if applicable to the scope of the project, and available to be connected to IM during all testing phases. Pre-scheduling testing sessions in advance with lab operations around peak production times can help mitigate delays.
- 4.3.2. Instruments are included in scope based on information documented during scoping. Changes to instrumentation during the course of the project must be submitted to DI in writing and evaluated for changes to the scope of Professional Services and/or number of standard or DMS connections prior to beginning work on the project.
- 4.3.3. Any changes to instrumentation resulting in the need for DI Driver development or enhancements may delay the implementation for that instrument and/or result in additional effort and costs against the potential breach in Period of Performance.
- 4.3.4. All instruments in scope for this service are installed and have passed regulatory compliance for the laboratory (method validation, verification, and/or comparison), and have all applicable network/IT infrastructure in place to connect to IM in advance of Project Initiation.
- 4.3.5. Customer is responsible for resolution of any network compatibility issues for instruments included in scope during all Validation Testing activities.
- 4.3.6. Customer is responsible for maintaining adequate and complete documentation for any changes to be applied to instrument settings for all instruments in scope at Go-Live if changes are applicable.

4.4. Validation Testing Requirements.

- 4.4.1. An authorized Customer representative is responsible for all Validation Testing of the IM system prior to Go-Live. This also includes the development of Validation Test Plans for testing the IM system to include all mapping, connections, rules, and applicable workflows.
- 4.4.2. Changes or delays to the Validation Test Plan and timeline may cause additional effort to be estimated and cost incurred.
- 4.4.3. DI will assist in resolving issues identified during the Validation Testing that are related to the scope of this project, as it pertains to the DI software/solutions licensed to Customer.

4.5. Server Procurement, IM Analyst Access, and Long-Term Application Maintenance.

- 4.5.1. Customer is responsible for procurement and support of all necessary servers on which the IM application is installed and run.
- 4.5.2. Customer is responsible for IT network support and troubleshooting for all networks with IM servers and/or networks with instruments included in scope to be connected to the IM servers.
- 4.5.3. Customer IT/Network resources will confirm network compatibility between the network where IM servers are installed and all networks with instruments expected to connect to IM.
- 4.5.4. Customer IM Analyst(s) are required to have appropriate access and permissions to the server for the duration of the project. Delays in obtaining appropriate access may delay the overall project timeline, which may lead to a breach in Period of Performance.
- 4.5.5. Customer will be responsible for communicating any changes to their technical/server architecture or configuration that may impact or influence the performance of DI software/solutions licensed to Customer.
- 4.5.6. Customer is responsible for the long-term application and server maintenance of their IM system. The IM Maintenance strategy can be developed with DI Consultant support if needed, as part of the implementation plan.
- 4.5.7. Customer must have appropriate server and user permissions granted to enable Drivers to be downloaded from My DI Community to the server(s) where IM is installed.

4.6. Driver Development or Enhancement Requests.

- 4.6.1. If Driver development is required, Customer is responsible for testing any new Driver or Requested Enhancements to existing Driver developed by DI and shall provide DI with the required evidence of testing prior to Go-Live. Once proper evidence is received, a production version of the Driver will be released to the Customer.

4.7. IM System.

- 4.7.1. Customer has been given access to supporting DI technical documentation (IM Administrator Guide, IM Specifications, etc.) in support of the IM project. Customer is assumed to have completed review of this documentation in preparation for project delivery.
- 4.7.2. Customers with multiple IM systems on different IM versions must have a plan for end users to access each system from a workstation with a matching IM version installed.
- 4.7.3. Customer is responsible for ensuring patient IDs and specimen IDs arriving in IM from all upstream systems are unique. Unique patient and specimen IDs are required to prevent



issues with testing and potential patient safety issues caused by mismatched patient demographics when specimen or patient IDs overlap and are used to identify different patients.

4.8. Add-on Projects.

- 4.8.1. Customer is responsible for documenting all changes to the LIS configuration and any other Enterprise Configuration(s) during an add on project to be moved to the production server at each Go-Live event if changes are applicable.
- 4.8.2. Customer is responsible for retroactively testing any updated Drivers on existing live configurations if applicable prior to each Go-Live event.

4.9. Emergency Support.

- 4.9.1. Upon completion of Go-Live Support for each Go-Live event in scope for the project, technical support (during non-business hours) for emergency issues (system-down, critical laboratory workflow affected) will be provided by DI's Customer Support Team, in accordance with the DI Maintenance and Support agreement in place with Customer.

4.10. AV Workflows.

- 4.10.1. Projects that are scoped to include Professional Services to deploy an existing AV workflow to an additional laboratory location assume the Customer's additional lab uses the same instrument, the same instrument settings, are connected to the same LIS, and are using the same DI Driver as the original lab location to be eligible to use the same AV workflow. Customers with a different instrument, different instrument settings, are connected to a different LIS, or are using a different DI Driver must purchase additional Professional Services to configure a net new AV workflow.
- 4.10.2. All instruments included for AV workflows must be onsite and validated prior to beginning work on AV.

4.11. IM System Responsibilities

- 4.11.1. The Customer is responsible for completing the configuration of the IM application and acting as the primary operator of the IM application.
- 4.11.2. DI Professional Services resources assigned to complete the Professional Services detailed herein shall advise the Customer on best-practices of IM configuration and testing through a guidance and mentoring approach while considering unique aspects of the Customer's needs, provided however, the Customer shall maintain the primary responsibility for completing the configuration, mapping, testing, and validation of the IM application.

5. STAFFING REQUIREMENTS.

- 5.1. The DI team will assign resources for the scoped project and will communicate staffing with the Customer at the Project Initiation Meeting.
- 5.2. The Customer will be responsible for providing resources proficient in IM, Laboratory, Network / IT, and installed LIS. Customer resources are expected to perform the functions of these roles over the defined project durations identified in this document.
 - The level of effort for each required role will likely be determined by Customer's security protocols, software validation SOPs, etc.
 - Some personnel may fulfill more than one role (example: A Laboratory Resource can also fulfill the IM Analyst role if qualified)
- 5.3. Customer's Laboratory Resource(s) are required to be available as needed during testing sessions to maintain, operate, configure, and troubleshoot instruments, set up assays, and otherwise assist with testing.
- 5.4. Customer is required to have at least one (1) resource that is trained within the last four (4) years and is proficient in IM identified to be an IM Analyst for the duration of this project. For projects including the implementation of IM rules, the Customer IM Analyst must have formal training in the implementation and development of IM rules. DI may recommend additional resource(s) based on the size or complexity of the project. If the Customer does not have a resource trained within the last four (4) years, additional training must be performed, or DI will require Customer provide additional resources to supplement the gap.
- 5.5. Customer personnel assigned to work on the matters related to the Professional Services will be qualified for the tasks for which they are assigned.

Role	Responsibilities
Project Sponsor	The Project Sponsor will work with the assigned DI resource to set project expectations, identify resource availability, and set timelines for the Professional Services. They serve as the escalation point for project issues from Project Initiation through Project Closure.
Primary Point-of-Contact	The Primary Point-of-Contact ("PPOC") will work with the assigned DI resource to develop and manage Customer's project timelines, set



	milestones, and adjust resources as necessary, act as the primary point of escalation for issues risks, and other project related escalations, and provide sufficient contact information for the individual to be reached during Customer's business hours. The PPOC serves as the direct contact, and decision maker, for project from Project Initiation through Project Closure.
IM Analyst	The IM Analyst is responsible for the IM configuration and maintenance as well as the development of new workflows in conjunction with the Validation Testing of the IM application. The IM Analyst should have access to the DI Customer portal, "My DI Community," and be proficient in the use of IM.
IT / Network Resource	The IT / Network Resource is responsible for the Customer server build(s) and design of technical solutions to address connectivity needs and problems between the instruments, IM, and the LIS.
LIS Analyst	The LIS Analyst is responsible for the LIS interfaces, placing orders, and/or confirming results.
Interface Analyst(s)	The Interface Analyst(s) are responsible for any third-party interface engine(s) used.
Laboratory Resource	The Laboratory Resource or Subject Matter Expert ("SME") is responsible for all phases of Validation Testing to include development of Validation Testing and review of Validation Documentation.

6. CHANGE MANAGEMENT PROCESS.

6.1. Customer acknowledges and agrees that this SOW is only for the performance of the Professional Services scoped herein and that DI has scoped the Professional Services in this SOW based on Customer provided information and projected Customer technical skills and time commitment required for the performance of such Professional Services. If after the Effective Date of the SOW i) DI determines that the information provided was not accurate, ii) the information changes, and/or iii) Customer is not able to provide personnel at the technical level, or time-commitment level originally contemplated in the scope of Professional Services, an adjustment to the scope of Professional Services may have to be made by DI, and such adjustment may require an increase in the Professional Services Fees. Further, if Customer requests DI perform Professional Services beyond those scoped herein, and/or necessary changes are identified, an adjustment to the scope of this SOW will have to be made by DI, and such adjustment may require an increase in the Professional Services Fee.

6.2. Changes are broadly defined as work activities not originally scoped in this SOW including, but not limited to:

- Driver Updates, if Driver development is required.
- Provision of Work Products not included in this SOW.
- A change in responsibilities including reallocation of DI project staffing.
- Any rework of completed Professional Services or accepted Work Products.
- Changes to Customer's instrument inventory or instruments included in scope

6.3. Prior to any changes taking effect, a Change Order will be entered into between DI and the Customer, to document the revisions to this SOW and the applicable quote, if necessary. DI shall have no obligation to begin work on any additional Professional Services prior to the Change Order being in place.

7. **EXPIRATION OF TRAINING SEATS.** If Training has been scoped under this SOW, and seats purchased by Customer and invoiced by DI, Customer must use the training seats within ninety (90) days of Project Closure Date for this SOW. After the ninety (90) day period, any unused training seats shall be deemed delivered under the applicable invoice, unless otherwise agreed upon by the parties in a Change Order to this SOW.

8. PERIOD OF PERFORMANCE.

8.1. The Period of Performance for this SOW shall take effect as of the Project Initiation Meeting date and shall remain in effect for a term of **twenty (20) weeks** or until the scope of Professional Services outlined herein have been completed, whichever occurs first. The Period of Performance may only be modified or extended by mutual agreement of the parties through the Change Management Process outlined herein.

8.2. If the Period of Performance has ended, and the performance of Professional Services set out in this SOW have not been completed due to Customer's unresponsiveness or lack of engagement, DI may close out this SOW as a Discontinued Project unless otherwise agreed to by the parties under a Change Order. If this SOW is closed as a Discontinued Project, Customer forfeits all monies already paid.

8.3. If this SOW has been closed out as a Discontinued Project, Customer may request that it be re-engaged by DI. To reengage a Discontinued Project a new SOW must be agreed to by the parties, and there will be a "Reengagement Fee" of 20% the original Professional Services fees set forth for this SOW.

9. **NOTIFICATIONS.** Any notifications pertaining to the Change Management Process and/or Period of Performance updates, including closing this SOW as a Discontinued Project will be sent via email to the

Statement of work - Direct Customer



Customer PPOC.

10. **FEES, INVOICING AND PAYMENT TERMS.** As consideration for the Professional Services provided by DI to Customer under this SOW, DI shall invoice Customer, or a third-party on their behalf, for the Professional Service Fees set forth in quote #O-00153199 (the "Quote") on the following basis:
- 10.1. **Fixed Fee Basis:** 100% of the Professional Services fees set forth in the Quote as of the Effective Date of this SOW.
 - 10.2. **Change in Professional Services Fees, Invoicing and Payment Terms:** Each applicable Change Order to this SOW shall document any changes to the Professional Services Fees and related invoicing and payment terms.
 - 10.3. **Billable Expenses:** All Billable Expenses are included in the Professional Service Fees set forth in Quote and are included in the payment terms.
 - 10.4. **Payment Terms:** All invoices are due as of the Due Date.
11. **AUTHORITY.** Each person executing this SOW on behalf of any entity hereby represents and warrants that he or she is duly authorized and has full authority to execute and deliver this SOW.

IN WITNESS WHEREOF, Customer and DI have executed this SOW as of the dates of signature below.

Data Innovations LLC

Natividad Medical Center


Signature

Signature

Matt King
Printed Name

Printed Name

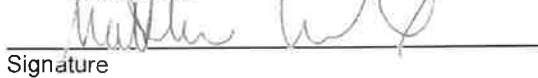
Chief Financial Officer
Title

Title

December 18, 2025
Date

Date

Data Innovations LLC


Signature

Matthew Wilcox
Printed Name

Vice President, Finance
Title

December 18, 2025
Date

The terms and conditions of this SOW offered herein shall expire if this SOW has not been duly executed by the Parties contemporaneously with the Master Agreement, as mutually agreed to by the Parties.

The Professional Services set forth herein shall be scheduled to commence upon receipt of this SOW signed by Customer and Customer's purchase order (or a purchase order from a third-party on Customer's behalf) and in accordance with the defined Period of Performance.

Return this signed SOW to Edwin Hammond at ehammond@datainnovations.com in .pdf format as an email attachment or via mail to:

Data Innovations LLC
463 Mountain View Drive, #305
Colchester, VT 05446
Attention: Edwin Hammond