

**LEASE AGREEMENT FOR PROPERTY LOCATED AT 3989 SOUTH K STREET AND 360
NORTH K STREET, TULARE, CA 93274**

This Lease Agreement (the "Agreement") is entered into on _____, 2018, between the CITY OF TULARE referred to as "LESSOR"; and the COUNTY OF TULARE, referred to as "LESSEE", with reference to the following:

WHEREAS, the County of Tulare is in need of space to store, repair, dispatch, and maintain busses for its Transit System; and

WHEREAS, County of Tulare and City of Tulare use the same Contractor, MV Transportation, Inc. to run their independent Transit Systems; and

WHEREAS, City of Tulare is willing to allow MV Transportation, Inc. staff to operate the County of Tulare's Transit System and use the space located at 3989 South K. Street and at 360 N. K Street, and County of Tulare is willing to compensate the City of Tulare for this service;

NOW, therefore, the Parties agree as follows:

1. **LEASE.** LESSOR leases to LESSEE, and LESSEE leases from LESSOR, the real property located at 3989 South K Street and 360 North K Street in the City of Tulare, consisting of approximately 6200 sq. ft. for a shared maintenance building and 2400 sq. ft. for a shared Transit Center (the "Premises"), together with any amount of necessary dedicated maintenance yard space for Tulare County Transit as defined in Exhibit A. Specifically, LESSOR agrees that this Lease shall allow LESSEE to access shared space for up to 10 park out units for those vehicles requiring maintenance, storage space as needed, and a dedicated "Sea Train" for additional parts storage. The Parties agree that the Sea Train shall be provided by MV Transportation, Inc. and shall not be the responsibility of LESSOR. A floor plan for the maintenance area is attached hereto as Exhibit A and incorporated by this reference.

2. **TERM/EFFECTIVE DATE.** The term shall be effective on October 1, 2018, the "Effective date," and terminate twenty-four (24) months thereafter. LESSEE will have the option and right to renew the lease for an additional twelve (12) month term with a maximum term of thirty-six (36)

months, upon the same terms and conditions by providing a written notice prior to the end of the term. During LESSEE's tenancy, LESSEE shall pay all rent required by this Agreement, and all other provisions of this Agreement shall remain in effect, unless and until such provisions are amended in writing by both Parties.

3. **RENT.** Except as otherwise provided herein, LESSEE shall pay to LESSOR monthly rent, without deduction, set off, prior notice, or demand the sum of THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500.00) MONTHLY for the use of the Premises; payable in advance on the first day of each month and continuing during any term. Rent shall be prorated for any partial month at the rate of 1/30th of the monthly rent per day. If the lease extension is exercised, the monthly rent amounts shall be adjusted once by an increase of three percent (3%), at the beginning of the lease extension.

4. **DELIVERING POSSESSION.** LESSOR shall deliver the Premises in good condition to LESSEE on the Effective Date. Notwithstanding anything to the contrary contained in this Agreement, if the LESSOR fails to deliver the Premises on the Effective Date this lease shall not be void or voidable. However, LESSEE shall not be responsible for Rent until LESSOR delivers the Premises to LESSEE in good condition.

5. **USE.** LESSEE shall use the Premises as a Transit Center where LESSEE's contractor will repair, maintain, dispatch, and store busses. In addition, LESSEE's contractor. It is mutually understood that use of the Premises shall be shared between LESSOR and LESSEE. LESSEE shall not use the Premises in any manner that will constitute waste or nuisance.

6. **MAINTENANCE.**

a. LESSOR will provide, at LESSOR's expense, all ongoing maintenance, preventative maintenance, repair, and upkeep of the Premises, including, but not limited to, the parking areas, sidewalks, grounds, building and improvements, and equipment and fixtures attached thereto. Such responsibility shall include, without limitation, the following:

i. The structural parts of the building and other improvements in which the Premises are located, which structural parts include the foundations, bearing and exterior walls, subflooring, and roof;

ii. The exposed and unexposed electrical, plumbing, and sewage systems, including, without limitation, those portions of the systems lying outside the Premises;

iii. Window frames, gutters, and down spouts on the building and other improvements in which the Premises are located;

iv. Heating, ventilating, and air-conditioning systems (HVAC) servicing the Premises;

1. The HVAC shall be inspected at least once every twelve (12) months, and problems found during these inspections shall be corrected within thirty (30) days from discovery.

2. Inspections and maintenance of the HVAC system shall be documented in writing. LESSOR shall record the name of the individual(s) inspecting and/or maintaining the system, the date of any inspections and maintenance, and the specific finding and action taken. LESSOR shall ensure that the records are kept for at least five (5) years.

v. Light fixtures and replacement bulbs;

vi. Pest control;

vii. Fire Extinguishers and related signs;

viii. Grounds services.

b. LESSOR will be responsible for complying with all codes or laws requiring alterations, maintenance or restoration of the Premises and parking areas during the tenancy, at no cost to LESSEE, including all ADA Standards for Accessible Design requirements and codes requiring fire extinguishers or other fire suppression equipment and related signage.

c. In case of emergency, LESSOR will take immediate steps to protect persons and property. If the LESSOR does not take the necessary steps, LESSEE will have the right to repair or contract to repair and to be reimbursed by LESSOR. If the full amount of the reimbursement is not delivered by LESSOR to LESSEE within ten (10) days after LESSEE's delivery to LESSOR of a written statement or bill evidencing the cost of the repair, LESSEE will have the right to deduct the cost of repair from subsequent monthly rent payments.

d. Except for cases of emergency, LESSOR will make all repairs as soon as possible. In the event LESSOR does not make repairs referred to in a written notice from LESSEE to LESSOR within thirty (30) days after date of notice, LESSEE has the right to repair or contract to repair and be reimbursed by LESSOR. If the full amount of the reimbursement is not delivered by LESSOR to LESSEE within ten (10) days after LESSEE's delivery to LESSOR of a written statement or bill evidencing the cost of the repair, LESSEE will have the right to deduct the cost of repair from subsequent monthly rent payments.

7. **ALTERATIONS.** Except as otherwise provided, LESSEE shall not make any structural or exterior alterations to the Premises without LESSOR's consent which will not be unreasonably withheld or delayed. LESSEE shall have the right to make, with LESSOR's consent and without cost to LESSOR, nonstructural alterations to the interior of the Premises that LESSEE requires in order to conduct its operations on the Premises. Again, such consent will not be unreasonably withheld or delayed.

Upon termination of the tenancy, LESSEE shall have the right to remove from the Premises immediately before the termination of the tenancy, or within thirty (30) days thereafter, any alterations LESSEE has made to the Premises, as long as the removal will not cause any structural damage to the Premises, and LESSEE at its cost promptly restores any damage caused by the removal and restores premises to its original state.

8. **MECHANICS LIENS.** LESSEE shall pay all costs for construction done by it or caused to be done by it on the Premises, as permitted under this Agreement. LESSEE shall keep the building, other improvements, and land on which the Premises are located free and clear of all mechanics liens resulting from construction done by or for LESSEE.

9. **DISCLOSURES.** Prior to delivering possession of the Premises, and throughout the tenancy, LESSOR shall make any and all legally required disclosures to LESSEE, including, but not limited to, disclosures of hazardous substances or materials.

10. **UTILITIES.** LESSOR shall pay for, all utilities and services furnished or to be used by LESSEE and LESSOR, including, without limitation, gas, electricity, water, trash collection, and all connection charges therefor. LESSOR shall pay the expense of all interior janitorial services not

already covered by LESSEE and LESSOR's shared vendor. LESSEE and LESSOR shall separately be responsible and pay the cost of installation of any and all telephones lines or data services they independently require, which are not covered by LESSEE and LESSOR's shared vendor.

11. **MUTUAL INDEMNITY.** To the fullest extent permitted by law, LESSEE will hold harmless, defend and indemnify LESSOR from and against any liability, claims, actions, costs, damages or losses and expenses for injury, including without limitation, the death of any person or damage to any property, resulting from the negligent or intentionally wrongful acts or omissions of LESSEE or LESSEE's officers, agents, employees and contractors with respect to the Premises. LESSEE's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred during the term of this lease, or any renewal or holdover period.

To the fullest extent permitted by law, LESSOR will hold harmless, defend and indemnify LESSEE and its officers, agents, volunteers, contractors and employees from and against any liability, claims, actions, costs, damages, losses and expenses for injury, including without limitation, the death of any person or damage to any property; enforcement actions under California Prevailing Wage laws with respect to work done by LESSOR, or under other applicable statute or ordinance; or resulting from LESSOR's or LESSOR's agents', employees', or contractors,' negligent or intentionally wrongful acts or omissions with respect to the Premises. LESSOR's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred during the term of this lease, or any renewal or holdover period.

12. **INSURANCE.**

a. **LESSEE** – LESSOR acknowledges and agrees that LESSEE is a self-insured entity, and waives any requirement that LESSEE procure and/or maintain third-party insurance of any kind, including liability and/or fire/extended coverage insurance. During the term of the Agreement, the LESSEE must maintain self-insurance coverages outlined in Exhibit B, attached hereto and incorporated by reference.

b. **LESSOR** – LESSEE acknowledges and agrees that LESSOR is a self-insured entity, and waives any requirement that LESSOR procure and/or maintain third-party insurance of any kind,

including liability and/or fire/extended coverage insurance. During the term of this Agreement, the LESSOR must maintain the self-insurance coverages outlined within Exhibit B.

13. **DESTRUCTION.** In the event the Premises, or the building or other facilities in which the leased space is located, is totally or partially destroyed by fire, earthquake, or other casualty so as to render such property unfit for LESSEE's use, in whole or in part, LESSEE shall be entitled to a reduction in the rental during the period that such part remains unrepaired or unrestored, in the proportion of the amount of floor space unfit for occupancy to the total floor space included in the lease; provided, however, that if it should reasonably appear that LESSOR cannot or will not restore or repair the Premises within ninety (90) days from the date of such damage, either Party shall be entitled to terminate the lease by giving the other Party notice in writing of intention to so terminate (10) days before the proposed date of termination.

14. **CONDEMNATION.** If, during the tenancy, there is any taking by condemnation of all or part of the building, other improvements, or the land of which the Premises are a part, or any interest in the tenancy, the rights and obligations of the Parties shall be determined as follows:

a. If the Premises are totally taken by condemnation, the tenancy shall terminate on the date of the taking, and LESSEE shall be entitled to a refund of any rent paid in advance;

b. If only a portion of the Premises is taken by condemnation, the tenancy shall remain in effect, except that: (i) the rent shall be reduced by an amount that is in the same ratio to monthly rent as the value of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the taking; and (ii) LESSEE may elect to terminate the tenancy by giving notice of same within ten (10) days of the date of the taking.

15. **ASSIGNMENT.** LESSEE may only assign or encumber its interest in the tenancy, or sublease all or any part of the Premises, to another public agency, but may not do so without the consent of LESSOR, which such consent shall not be unreasonably withheld.

16. **DEFAULT.** The occurrence of any of the following shall constitute a default by LESSEE:

a. Failure to pay rent when due, if the failure continues for ten (10) days after notice has been given to LESSEE;

b. LESSEE's abandonment and vacation of the Premises;

c. Failure to perform any other provision of this Agreement if the failure to perform is not cured within a reasonable time after notice has been given of same to LESSEE.

Notices given under this section shall specify the alleged default and the applicable provisions of this Agreement, and shall demand that LESSEE perform the provisions within the applicable period of time, or quit the Premises.

The purpose of the notice requirements set forth in this section is to extend the notice requirements of the unlawful detainer statutes of California.

In the event of a default, the Parties shall have the remedies now or later allowed by law.

17. **SIGNS.** LESSEE may not install, or permit any other person to install, any sign, awning, canopy, marquee, or other advertising on any exterior wall, door, or window on the Premises without LESSOR's prior written consent, which consent shall not be unreasonably withheld. On the termination of the tenancy, LESSOR may remove and destroy any items which were permitted to be installed in accordance with the terms of this section. Any and all signs installed by LESSEE shall comply with local ordinances.

18. **LESSOR'S ENTRY ON PREMISES.** LESSOR and its authorized representatives shall have the right to enter the Premises at all reasonable times, and after reasonable notice to LESSEE, for any of the following purposes:

a. To determine whether the Premises are in good condition and whether LESSEE is complying with the obligations under this Agreement;

b. To do any necessary maintenance and to make any restoration to the Premises or the building and other improvements in which the Premises are located that LESSOR has the right or obligation to perform;

c. To serve, post, or keep posted any notices required or permitted under this Agreement;

d. To show the Premises to prospective brokers, agents, buyers, and prospective lessees at any time during the tenancy.

19. **SURRENDER.** On expiration or other termination of the tenancy, LESSEE shall surrender the Premises to LESSOR in good condition, ordinary wear and tear excepted. LESSEE shall remove all its personal property, and shall perform all restoration made necessary by the removal of any alterations, fixtures, or signs.

20. **HOLDING OVER.** If LESSEE, with LESSOR's consent, remains in possession of the Premises after the expiration of the initial lease term or the renewal period, such possession shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' notice given at any time by either Party, otherwise on the same terms and conditions provided for by this Agreement.

21. **TERMINATION FOR CAUSE.** Either Party may terminate this Agreement for cause upon ten (10) days' prior written notice to the other Party. For purposes of this section, "cause" shall be defined as the failure of either Party to remedy any material breach of the Agreement within thirty (30) days' written notice of the breach.

22. **REDUCTION OF LESSEE'S FUNDING.** LESSOR expressly understands and agrees that LESSEE is dependent upon certain Federal and/or State funding to pay the rent provided in this Agreement. If such Federal and/or State funding is discontinued and/or reduced, LESSEE shall have the right to: (a) reduce the amount of office space occupied by LESSEE, or (2) terminate the tenancy under this Agreement upon not less than thirty (30) days' written notice.

In the event of a reduction in the amount of office space, the monthly rent shall be reduced by an amount equal to the ratio of the total remaining occupied office space in square feet divided by the total office space in square feet previously occupied by LESSEE.

23. **SUCCESSORS.** This agreement shall be binding on, and inure to, the benefit of the Parties, their successors and assigns, except as otherwise limited by this Agreement.

24. **NOTICE.** Any payment, notice, demand, request, consent, approval or other communication required or permitted under this Agreement shall be in writing and must be either delivered in person (during normal business hours) or sent by certified mail, postage prepaid, to the follow addresses:

LESSEE:

Board of Supervisors
County of Tulare
2800 West Burrel Avenue
Visalia, CA 93291
559-636-5000

With a Copy to:

Tulare County General Services
Attn: Property Management
5953 South Mooney Boulevard.
Visalia, CA 93277
559-624-7227
559-624-1022 – Fax

LESSOR:

City Manager
CITY OF Tulare
411 East Kern Avenue
Tulare, CA 93274
559-685-2300

With a Copy to:

Mario U. Zamora
Griswold LaSalle
111 E. Seventh Street
Hanford, , CA 93230
559-584-6656
800-948-6085 - Fax

Notice shall be deemed communicated four (4) days from the time of mailing as provided in this section.

25. **WAIVER.** The failure of either Party to insist on strict compliance with any provision of this Agreement will not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either Party of either performance or payment will not be considered to be a waiver of any preceding breach of the Agreement by the other Party.

26. **EXHIBITS.** All exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.

27. **INTEGRATION.** This instrument contains all the agreements of the Parties relating to the Premises and cannot be modified or amended except by a subsequent agreement in writing.

28. **NO THIRD PARTY BENEFICIARIES.** Unless specifically set forth, the Parties to this Agreement do not intend to provide any third party benefit or enforceable legal or equitable right or remedy.

29. **GOVERNING LAW.** This Agreement will be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles.

30. **HEADINGS.** Paragraph headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

31. **INTERPRETATION.** This Agreement reflects the contributions of both Parties and accordingly the provisions of Civil Code Section 1654 shall not apply to address and interpret any uncertainty.

32. **CONFLICT WITH LAWS OR REGULATIONS; SEVERABILITY.** This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the Parties, to be in conflict with any code or regulation governing its subject, the conflicting provision will be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either Party is lost, the Agreement may be terminated at the option of the affected Party. In all other cases the remainder of the Agreement will continue in full force and effect.

33. **AUTHORITY.** Each person executing this Agreement on behalf of a Party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to bind, and if such Party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right to enter into this Agreement and perform all of its obligations hereunder.

34. **EXECUTION BY COUNTERPARTS.** This Agreement may be executed in two or more counterparts, and by facsimile, all of which shall be considered one and the same Agreement.

[The Remainder of this Page is Intentionally Left Blank, with Signature Page to Follow]

THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

LESSOR

CITY OF TULARE

APPROVED AS TO FORM:

By: _____
Title: _____ (date)

By: _____
Title: _____ (date)

ATTEST:

By: _____
City Clerk or Deputy (date)

LESSEE

COUNTY OF TULARE

By: _____
Chairman, Board of Supervisors

ATTEST: MICHAEL C. SPATA
County Administrative Office / Clerk of
the Board of Supervisors

By: _____

Approved as to form:
County Counsel

By: _____
Deputy County Counsel

EXHIBIT A

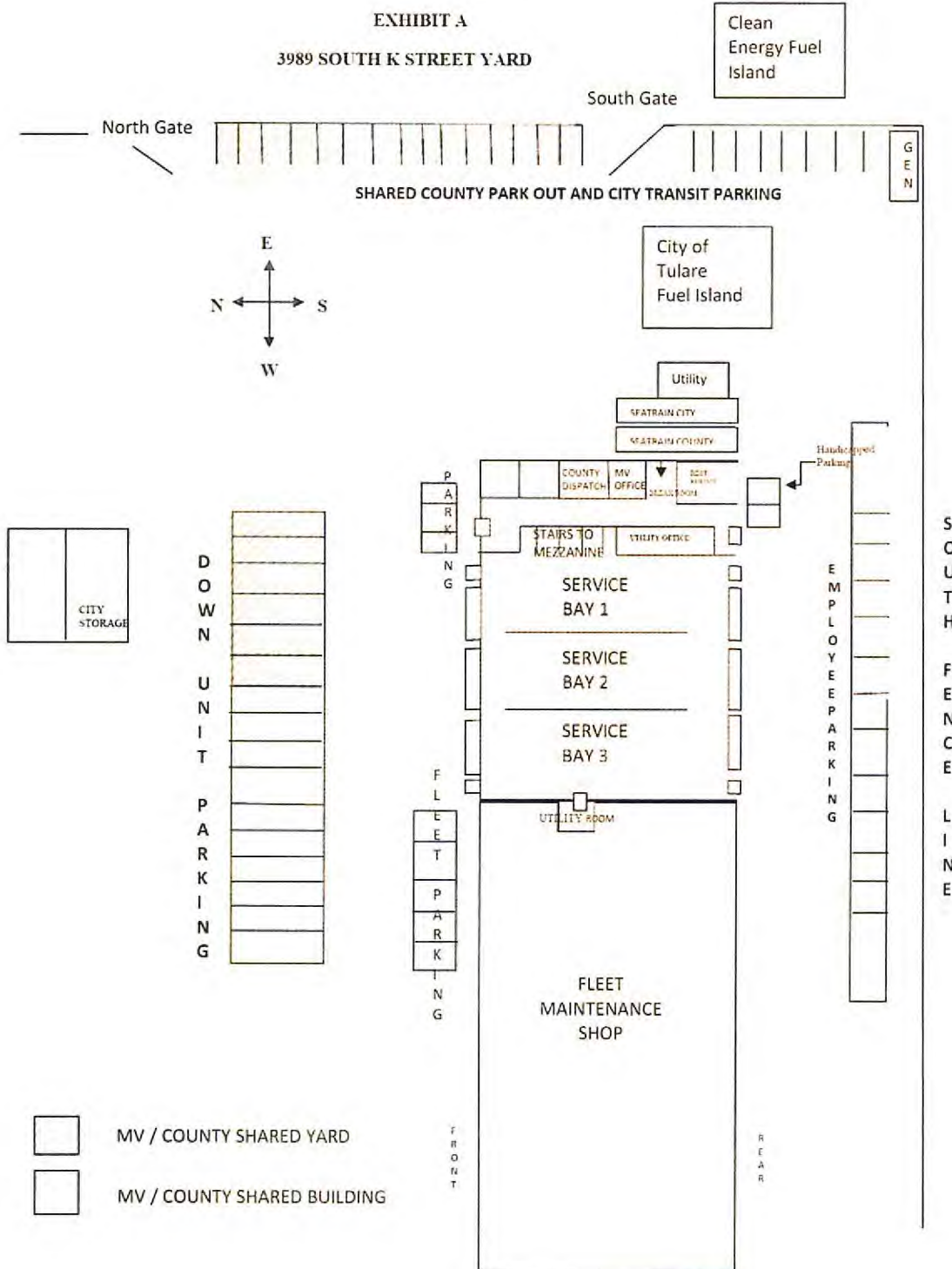


EXHIBIT A
3989 SOUTH K STREET YARD

Clean
Energy Fuel
Island

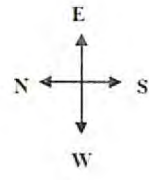
North Gate

South Gate

SHARED COUNTY PARK OUT AND CITY TRANSIT PARKING

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City of
Tulare
Fuel Island



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FLEET
MAINTENANCE
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MV / COUNTY SHARED YARD

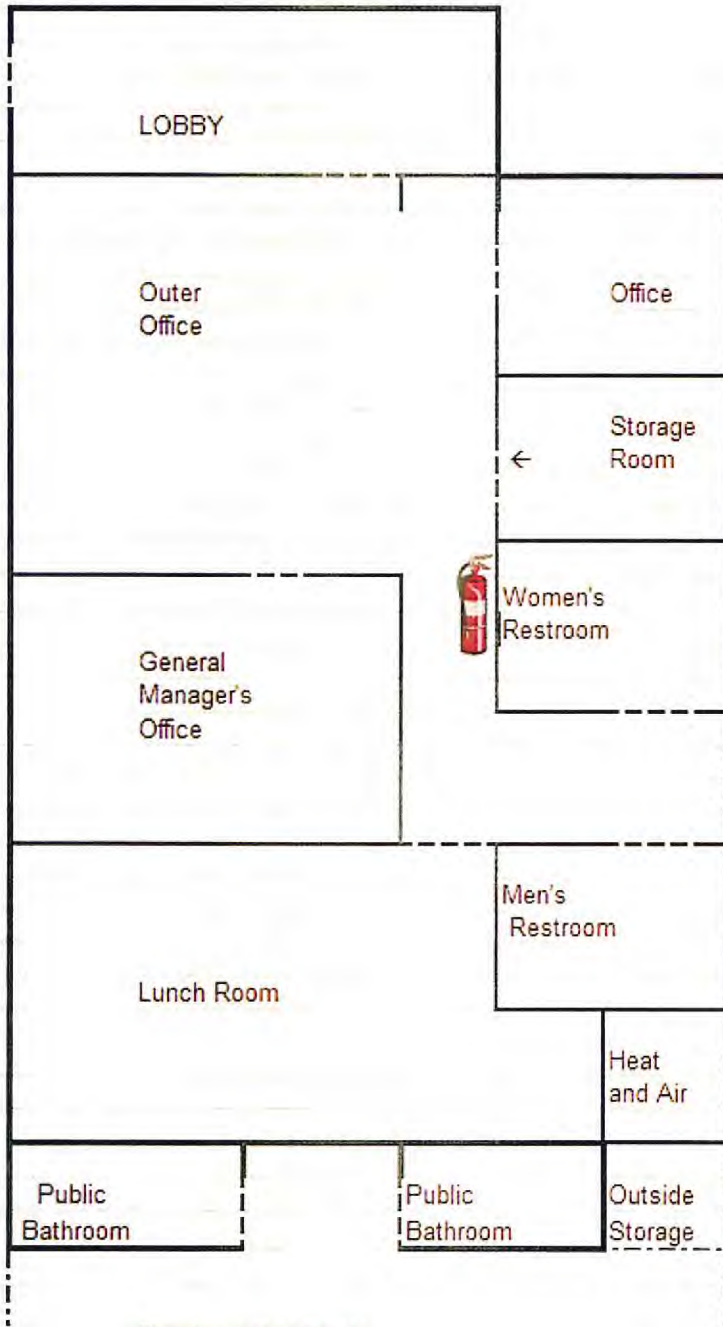
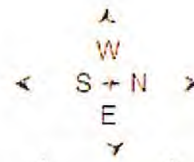


MV / COUNTY SHARED BUILDING

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EXHIBIT A
360 NORTH K STREET
TRANSIT CENTER



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Drawing not to Scale

EXHIBIT B
Insurance Requirements
LEASES WITH COUNTY AS LESSEE
INSURANCE REQUIREMENTS

LESSOR shall procure and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the LESSEE, his agents, representatives, employees and subcontractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Insurance Services Office Commercial General Liability coverage of \$1,000,000 combined single limit per occurrence (occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury and personal & advertising injury. If a general aggregate applies, either the general aggregate limit shall apply separately to this location or the general aggregate shall be \$2,000,000.
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability, (any auto) of \$1,000,000 per occurrence. If an annual aggregate applies it must be no less than \$2,000,000.
3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. Property Insurance against all risks of loss on all real property being leased, that the COUNTY owns, including improvements and betterment. Limits of full replacement cost with no coinsurance penalty provision.

B. Specific Provisions of the Certificate

1. If any of the required insurance is written on a claims made form, the retroactive date must be before the date of the contract and must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract work.
2. The General Liability and Property Insurance policies must be endorsed and endorsements must be provided to COUNTY reflecting the following provisions:
 - a. *The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the including materials, parts, or equipment furnished in connection with such work or operations in the form of an endorsement to the LESSOR's policy at least as broad as ISO CG 20 10.*
 - b. *For claims related to this lease, the LESSOR's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteer and shall be at least as broad as ISO CG 20 01 04 13. Any insurance or self-insurance maintained by the COUNTY, its officers, agents, officials, employees or volunteers shall be excess of the LESSOR's insurance and shall not contribute with it.*
 - c. *Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled, except after written notice has been provided to the COUNTY.*
 - d. *LESSOR hereby grants to COUNTY a waiver of any right to subrogation which any insurer of the LESSOR may acquire against the COUNTY by virtue of the payment of any loss under such insurance. LESSOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.*

3. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the LESSOR, its employees, agents and subcontractors. LESSOR waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.

C. Deductibles and Self-Insured Retentions

Self-insured retentions must be declared and the COUNTY Risk Manager must approve any deductible or self- insured retention that exceeds \$100,000.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A:VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the LESSOR shall file with the Tulare County Board of Supervisors, certificates of insurance with original endorsements effecting coverage in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.

Rev. 4/24/17

