

KENTS COURT
MANAGEMENT AGREEMENT

This Agreement is made this 1st day of October, 2015, between the County of Monterey, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and John Stewart Company, a California corporation, hereinafter referred to as "CONTRACTOR". This Agreement shall be effective when it is executed by all parties.

1. **Appointment and Acceptance.** After consideration and evaluation of the CONTRACTOR'S proposal, COUNTY appoints CONTRACTOR as exclusive agent for the management of the property described in Section 2 of this Agreement, as set forth in RFP # 10528, and CONTRACTOR accepts the appointment, subject to the terms and conditions set forth in this Agreement and terms and conditions contained in RFP #10528. CONTRACTOR hereby agrees to manage the Project in an efficient and satisfactory manner to the best of its ability. The intent of this AGREEMENT is to summarize the contractual obligations of the parties. The component parts of this AGREEMENT include the following:

This AGREEMENT, including all its attachments, Exhibits and Appendices;
RFP #10528 Addenda # 1-3;
RFP # 10528 dated March 27, 2015, including all attachments and exhibits;
CONTRACTOR'S Proposal dated April 24, 2015;
Payment and Performance Bonds;
Certificate of Insurance; and
Additional Insured Endorsements.

These documents are on file with the Contracts/Purchasing Division.

All of the above-referenced contract documents are intended to be complementary. Work required by one of the above-referenced contract documents and not by others shall be done as if required by all. In the event of a conflict between or among component parts of the contract, the contract documents shall be construed in the following order: AGREEMENT including all Attachments, Exhibits and Appendices, RFP #10528 Addendum/Addenda #1-3, RFP #10528 including all attachments and exhibits, Bonds, Certificate of Insurance, and Additional Insured Endorsements.

2. **Description of Project.** The property (the "Project") to be managed by the CONTRACTOR under this Agreement is a housing development consisting of the land, buildings, and other improvements as follows: :

Owner Name: County of Monterey,

Tax ID Number: 94-6000524

Project Location: 9, 11, and 14 Kents Court and 77, 85, and 87 Railroad Avenue (collectively known as Kents Court)

Project City: Pajaro

Project County: Monterey

State: California

Number of Dwelling Units (including any units for on-site employees): 19

3. **Definitions.**

- a. "Management Representative" shall mean a John Stewart Company employee, i.e., Regional Manager, Property Manager or maintenance personnel.
- b. "Principal Parties" shall mean COUNTY and CONTRACTOR.
- c. "Act of God" shall mean a natural catastrophe which no one can prevent such as, but not limited to, an earthquake, a tidal wave, a volcanic eruption, or a tornado.

4. **Basic Information.** As soon as possible, if available, COUNTY will furnish CONTRACTOR with a complete set of plans and specifications, and copies of all guaranties, warranties, operating instructions and/or handbooks pertinent to construction, fixtures, and equipment at the Project. With the aid of this information and through inspection by competent personnel, CONTRACTOR will thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Project, especially the electrical, heating, and plumbing systems, and all other mechanical equipment and systems. Initial rents and utility allowances are included in Attachment B attached herewith.
5. **Rentals.** CONTRACTOR will offer for rent and will rent the dwelling units in the Project. Incident thereto, the following provisions will apply:
 - a. **Showing Premises to Perspective Tenants.** CONTRACTOR will show the premises to prospective applicants.
 - b. **Processing Applicants.** CONTRACTOR will process, in compliance with the Tenant Selection Plan and requirements of COUNTY, applications for tenancy and will notify applicants of their eligibility status and their right to appeal a determination of ineligibility or denial. If an application is rejected, CONTRACTOR will tell the applicant the reason for rejection, and advise rejected applicants of their right to appeal. Rejected applications, with reasons for rejection noted thereon, will be kept on file for three (3) years. A current list of prospective tenants will be maintained.
 - c. **Executing Leases.** In consultation with COUNTY, CONTRACTOR will prepare all dwelling leases, house rules, and other relevant lease addenda for approval by the COUNTY and will execute the same in its name, identified thereon as CONTRACTOR for COUNTY. The terms of all leases will comply with the pertinent provisions of California landlord/tenant law. Dwelling leases will be in a form approved by the COUNTY, but individual dwelling leases need not be submitted for the approval by COUNTY.
 - d. **Collecting and Disbursing Deposits.** CONTRACTOR will collect, deposit, and disburse security deposits, if required, in accordance with the terms of each household's lease. Security deposits will be deposited by CONTRACTOR in an interest-bearing account, separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by an agency of the United States Government and the interest thereon will be used as required by local ordinance or COUNTY direction; in the absence of such local ordinance or COUNTY direction, said interest will be transferred to the Project operating account on a regular basis. This account will be carried in the COUNTY'S name and designated of record as "Kents Court - Security Deposit, John Stewart Company, FBO County of Monterey."
6. **Collection of Rent and Other Receipts.** CONTRACTOR will collect when due all rents, charges and other amounts receivable on COUNTY'S account in connection with the management and operation of the Project. Such receipts will be deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Corporation. This account will be carried in the COUNTY'S name and designated of record as "Kents Court - Operating, John Stewart Company, FBO County of Monterey."
7. **Enforcement of Governing Documents.**
 - a. **Securing Compliance.** CONTRACTOR will secure full compliance by each Tenant with the terms of his or her lease and/or other applicable documents. Voluntary compliance will be emphasized, and CONTRACTOR, utilizing the services of local social services agencies when available, will counsel tenants and make referrals to community agencies in cases of financial hardship or under the circumstances deemed appropriate by CONTRACTOR, to the end that involuntary termination of tenancies may be avoided to the maximum extent possible, consistent with sound management of the Project. Nevertheless, CONTRACTOR

may lawfully terminate any tenancy when, in CONTRACTOR's judgment, sufficient cause (including but not limited to nonpayment of rent) for such termination occurs under the terms of the Tenant's Lease. For this purpose, COUNTY authorizes CONTRACTOR to consult with legal counsel to file actions for eviction and assigns to CONTRACTOR the right to both file unlawful detainer actions in CONTRACTOR's own name to recover possession of units and to execute notices to vacate and judicial pleadings incident to such actions, provided that CONTRACTOR keeps COUNTY informed of such actions and follows instructions that the COUNTY may provide for the conduct of such actions. Attorney fees and other necessary costs incurred in connection with such actions will be paid out of the Operating Account as Project expenses.

- b. Abiding by Requirements of Governing Agencies. CONTRACTOR and COUNTY agree to abide by all regulatory, statutory and administrative requirements of governing agencies pertaining to the Project.
- 8. Maintenance and Repair. CONTRACTOR will maintain the Project in good repair and in a condition at all times acceptable to the COUNTY including, but not limited to, cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by COUNTY (including financial limitations) in addition to those contained herein. Incident thereto, the following provisions will apply:
 - a. Preventive Maintenance. Special attention will be given to preventive maintenance and, to the greatest extent feasible, the services of regular maintenance employees will be used. A preventive maintenance schedule shall be developed by CONTRACTOR for approval by COUNTY. This schedule shall be updated annually.
 - b. Independent Contractors. Subject to the COUNTY'S prior approval, CONTRACTOR will contract with qualified independent contractors for extraordinary repairs beyond the capability of regular maintenance employees. Single repair contracts of One Thousand Dollars (\$1,000) or more shall use State Prevailing wages and procedures.
 - c. Service Requests. CONTRACTOR will systematically and promptly receive and investigate all service requests from tenants, take such action thereon as may be justified, and will keep records of the same. Emergency requests will be received and serviced on a twenty-four (24) hour basis. Complaints of a serious nature will be reported to the COUNTY after investigation.
 - d. Purchasing. CONTRACTOR is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary for the proper maintenance and repair of the Project. All service contracts of One Thousand Dollars (\$1,000) or more shall use State Prevailing wages and procedures.
 - e. Prior Approval of COUNTY of Expenditures Above Threshold. Notwithstanding any of the foregoing provisions, the prior approval of the COUNTY will be required for any expenditure which exceeds One Thousand Dollars (\$1,000), in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Project, except for expenses within the limits of the operating budget or emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Project. In the latter event, CONTRACTOR will inform the COUNTY of the facts as promptly as possible.
 - f. Inspection of Units. CONTRACTOR shall have the duty to inspect all units in the Project at least annually and shall invite COUNTY to join in the inspection. Advance notice shall be given to residents as provided in the Lease Agreements and required by law.
- 9. Employees. CONTRACTOR warrants that CONTRACTOR and CONTRACTOR's agents, employees, and subcontractors performing services under this AGREEMENT are specially

trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this AGREEMENT and are not employees of the County, or immediate family of an employee of the County. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this AGREEMENT that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements. CONTRACTOR must maintain all licenses throughout the term of the AGREEMENT. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this AGREEMENT, except as otherwise specified in this AGREEMENT. CONTRACTOR shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this AGREEMENT. CONTRACTOR will determine the number, qualifications, and duties of the personnel to be regularly employed in the management of the Project in compliance with the budget. All such on-site personnel will be hired, paid, supervised, and discharged through CONTRACTOR, subject to the following conditions:

- a. Duties of the Property Manager. The Property Manager will have duties of the type usually associated with this position. He/she will be directly responsible to CONTRACTOR. The Property Manager will coordinate his/her activities in the interest of good overall management of the Project.
- b. Employee Compensation and Benefits. In accordance with CONTRACTOR's employment policies, the compensation (including fringe benefits) of the on-site employees will include, but not necessarily be limited to, those required by local, state and federal law; life, disability, and medical insurances; paid vacation and sick leave, and other benefits as may be provided by CONTRACTOR.
- c. Project Responsibility for Compensation. CONTRACTOR is responsible for compensation (including fringe benefits) payable to the on-site employees, for all local, state, and Federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance, and workers' compensation insurance) and for any payroll processing fees and training expenses incident to the employment of such personnel. Per the budget, such costs will be paid out of the Operating Account and will be treated as Project expenses. Payment of any additional employee benefits/insurance not listed in paragraph 24.d of this Agreement are conditioned upon County consent. If County does not consent, the expense of such additional employee benefits/insurance will not be treated as, and are not recoverable as, Project expenses.
- d. Compensation as a Cost to the Project. Compensation payable to the on-site employees, including fringe benefits and assessments incident to the employment of such personnel, will be borne solely by CONTRACTOR, pursuant to income derived from the Project, and will not be paid out of the CONTRACTOR's fee. Payment of any additional employee benefits/insurance not listed in paragraph 24.d of this Agreement are conditioned upon County consent. If the County does not consent, the expense of such additional employee benefits/insurance are not costs to the project and are not payable pursuant to income derived from the Project. The rental value of any dwelling unit furnished rent-free (partially or in full) to any on-site staff will be treated as a cost to the Project.

10. Financial Accounts. CONTRACTOR shall establish the following separate interest bearing deposit accounts for Project funds as may be required by the COUNTY: the "General Operating Account," and the "Security Deposit Account." Each of these accounts shall be fully insured by the Federal Deposit Insurance Corporation and shall be in the COUNTY'S name. These funds shall not be commingled with CONTRACTOR's funds. In collecting, handling, and disbursing these funds, CONTRACTOR shall comply with this Agreement and applicable law.

- a. General Operating Account. All revenue collected pursuant to Section 6 of this Agreement (other than security deposits) shall be credited to the General Operating Account.

b. Security Deposit Account. CONTRACTOR shall deposit all tenant security deposits in the Security Deposit Account. All interest or other income earned by the Security Deposit Account shall be applied solely to the purposes of the Account or as otherwise directed by COUNTY or local law if no regulatory requirements apply. In the absence of local ordinances, state law or instructions from COUNTY, interest on the Security Deposit Account shall be transferred to the Operating Account on a regular basis. Disbursements will be made in accordance with applicable laws and regulatory restrictions.

11. Disbursements from Operating Account. It is mutually understood and agreed by both parties that CONTRACTOR shall be compensated under this AGREEMENT in accordance with Attachment A, Cost Sheet, attached hereto. Prices shall remain firm for the initial year of this AGREEMENT and, thereafter, may be adjusted annually as a part of the budget process as cited in Section 12 and based upon **minor changes** in employee costs, benefits, management fee, and other fees from year to year. County does not guarantee any minimum or maximum amount of dollars to be spent under this AGREEMENT.

a. CONTRACTOR Will Make Certain Disbursements. From the funds collected and deposited by CONTRACTOR in the Operating Account pursuant to Section 6 above, CONTRACTOR will make the following disbursements promptly when payable:

i. Employee Compensation. Compensation, taxes and benefits payable to the employees specified in Section 9 above, and for the taxes and assessments payable to local, state, and federal agencies in connection with the employment of such personnel.

ii. CONTRACTOR Compensation. All sums otherwise due and payable by COUNTY as expenses of the Project authorized to be incurred by the CONTRACTOR under the terms of this Agreement, including compensation payable to CONTRACTOR, pursuant to Section 24 below, for its service hereunder.

b. Other Disbursements Only as Directed by the COUNTY. Except for the disbursements mentioned in Subsection 11a above, in the event of an emergency, as provided in Section 8e, funds will be disbursed or transferred from the Operating Account only as COUNTY may from time to time direct in writing.

i. COUNTY shall make an initial deposit to CONTRACTOR's General Account in the amount of \$10,000 (the "Working Capital"). COUNTY shall also make monthly deposits to CONTRACTOR's General Account in the amount of \$7,500 on the first of the month or the first business day after the first of the month. By the 10th of each month, the CONTRACTOR shall wire all income received directly to the COUNTY. The CONTRACTOR's General Account will be reconciled on a quarterly basis to not exceed or be less than \$17,500 (the sum of the initial deposit plus one month's deposit). Based upon the reconciliation, if there is an excess of funds, CONTRACTOR shall issue excess funds to COUNTY no later than 30 days after the end of each calendar quarter. If the account is less than \$17,500, CONTRACTOR shall invoice COUNTY for the amount.

ii. Invoices for all services rendered per this AGREEMENT shall be billed directly to the Economic Development Department at the following address:

168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
Attention: Housing Program Manager

iii. CONTRACTOR shall reference "Kents Court" and the RFP number on all invoices submitted to County via the monthly report. CONTRACTOR shall submit such invoices with the monthly report within thirty days of the month end and completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. COUNTY shall certify the invoice, either in the

requested amount or in such other amount as COUNTY approves in conformity with this AGREEMENT. Invoices will be paid each month from the \$7,500 deposited into CONTRACTOR'S Operating Account each month.

iv. All County of Monterey Purchase Orders issued for the AGREEMENT are valid only during the fiscal year in which they are issued (the fiscal year is defined as July 1 through June 30).

v. Invoices containing unauthorized surcharges or unauthorized fees of any kind shall be rejected by COUNTY. Surcharges and additional fees not included the AGREEMENT must be approved by COUNTY in writing via an Amendment to this AGREEMENT.

aa. Operating Shortfalls. In the event the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under Subsection 11a above, **in no event** will CONTRACTOR be required to use its own funds to pay such disbursements. CONTRACTOR will advise COUNTY immediately of any such deficiency. Any such operating shortfalls that cannot be covered by COUNTY will be considered a material breach of the Agreement and may result in the termination of the Agreement, as discussed in Section 24 below.

bb. CONTRACTOR's Right to Recover Cost of Payments to COUNTY/Project Debts. If at any time CONTRACTOR has, due to the circumstances described above and at its sole and absolute discretion, paid out of its own funds any debts due and payable by the COUNTY/Project, including but not limited to management fees and payroll expenses of personnel providing on-site services, CONTRACTOR has the right to recover the total cost of any debts paid.

12. Annual Operating Budgets. Annual operating budgets for the Project will be as approved by COUNTY. The first year Annual Operating Budget as approved is attached as Attachment C hereto. Except as permitted under Subsection 8e above, annual disbursements for each type of operating expenses itemized in the budget will not exceed the amount authorized by the approved budget. CONTRACTOR will prepare a recommended operating budget for each subsequent fiscal year beginning during the term of this Agreement, and will submit the same to COUNTY at least sixty (60) days before the beginning of the fiscal year. This recommended operating budget will include (i) repairs and maintenance; (ii) utilities; (iii) cleaning and janitorial services; (iv) expenditures, if any, for repairs, alterations, rebuilding, replacements, additions and/or improvements in and to the project; (v) compensation and related fringe benefits and payroll expenses for personnel providing on-site services; and (vi) other costs and expenses to be incurred in operating the Project, including, but not limited to, customary and conventional site office expenses such as copying and postage, computer hardware and software, telephone and internet access, etc. Proposed expenses not in the budget, or exceeding budget items by 10% or more which cannot be offset by savings in other parts of the budget, shall require COUNTY approval except for emergency repairs in which case CONTRACTOR shall notify COUNTY of the repair and expenditure within 3 business days.

Budget Submission and Approval Process. The COUNTY will accept or reject the proposed Annual Operating Budget and will inform CONTRACTOR of any changes in the budget within thirty (30) days of CONTRACTOR's submittal of the recommended operating budget. If COUNTY shall reject any proposed Annual Operating Budget submitted by CONTRACTOR as provided above, CONTRACTOR shall submit to COUNTY for COUNTY'S approval a new proposed Annual Operating Budget satisfying COUNTY'S rejection as aforesaid. If the proposed Annual Operating Budget is not approved before the start of the new fiscal year, CONTRACTOR shall operate, to the extent possible, under the previous year's Annual Budget.

CONTRACTOR Operating Within Annual Operating Budget. During the fiscal year (or partial fiscal year) covered by each particular Annual Operating Budget, CONTRACTOR, in the performance of its duties as provided in this Agreement, shall operate within that Annual Budget

as approved by COUNTY, and CONTRACTOR will keep the COUNTY informed of any anticipated deviation from the receipts or disbursements stated in the approved budget.

13. Confidentiality. CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this AGREEMENT, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this AGREEMENT except for the sole purpose of carrying out CONTRACTOR's obligations under this AGREEMENT. Contractor agrees to implement reasonable technical, administrative, and physical safeguards of personally identifiable and/or legally protected tenant information, and to bear responsibility for unauthorized disclosure of the same. If Contractor uses a software service or stores tenant personal data off premises, e.g. in a "cloud" server, then Contractor shall likewise take responsibility for safeguarding the data. Contractor will bear the cost of notifying affected tenants if there is unauthorized access to their records and for liability for identity theft. If Contractor utilizes a hosted accounting software service or cloud server, etc., it shall ensure that its chosen vendor has adequate technical, administrative, and physical security safeguards in place and that the vendor will likewise bear responsibility for breach notification and liability to affected tenants for identity theft.

14. Records and Reports. In addition to any requirements specified in the Management Plan or in other provisions of this Agreement, CONTRACTOR will have the following responsibilities with respect to records and reports:

- a. **Records.** CONTRACTOR will establish and maintain a comprehensive system of records, books, and accounts in a manner satisfactory to COUNTY and in accordance with GAAP guidelines. All records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of COUNTY.
- b. **Reports.** CONTRACTOR will furnish to COUNTY by the twentieth (20th) day of each month (or such other date as agreed upon in writing by COUNTY and CONTRACTOR) the following (but not necessarily limited to):
 - i. **Statement of Income and Expenses.** A statement of income and expenses for the previous month, with a schedule of accounts receivable and payable, balance sheet, and reconciled bank statements for the Operating Account and Security Deposit Account as of the end of the prior month.
 - ii. **List of Delinquent Accounts.** An itemized list of all delinquent accounts, including rental accounts, as of the last day of the prior month.
 - iii. **Variance Report.** A report comparing actual and budgeted figures for income and expenses for the prior month and year-to-date.
- c. **Additional Reports.**
 - i. **Reports as Occasionally Requested by COUNTY.** CONTRACTOR will furnish such information (including occupancy reports) as may be requested by COUNTY from time to time with respect to the financial, physical, or operational condition of the Project.
 - aa. **Property Tax Exemption Filing.** Not applicable;

15. Fidelity Bond. CONTRACTOR will furnish a fidelity bond in an amount in the amount of \$250,000 (two hundred and fifty thousand dollars) and is conditioned to protect COUNTY against misappropriation of Project funds by CONTRACTOR and on-site and corporate employees. The

pro rata cost of this bond for on-site employees shall be paid from the Project Operating Account and the pro rata cost of this bond for CONTRACTOR's corporate employees shall be borne by CONTRACTOR. The other terms and conditions of the bond, and the surety thereon, will be subject to the approval of the COUNTY.

16. **Audits.** If COUNTY requires an audit, COUNTY must execute an engagement letter and provide a copy to CONTRACTOR before CONTRACTOR will release documents and information to the Auditor. All financial work completed by CONTRACTOR will be maintained in detailed, well-organized folders for review and audit purposes. At the end of each fiscal year, CONTRACTOR will provide the auditors with a year-end trial balance together with a complete report for the last month of the year and a year-to-date general ledger. CONTRACTOR will include in the report copies of insurance and property tax bills. CONTRACTOR will not provide schedules, lists, account analysis, or bank confirmations. CONTRACTOR will coordinate with auditors an acceptable time and office space for auditor's field work at CONTRACTOR's office. CONTRACTOR will make corporate staff available to answer questions. CONTRACTOR will release books and records to site or storage upon receipt of a complete and final audit or review and adjusting journal entries, if any.
17. **Utilities and Service Contracts.** In accordance with the operating budget for the Project, the CONTRACTOR will make arrangements for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities, computer software and services and/or licensing, internet access, fax and telephone services. The CONTRACTOR will negotiate concession agreements, maintenance and service contracts, and will execute the same, identified thereon as CONTRACTOR for COUNTY, subject to the COUNTY'S prior approval of all terms and conditions, including, but not limited to length of term and fees for such services. All said contracts shall be in the name of the Project or COUNTY and shall be the obligation of the Project/COUNTY and not the CONTRACTOR. All contracted equipment and services will survive the term of this Agreement and will remain an obligation of the Project/COUNTY and are not transferable to the CONTRACTOR.
18. **Bids and Purchase Discounts, Rebates or Commissions.** COUNTY and CONTRACTOR agree to obtain contract materials, supplies and services at the lowest possible cost and on the terms most advantageous to the Project and to secure and credit to the Project all discounts, rebates or commissions obtainable with respect to purchases, service contracts and other transactions on behalf of the Project.

Soliciting Estimates. CONTRACTOR shall solicit written cost estimates (i.e. bids) from at least three qualified contractors or suppliers for any work item which CONTRACTOR estimates will cost Two Thousand Five Hundred Dollars (\$2,500) or more and for any contract or ongoing supply or service arrangement which is estimated to exceed Two Thousand Five Hundred Dollars (\$2,500). CONTRACTOR agrees to accept the bid which represents the lowest responsible price taking into account the bidder's reputation for quality of workmanship or materials and timely performance, and the timeframe within which the services or goods are needed. At start-up, CONTRACTOR will bid out the various major contracts, i.e., the exterminator service, landscape, property insurance, annual audit and major vendors. All initial bids will be reviewed by COUNTY prior to execution of the contracts only if they exceed budget. All renewals of contracts will be first reviewed by the COUNTY only if they exceed budget. No contract shall exceed one (1) year in length, without prior approval from COUNTY, and contracts over one (1) year shall be terminable without penalty on thirty (30) days notice. For any contract or ongoing supply or service arrangement obtainable from more than one source and estimated to cost less than Two Thousand Five Hundred Dollars (\$2,500), CONTRACTOR shall solicit verbal or written cost estimates, as necessary, to assure that the Project is obtaining services, supplies and purchases at the lowest possible estimate obtained. Copies of all required bids and documentation of all other written or verbal cost comparisons made by CONTRACTOR shall be made part of the Project's records and shall be retained for three (3) years from the date the work was completed. This documentation shall be subject to inspection by the COUNTY or its designee and CONTRACTOR agrees to submit such documentation upon request.

19. On-Site Management Facilities. Subject to the further agreement of COUNTY and CONTRACTOR as to more specific terms and pursuant to California law, CONTRACTOR will maintain a management office off-site and at least one on-site employee will reside in one of the dwelling units in the Project. The employee may or may not pay rent pursuant to California laws and/or Regulatory Agreements and requirements of the COUNTY.

20. Insurance.

a. Evidence of Coverage:

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

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

b. 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 COUNTY'S Purchasing Officer.

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

i. 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.

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

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

iv. Professional Liability Insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, CONTRACTOR shall, upon the expiration or earlier termination of this AGREEMENT, obtain extended reporting coverage ("tail coverage") with the same

liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this AGREEMENT.

d. Other Insurance Requirements:

- i. All insurance required by this AGREEMENT shall be with a company acceptable to COUNTY and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this AGREEMENT, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this AGREEMENT.
- ii. Each liability policy shall provide that COUNTY shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CONTRACTOR and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this AGREEMENT, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.
- iii. Commercial General Liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, CONTRACTORs, and employees as Additional Insureds with respect to liability arising out of the CONTRACTOR'S work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR'S insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11 85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.
- iv. Prior to the execution of this AGREEMENT by COUNTY, CONTRACTOR shall file certificates of insurance with COUNTY'S contract administrator and COUNTY'S Contracts/Purchasing Division, showing that CONTRACTOR has in effect the insurance required by this AGREEMENT. CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this AGREEMENT, which shall continue in full force and effect.
- v. CONTRACTOR shall at all times during the term of this AGREEMENT maintain in force the insurance coverage required under this AGREEMENT and shall send, without demand by COUNTY, annual certificates to COUNTY'S Contract Administrator and COUNTY'S Contracts/Purchasing Division. If the certificate is not received by the expiration date, COUNTY shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this AGREEMENT, which entitles COUNTY, at its sole discretion, to terminate this AGREEMENT immediately.

e. COUNTY is self insured and shall obtain and keep in force property insurance for the ownership and operation of the Property as rental housing.

- f. CONTRACTOR has acquired project specific insurance for Kents Court to cover any and all liabilities arising from this Agreement. COUNTY is named as an Additional Insured. Policy limits are specified in Section 20. a. 3. aa.
- g. General Considerations. CONTRACTOR will acquire a separate and independent liability policy separate from other CONTRACTOR liability policies. CONTRACTOR will pay premiums for Project insurance out of the Operating Account, and such premiums will be treated as operating expenses of the Project.

21. Compliance with Governmental Orders. CONTRACTOR will take such actions as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Project, whether imposed by Federal, state, county or municipal authority, subject, however, to the limitation stated in Subsection 8e with respect to repairs.

Notification to COUNTY. Nevertheless, CONTRACTOR shall take no such action so long as COUNTY is contesting, or has affirmed its intention to contest, any such order or requirement. CONTRACTOR will notify COUNTY in writing of all notices of such orders or other requirements within seventy-two (72) hours from the time of their receipt.

22. Independent Contractor Language. CONTRACTOR shall be an independent contractor and CONTRACTOR's employees shall not be employees of Monterey County, nor immediate family of an employee of County. CONTRACTOR shall be responsible for all insurance (General Liability, Automobile, Workers' Compensation, unemployment, etc.) and all payroll-related taxes. CONTRACTOR and CONTRACTOR's employees shall not be entitled to any employee benefits. CONTRACTOR shall control the manner and means of accomplishing the result contracted for herein. CONTRACTOR shall not assign this contract or the work required herein without the prior written consent of County. Any subcontractor shall comply with all of County of Monterey requirements, including insurance and indemnification requirements set forth in this Agreement.

23. Nondiscrimination. In the performance of its obligations under this Agreement, CONTRACTOR will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, familial status, source of income, age, mental or physical disability, medical condition, AIDS or AIDS related conditions including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to that Title, regulations issued pursuant to Executive Order 11063, and Title VIII of the 1968 Civil Rights Act. The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, §12900, et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full. CONTRACTOR shall include the non-discrimination and compliance provisions of the clause in all AGREEMENTS with subcontractors to perform work under the contract.

24. CONTRACTOR's Compensation. CONTRACTOR will be compensated for its services under this Agreement by monthly fees, to be paid out of the Operating Account and treated as Project expenses as set forth in Attachment A. Such fees will be payable by the tenth (10th) day of each month during the term of this Agreement.

- a. Management Fee. There will be a fee of Sixty dollars (\$60.00) per unit per month for management services, subject to an annual increase of 3% per year or in accordance with approved budgets.
- b. Bookkeeping Fee. There will be a fee of Ten dollars (\$10.00) per unit per month for bookkeeping services, subject to an annual increase of 3% per year or in accordance with approved budgets.

- c. Payroll Processing Fee. There will be a fee of One and One Half Percent (1.5%) of the gross payroll expense per month for payroll processing services or in accordance with approved budgets.
- d. Contractor shall also receive reimbursement for expenses of the project including, but not limited to salaries/payroll including payroll taxes, workmen's compensation, health insurance and liability insurance. Any additional employee benefits/insurance not listed are conditioned upon County consent. If County does not consent, Contractor will not be reimbursed for such benefits/insurance.

County shall pay the CONTRACTOR in accordance with the payment provision set forth in this AGREEMENT, subject to the limitations set forth in this AGREEMENT. The total amount payable by County to CONTRACTOR under this AGREEMENT for items in a. and b. is not to exceed the sum of Fifty Seven Thousand Eight Hundred Dollars (\$57,800) for the base term of this Agreement. If CONTRACTOR exercises an option for one year, the total amount payable by County to CONTRACTOR under this AGREEMENT for items in a. and b. is not to exceed the sum of Seventy Eight Thousand Three Hundred Dollars (\$78,300). If CONTRACTOR exercises both options, the total amount payable by County to CONTRACTOR under this AGREEMENT for items in a. and b. is not to exceed the sum of Ninety Nine Thousand Three Hundred Dollars (\$99,300) for the base term plus two one-year options. Expenses that are to be reimbursed from property revenues cited in item c above shall not be considered compensation for the purposes of this Agreement.

25. Term of Agreement. This Agreement shall be in effect for a period of three (3) years, beginning on the 1st day of October, 2015, and ending on the 30th day of September, 2018, with the option of two additional one-year contracts. The term of this Agreement is subject, however, to the following conditions:

- a. Voluntary Termination: This Agreement may be terminated voluntarily by either party. A minimum of one hundred twenty days (120 days) notice is required.
- b. Involuntary Termination by COUNTY: This Agreement may be terminated by the COUNTY for cause in the event of material non-performance and/or breach of contract by CONTRACTOR subject, however, to the provision that CONTRACTOR shall be given notice of such failure and a reasonable opportunity to remedy the stated cause if such breach or nonperformance is capable of being remedied. Unless otherwise provided by COUNTY, a reasonable cure period shall be defined as thirty (30) days. In the event that CONTRACTOR has not demonstrated that it can remedy the failure within a reasonable time period, the Contract shall be terminated for cause with thirty (30) days written notice.
- c. Involuntary Termination by CONTRACTOR.
 - 1. Immediate Termination. This Agreement may be immediately terminated by the CONTRACTOR in the event that:
 - aa. Operating Shortfalls. Operating shortfalls are not covered by the COUNTY after ten (10) business days notice has been given to cure. In no event will CONTRACTOR be required to cover such shortfalls, and such shortfalls shall be deemed to constitute a material breach of the Agreement.
 - 2. Termination Within Thirty Days. This Agreement may also be terminated by CONTRACTOR with thirty (30) days written notice to COUNTY upon the following:
 - aa. COUNTY'S violation or willful disregard of any material provisions of any health and safety codes or applicable Federal, State and local laws.

bb. COUNTY'S pursuit of any unlawful activity that materially affects the Project or disrupts or interferes with CONTRACTOR's ability to provide management services to the Project under the terms of this Agreement.

d. **Force Majeure.** Neither party will be responsible for any failure to perform its obligations under this Agreement due to reasons beyond its reasonable control, such as an "act of God", war, riot, embargoes, or acts of civil or military authorities. If a party's performance will be delayed by a force majeure event, it will notify the other in writing with an estimate of the date by which its performance will be resumed and will diligently attempt to resume its performance. If the delay in performance extends for more than sixty (60) days, the other party may, by written notice, terminate this Agreement.

e. **Upon Termination.** Upon termination, CONTRACTOR will submit to COUNTY any financial statements required and, after the Principal Parties have accounted to each other with respect to all matters outstanding as of the date of termination, COUNTY will furnish CONTRACTOR security, in form and principal amount reasonably satisfactory to CONTRACTOR, against any undisputed obligations or liabilities CONTRACTOR may properly have incurred on behalf of the COUNTY hereunder during the term of this Agreement prior to the date of termination.

26. Rights and Remedies. In the case of default by CONTRACTOR, County may procure the articles or services from other sources and may recover the loss occasioned thereby from any unpaid balance due to CONTRACTOR or by proceeding against any performance bond of CONTRACTOR, if any, or by suit against CONTRACTOR. The prices paid by County shall be considered the prevailing market price at the time such purchase(s) may be made. Inspections of deliveries or offers for deliveries that do not meet specifications shall be made at the expense of CONTRACTOR.

27. Compliance with Applicable Laws. CONTRACTOR shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders, including but not limited to all state and federal tax laws that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this AGREEMENT. CONTRACTOR shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services. CONTRACTOR shall report immediately to County's Contracts/Purchasing Officer, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project or the performance of the Services. All documentation prepared by CONTRACTOR shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

28. Drug Free Workplace. CONTRACTOR and CONTRACTOR'S employees shall comply with the COUNTY'S policy of maintaining a drug free workplace. Neither CONTRACTOR nor CONTRACTOR'S employees shall unlawfully manufacture, distribute, dispense, possess or use controlled substances, as defined in 21 U.S. Code § 812, including, but not limited to, marijuana, heroin, cocaine, and amphetamines, at any COUNTY facility or work site. If CONTRACTOR or any employee of CONTRACTOR is convicted or pleads nolo contendere to a criminal drug statute violation occurring at a COUNTY facility or work site, the CONTRACTOR shall, within five days thereafter notify the head of the COUNTY department/agency for which the AGREEMENT services are performed. Violation of this provision shall constitute a material breach of this AGREEMENT.

29. Interpretative Provisions.

a. **The Entire Agreement.** This Agreement constitutes the entire agreement between COUNTY and CONTRACTOR with respect to the management and operation of the Project, and no change will be valid unless made by supplemental written agreement, executed and approved by the Principal Parties.

b. Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any of the counterparts.

30. Indemnification.

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

b. Indemnification of COUNTY by Contractor (CONTRACTOR) will be limited to any proceeds of the insurance policy to be secured by Contractor naming the COUNTY as additional Insured.

c. The provisions of this Section shall survive the termination of this Agreement.

31. Adjudication and Venue. CONTRACTOR agrees that this AGREEMENT and any dispute arising from the relationship between the parties to this AGREEMENT, shall be governed and interpreted by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws. Any dispute that arises under or relates to this AGREEMENT (whether contract, tort, or both) shall be resolved in the Superior Court of California in Monterey County, California. CONTRACTOR shall continue to perform under this AGREEMENT during any dispute.

32. Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and addressed to the address set forth below and shall be given by any of the following means: (a) personal service; (b) electronic communication, by facsimile (if confirmed in writing sent by registered or certified, first class mail, return receipt requested); or (c) registered or certified, first class mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner, as provided above. Any notice, demand or request sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, and, if sent pursuant to subsection (c) shall be deemed received on the date of delivery or the date that delivery is refused by the addressee, as shown on the return receipt.

If to COUNTY:

County of Monterey
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
ATTN: Economic Development Director
Fax #: 831-755-5398

And, if intended for CONTRACTOR:

John Stewart Company
104 Whispering Pines Drive, Suite #200
Scotts Valley, CA 95066
Fax #: 831-438-5737

IN WITNESS WHEREOF, the Principal Parties (by their duly authorized officers), have executed this Agreement on the date first above written.

COUNTY: COUNTY OF MONTEREY

SIGNATURE:



David Spaur

BY: David Spaur

TITLE: Economic Development Director

APPROVED AS TO FORM:

SIGNATURE:



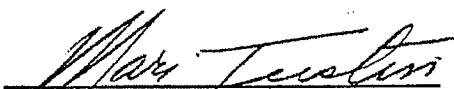
Rebecca Ceniceros

BY: Rebecca Ceniceros

TITLE: Deputy County Counsel

CONTRACTOR: JOHN STEWART COMPANY

SIGNATURE:



Mari Tustin

BY: Mari Tustin

TITLE: Senior Vice President

SIGNATURE:



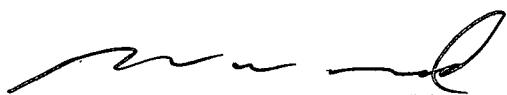
Daniel Levine

BY: DANIEL LEVINE

TITLE: SECRETARY

(may be the Sect, Asst Sec, Treas, Asst Treas, or CFO)

WITNESS:



Warren Reed

Warren Reed, Assistant Vice President

ATTACHMENT A
COST SHEET

FEES

Management Services

Contractor shall receive \$60 per unit per month for an annual total of \$13,680.

Payroll Processing Fees

Contractor shall receive a sum equal to 1.5% of the gross payroll expense per month with respect to employees of Contractor described below.

Bookkeeping

Contractor shall receive an annual bookkeeping fee of \$2,280 per year for accounting and bookkeeping services.

REIMBURSEMENTS

Software Hosting Fee

Contractor shall receive a fee for the cost of accounting software setup and hosting services in the amount of \$2,399 per year.

Gross Payroll

Gross payroll for the following employees will be billed on an hourly basis at the following rates based upon estimated hours for a total of \$20,000.

<u>Employee Category</u>	<u>Annual Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
On-Site Manager	650	\$16.00	\$10,400
Maintenance/Janitorial	640	\$15.00	<u>\$ 9,600</u>
TOTAL			\$20,000

Payroll Taxes

Contractor shall receive an annual sum equal to 12% of the gross payroll expense with respect to employees of Contractor and estimated to be \$1,800 per year.

Workers Compensation Fees

Workers Compensation fees are estimated at \$1,300 per year.

Health Insurance and Other Employee Benefits

Based upon payroll, health insurance and other employee benefits are estimated at \$7,800 per year.

ATTACHMENT B

HOUSING PROGRAM
RESIDENT SELECTION CRITERIA

- A. Eighteen (18) units shall be designated for occupancy by low-income tenants whose annual income does not exceed 80% of the Annual Median Income (AMI).
- B. One (1) unit shall be designated for occupancy by an on-site property manager.
- C. Initial rents (based upon rents in effect as of March 16, 2015) shall be as follows:

<u>Unit Size</u>	<u>Gross Rent</u>	<u>Utility Allowance</u>	<u>Net Rent</u>
2 Bedroom	\$892	\$68	\$824
3 Bedroom	\$1,031	\$74	\$957

- D. Except as otherwise initially provided herein, rent shall be based upon 60% of AMI, as published annually by HUD or HCD.
- E. The term of any tenant lease, excepting the site manager's unit, shall be limited to a maximum period of one year.

ATTACHMENT C
OPERATING BUDGET

DEVELOPMENT NAME:

Kent Courts

DATE: APRIL 22, 2015

FISCAL YEAR:

9/1/15-8/31/15

Description of Account

Account #

Administrative Expenses

Marketing Rental Units	6250-0000	\$	120
Miscellaneous Renting Exp.	6250-0000	\$	
Credit Check Expense	6251-0000	\$	840
Office Salaries	6310-0000	\$	2,100
Office Supplies	6311-0000	\$	340
Postage	6311-5000	\$	120
Printing	6311-6000	\$	
Management Fee	6320-0000	\$	13,680
Manager's Salary	6330-0000	\$	10,400
Legal Expense	6340-0000	\$	1,200
Audit Expense	6350-0000	\$	
Bookkeeping/ Accounting Serv.	6351-0000	\$	2,280
Telephone & Answering Serv.	6360-0000	\$	180
Bad Debts	6370-0000	\$	1,200
Conferences/Training	6390-0300	\$	500
Dues & Subscriptions	6390-0600	\$	
Translation Services	6390-2540	\$	
Travel/Mileage Reimbursement	6390-3500	\$	120
Software Hosting Services	6390-4300	\$	2,399
Misc. Administrative Expenses	6390-0000	\$	450
Total Admin. Expense		\$	35,929

Utilities Expense

Electricity	6450-0000	\$	
Water	6451-0000	\$	228
Gas	6452-0000	\$	
Sewer	6453-0000	\$	3,780
Total Utilities Expense		\$	4,008

Operating & Maintenance Expense			
Maintenance Payroll	6510-0000	\$	9,600
Repair Materials	6512-0000	\$	1,400
Interior Rehab Expense	6515-1960	\$	
Unit Paint Expense	6515-2100	\$	600
Unit Electrical Expense	6515-2200	\$	
Unit Carpeting Expense	6515-2300	\$	
Door & Window Expense	6515-2400	\$	
Key and Lock Expense	6515-2600	\$	
Exterminating Contract	6519-0000	\$	1,008
Grounds Contract	6520-3000	\$	
Contract Services (Misc. Maintenance Contracts)	6520-5000	\$	1,200
Garbage & Trash Removal	6525-0000	\$	9,300
Grounds Supplies	6536-0000	\$	
Janitorial/Cleaning Supplies	6544-0000	\$	60
Heating/Cooling Repairs & Maintenance	6546-0000	\$	900
Maintenance Equip./Tools	6550-0000	\$	
Drapes/Blinds	6562-0000	\$	
Unit Turnover/Cleaning Services	6572-0000	\$	600
Misc. Operating & Maintenance Expense	6522-1000	\$	
Unit Turnover/Carpet/Linoleum Replacement	6575-0000	\$	
Appliances	6580-1000	\$	2,750
Water Heater/Furnace Replacement	6580-2000	\$	1,837
Carpet/Linoleum Replacement	6580-4000	\$	4,587
Capital Improvement (other)	6580-9000	\$	
Total O & M Expense		\$	36,842
Taxes and Insurance			
Real Estate Taxes	6710-0000	\$	543
Payroll Taxes	6711-0000	\$	
Misc. Taxes, Licenses and Permits	6719-0000	\$	3,000
Property and Liability Insurance - JSCo separate liability policy	6720-0000	\$	1,900
Workmen's Compensation	6722-0000	\$	1,300
Health Insurance & Other Employee Benefits	6723-0000	\$	7,800
Other Insurance		\$	
Total Taxes & Insurance		\$	17,172
Total Operating Expenses		\$	93,951