

LEASE AGREEMENT

OUR COMMON GROUND

at

750 EL CAMINO REAL
BELMONT

THIS LEASE AGREEMENT (“Lease”) is made by and between the

The **COUNTY of SAN MATEO**, a political subdivision of the State of California, hereinafter referred to as “County” or “Lessor”;

and

OUR COMMON GROUND, INC., a California non-profit corporation, hereinafter referred to as “OCG” or “Lessee”;

with reference to the following:

WHEREAS, on December 15, 2020, County acquired fee interest in the property located at 750 El Camino Real, in Belmont, California (Assessor Parcel Number 044-222-160) (“Property”), improved with a twelve-bedroom, five-bathroom house on the Property fronting on El Camino Real, together with a separate one-bedroom cottage in the back of the Property, fronting on Middle Road (together the “Premises”), as shown on Exhibit “A”, attached hereto and incorporated herein by reference; and

WHEREAS, OCG has been operating a transitional housing project at the Property, for more than thirty-two years, serving very low-income residents who have experienced substance abuse and mental health problems, pursuant to a lease from County’s predecessor in interest; and

WHEREAS, County and OCG desire to replace the existing lease, which was assumed by County by operation of law upon acquisition of the Property, with this Agreement, to provide for the continued operations of OCG, while reducing OCG’s monthly payments and allowing OCG to build a reserve to help finance building retrofits, repairs, and improvements to the Property: and

WHEREAS, County desires to lease to OCG, and OCG desires to take from County, the Property, including the Premises, for a period of approximately two (2) years with an option to extend for an additional two years, subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the provisions, covenants, and conditions contained herein, the parties agree as follows:

1. **ADMINISTRATION AND ENFORCEMENT**: The provisions of this Agreement shall be administered and enforced on behalf of the County by the Director of County’s Department

of Housing; and on behalf of OCG by OCG's Executive Director (hereinafter collectively, the "Directors").

2. **LEASED PROPERTY:** For and in consideration of the covenants to be performed by Lessee under this Agreement, County hereby leases to Lessee and Lessee hereby takes from County, the Property, including the Premises, which includes the twelve-bedroom, five-bathroom house on the Property fronting on El Camino Real, with a separate one-bedroom cottage in the back of the Property, fronting on Middle Road (the "Premises"); as shown and described on Exhibit A hereof.

3. **CONDITION OF PROPERTY/PREMISES:** Lessee leases the Property and the Premises in an AS-IS, WHERE-IS condition.

4. **PURPOSE AND USE:** The Premises shall be used and occupied only for therapeutic community residential care for persons with substance abuse history and for no other purpose without Lessor's prior written consent. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the Term or any part of the Term, regulating the Property or the Premises or use by Lessee of the Property or Premises. In addition, Lessee shall comply with all County security programs and policies regarding the Property.

5. **TERM/EXTENSION:** The term of this Agreement shall commence upon final execution of this Agreement by County, (hereinafter "Commencement Date"), and shall continue for a period of TWO (2) YEARS; so long as the Property is used only for Lessee's operations and those operations are consistent with the purposes and uses set forth in this Agreement. Upon commencement of this Agreement, this Agreement will terminate and replace the existing lease, which was assumed by County upon acquisition of the Property. Lessee shall have the right to extend this Agreement for an additional TWO (2) YEARS, on the condition that Lessee remains in compliance with all terms and conditions of this Agreement.

6. **RENT/RESERVE FUND:** Lessee shall pay Lessor monthly rent payments of one hundred dollars (\$100) in advance, on the commencement date of the Term and on the first day of each month thereafter during the Term.

In addition to the monthly rent set forth herein, Lessee shall establish a reserve fund for operating income received during the Term, net of operating expenses. Contributions to the reserve fund will be calculated and made monthly, up to three thousand dollars (\$3000). Lessee may use, apply or retain any part of said reserve fund for payment or financing of necessary repairs and upgrades to the Premises. County may request, at any time during the Term, Lessee's accounting of the monthly cash flow and deposits to the reserve fund, and an annual accounting must be included in Lessee's annual reporting to County as set forth below.

7. **LESSEE'S FINANCIAL STATEMENTS AND ANNUAL REPORTING:** Prior to commencement of this Agreement, Lessee shall deliver to County Lessee's most current audited annual financial statements. Lessee warrants that all financial statements delivered by Lessee to County are true, correct, and complete, and prepared in accordance with generally accepted accounting principles. Lessee acknowledges and agrees that County will be relying on such financial

statements in executing this Agreement, and that a breach of Lessee's warranty as to such financial statements shall constitute a default under this Agreement.

Thereafter, on an annual basis during the Term, or more often if required by County, Lessee will provide County with all information necessary to monitor its use of the Premises in accordance with the terms and conditions of this Agreement. The required information will include but is not necessarily limited to: evidence of continuing insurance for liability, worker's compensation, automobile and personal property in the Premises; audited annual financial statements; and any other compliance information as may be required by County. Lessee shall access and provide this information and these documents on the City Data Services On-Line Data Management System ("CDS"), or a different method as directed by the County Director.

8. **PROPERTY SUITABILITY:** Lessee has investigated the Property and the Premises and has determined it is suitable for Lessee's intended operations, and hereby accepts, by way of executing this Agreement, the Property and the Premises.

LESSEE ACKNOWLEDGES THAT, EXCEPT AS STATED HEREIN, COUNTY HAS MADE NO REPRESENTATIONS OR WARRANTIES ABOUT THE CONDITION OF THE PROPERTY OR ITS SUITABILITY FOR THE INTENDED USE BY LESSEE.

9. **PERMITS, CONSTRUCTION AND IMPROVEMENTS:** In the event Lessee wishes to make structural alterations to the Premises, Lessee shall obtain advance written approval from County (not to be unreasonably withheld, conditioned or delayed), through County's Director, or designee; and shall comply with all requirements of County, and all permits. Copies of any required Land Use Permit(s) and/or Building Permit(s) shall be delivered to the County Director. With respect to all non-structural alterations, Lessee shall not be required to obtain County's approval but shall provide County notice of such non-structural alterations.

At all times during the term, Lessee shall keep the Property free and clear of liens for labor and materials. Nothing in this Agreement shall be construed to entitle Lessee to undertake alterations or improvements to the Property without complying with all permitting required by County in its governmental capacity, or any other permitting agency with jurisdiction.

10. **TITLE:** During the term of this Agreement, title to the Property shall remain vested in County, subject to Lessee's leasehold interest. Lessee shall have no right to waste, destroy, or demolish the Property or any improvements thereon without the prior written consent of County.

11. **RIGHT OF FIRST REFUSAL:** If at any time during the Term County shall desire to sell or otherwise dispose of the Property, it shall notify Lessee in writing of the price and terms upon which it desires to sell the same, and Lessee shall, within thirty (30) days of receipt of the notice, notify County in writing whether it wishes to purchase the Property at the price and on the terms set forth in the notice. If Lessee elects to purchase the Property, County shall be bound to convey, assign, or otherwise transfer the Property to Lessee promptly thereafter at such price and on such terms as have been agreed to. If Lessee elects not to purchase the Property or fails to give notice of its intention within the 30-day period, County may convey, assign, or otherwise transfer the Property to a third party at a price not less than stated in the notice or on more favorable terms than those stated in the notice. Any conveyance by County to a third party shall be subject to the terms of this Agreement. If County shall not have so disposed of the Property to said third party within ninety (90) days after receipt of notice that Lessee elects not to exercise its right of first refusal, the

provisions of this right of first refusal shall again apply to any future disposition by County of the Property.

12. **ABANDONMENT OF THE PROPERTY:** Lessee shall not abandon the Premises at any time during the term of this Agreement. If Lessee does abandon the Premises, this Agreement and all of Lessee's rights thereto shall terminate at the option of County. In the event of such termination, the Premises and any personal property belonging to Lessee and left on the Property more than thirty (30) days shall be deemed abandoned at the option of County. This provision shall also apply to property left after the termination, or other expiration of this Agreement.

13. **UTILITIES AND SERVICES:** Lessee shall, at its sole cost, contract for all services and provide all utilities and services to the Premises, including, but not limited to gas, electricity, water, sewer, telephone service, janitorial service, pest control, and trash collection; including all connection charges.

14. **MAINTENANCE AND REPAIR:** During the term of this Agreement, including any extensions, Lessee agrees to keep the Property and Premises in good maintenance and repair, in a clean, secure, safe and sanitary condition, at its sole expense. Lessee shall ensure that any maintenance or repair will conform to County maintenance standards. County, its agents, employees and contractors reserve the right to enter the Property or Premises at all reasonable times, upon twenty four-hour notice to Lessee (except in the case of emergency) to perform maintenance and repair, as needed on the Property.

15. **ASSIGNMENT/ SUBLEASE:** Lessee shall neither voluntarily nor by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Property or Premises without County's prior written consent, which shall be at County's sole discretion. Any attempted assignment, transfer, mortgage, or subletting without such consent shall be void, and shall constitute a breach of this Agreement. Any assignment by Lessee shall not, in any way, affect or limit the liability of Lessee under the terms of this Agreement. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

16. **SUCCESSORS IN INTEREST:** This Agreement and the covenants contained herein shall be binding upon and inure to the benefit of the respective parties and to any organization into which Lessee may be merged.

17. **WAIVERS/INDEMNIFICATION:** County shall not be responsible or liable to Lessee, and Lessee assumes the risk of, and waives and releases County and its agents from Claims (defined below) for any injury, loss or damage to any person or property in or about the Property or Premises by or from any cause whatsoever. Nothing herein shall relieve County from liability caused solely and directly by the gross negligence or willful misconduct of County or its agents, but County shall not be liable under any circumstances for any consequential, incidental or punitive damages.

Lessee, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless County, including all of its boards, commissions, departments, agencies and other subdivisions, including without limitation its Department of Housing and its Real Property Services

Division and all of their respective Agents, and their heirs, legal representatives, successors and assigns (collectively, "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expense, including direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with and arising in whole or in part from: (a) any accident, injury to or death of a person, including employees of Lessee, or loss of or damages to property, howsoever or by whomsoever caused, occurring in or about the Property; (b) any default by Lessee in the observation or performance of any of the terms, covenants or conditions of this Agreement to be observed or performed on Lessee's part; (c) the use or occupancy or manner or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Lessee on the Property or Premises whether before or during the Term; or (f) any acts, omissions or negligence of Lessee, its agents or invitees, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except that to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and further, except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The Indemnity shall include without limitation, reasonable fees of attorneys, consultants and experts and related costs and County's cost of investigating any Claim. Lessee specifically acknowledges and agrees that it has an immediate and independent obligation to defend County from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Lessee by County and continues at all times thereafter.

18. **INSURANCE:** Without limiting Lessee's indemnification of County, Lessee shall procure the following required insurance coverages at its sole cost and expense. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no less than A-: VII, and (2) are authorized insurance companies in the State of California. All other insurers require the prior approval of County. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place Lessee in default. Upon request by County, Lessee shall provide a certified copy of any insurance policy to County within ten (10) working days.

a. **Workers' Compensation Insurance:** Statutory Workers' Compensation and Employers Liability Insurance shall cover all Lessee's staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by County. This provision does not apply if Lessee has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and Lessee submits a written statement to County stating that fact.

b. **General and Automobile Liability Insurance:** The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all operations of Lessee and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by Lessee in the indemnity and hold harmless provisions (above) of the Indemnification Section of this Agreement. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of Lessee pursuant to Lessee's activities hereunder. Lessee shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. County, its officers, agents, and employees shall be

Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$100,000 requires approval by County.

Said policy or policies shall include severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

"Such insurance as is afforded by this policy shall be primary and if the County has other valid and collectible insurance, that other insurance shall be excess and non-contributory."

If the policy providing liability coverage is on a 'claims-made' form, Lessee is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this Agreement. Said policy or policies shall provide that County shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

c. Personal Property Insurance. Lessee shall maintain property insurance for its personal property within the Premises, including but not limited to equipment, supplies and tenant improvements not otherwise covered by County's property insurance, throughout the term hereof.

PROPERTY INSURANCE (County). County shall provide Property Insurance for the Property and Premises.

19. **NONDISCRIMINATION:** Lessee shall comply with County laws, rules and regulations regarding nondiscrimination as such are found in the San Mateo County Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement and in addition to any other remedies provided by law, County shall have the right to terminate this Agreement and the interest hereby created without liability therefor.

20. **ENVIRONMENTAL IMPAIRMENT:** Lessee shall comply with all applicable laws, regulations, rules, and orders applicable to its operations at the Property regardless of when they become or became effective, including without limitation those relating to construction, grading, signing, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request of County.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Property due to Lessee's use and occupancy, Lessee shall clean all property affected to the satisfaction of County and any governmental body having jurisdiction therefore. Lessee shall indemnify, hold harmless, and defend County from and against all liability, claims, costs, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, consulting, engineering and construction costs) incurred by County as a result of Lessee's breach of this Section, or as a result of any such discharge, leakage, spillage, emission or pollution due to Lessee's use and occupancy, regardless of whether such liability, cost or expense arises prior to, during or after the term of this Agreement; and regardless of negligence, active or passive, of County.

21. **TOXICS:** Lessee shall not manufacture or generate hazardous wastes on the Property in violation of applicable laws. Lessee shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or transported by Lessee, its agents, employees, or designees on the Property during the term of this Agreement and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, substances, or materials. Lessee shall notify County and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials.

22. **COMPLIANCE WITH THE LAW:** Lessee shall comply with all applicable laws, rules, and regulations affecting the Property now or hereafter in effect.

23. **TAXES AND ASSESSMENTS, POSSESSORY INTEREST:** Lessee recognizes and understands that this Agreement may create a possessory interest subject to property taxation and that Lessee may be subject to the payment of property taxes levied on such interest. Lessee agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Lessee's usage of the Premises that may be imposed upon Lessee by law, all of which shall be paid when the same become due and payable and before delinquency. Lessee agrees not to allow or suffer a lien for any such taxes to be imposed upon the Property or Premises or upon the equipment or property located thereon without promptly discharging the same, provided that Lessee, if so desiring, may have a reasonable opportunity to contest the validity of the same.

24. **NOTICES:** Any notice to be given to the parties shall be in writing and shall be served, either personally or by mail, to the following:

COUNTY: County of San Mateo
Real Property Division
555 County Center, 4th Floor
Redwood City, California 94063

With copy to: County of San Mateo
Department of Housing
264 Harbor Blvd., Building A
Belmont, CA 94002

LESSEE: Our Common Ground, Inc.
631 Woodside Road
Redwood City, CA 94061

or to the parties at such other place as may be designated in writing. Such notices shall be served by depositing them addressed as set out above, postage prepaid, in the U.S. mail, reliable overnight courier, or by personal delivery. The date of mailing, or in the event of personal delivery, the date of delivery shall constitute the date of service.

25. **DEFAULT:** Except as otherwise required herein, should either party at any time be in material default hereunder with respect to any covenant contained herein, the non-defaulting party shall give notice to the defaulting party specifying the particulars of the default and the defaulting party shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of thirty (30) calendar days from such notice, this Agreement shall terminate at the option of the non-defaulting party; unless the cure of such default shall reasonably take more than thirty (30) calendar days in which case the defaulting party shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure.

26. **REMEDIES:** In the event of a default or breach, either party may exercise any right or remedy at law or in equity which such party may have by reason of such default or breach including but not limited to the following:

a. The non-defaulting party may waive the default or breach in accordance with Section 27, **WAIVER**, herein below.

b. The non-defaulting party may maintain this Agreement in full force and effect and recover whatever monetary loss(es) may have resulted from such default or breach.

c. Where Lessee is the non-defaulting party, Lessee may terminate the Agreement and surrender use of the Property.

d. Where County is the non-defaulting party, County may terminate the Agreement and Lessee shall vacate within thirty (30) days of written notice from County.

27. **WAIVER:** It is understood and agreed that any waiver, express or implied of any term of this Agreement shall not be a waiver of any subsequent breach of a like kind or of any other provision of this Agreement.

28. **AMENDMENTS:** This Agreement may only be amended by written consent of the parties and such changes shall be binding upon the heirs and/or successors of the parties. Amendments to the Agreement that do not alter the purpose of the Agreement may be approved and executed by the Directors.

29. **TERMINATION:** This Agreement shall terminate and all rights of Lessee shall cease and Lessee shall quietly and peacefully deliver to County, possession, interest and title to the leased premises:

a. Upon expiration or earlier termination of the Agreement as provided in Section 5, **TERM/EXTENSION**; or

b. Upon the failure of Lessee to satisfy, observe or perform any of the covenants, conditions or reservations set forth in this Agreement and the expiration of the cure period as provided in Section 25, **DEFAULT**; or

c. As provided in Section 30, **DESTRUCTION**; or

d. In the event Lessee is found to be in non-compliance with any permits associated with this Agreement and such non-compliance is not resolved in a timely fashion.

30. **DESTRUCTION:** If the Property is partially or totally destroyed by fire or other casualty, this Agreement, at the option of Lessee, shall terminate. If Lessee chooses to terminate the Agreement; Lessee, at County's option, shall return the Premises in a neat and orderly condition, as near as is practical, given the circumstances of the destruction. If Lessee does not elect to terminate

this Agreement, then County shall diligently perform the necessary repairs to return the Premises to its original condition as near as is practical and rent shall abate to the extent the leased premises are rendered unusable until the Property is restored.

31. **HOLDING OVER:** Should Lessee occupy the leased premises after the expiration date of this Agreement or any extension thereof, with the consent of County, expressed or implied, such possession shall be construed to be a tenancy from month to month.

32. **SURRENDER OF PREMISES:** Upon expiration or termination of this Agreement, Lessee shall vacate and surrender possession of, and any claim to the Property, leaving it in good condition, except for ordinary wear and tear.

33. **CONDEMNATION:** In the event the Property or any part thereof is taken by condemnation, eminent domain, or any such proceeding that precludes access to or use of the Property, County shall have the exclusive right to control the defense of any such action in condemnation or eminent domain and to defend any such action and settle the same in County's absolute discretion. Lessee agrees that County shall have the right, but not the obligation, to defend or settle any such action of condemnation or eminent domain affecting any of Lessee's operations at the Property.

In the event of a partial taking, this Agreement may continue upon mutual agreement of the parties hereto, and rent shall be abated in proportion to the percentage of leased space taken.

34. **CAPTIONS:** The title or headings to the sections of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof.

35. **SEVERABILITY:** If any one or more of the provisions contained herein 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 hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

37. **CERTIFICATION OF SIGNATORIES:** The signatories of this Agreement and each of them represent and warrant that they are authorized to execute this Agreement and that no additional signatures are required to bind County and Lessee to its terms and conditions or to carry out duties contemplated herein.

38. **ENTIRE AGREEMENT:** The parties to this Agreement intend that their negotiations, conversations and statements made prior to execution of this Agreement are fully integrated and expressed herein, and no such negotiations, conversations, and statements shall be deemed to create rights or obligations other than those stated herein.

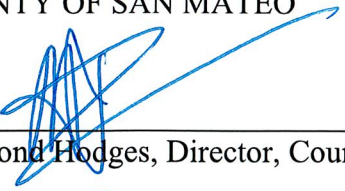
39. **CONSTRUCTION:** This Agreement may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, County and Lessee have executed this Agreement by the respective authorized officers as set forth below to be effective as of the date executed by County.

“County”

COUNTY OF SAN MATEO

By: 
Raymond Hodges, Director, County of San Mateo Department of Housing

Date: 4-1-21

“Lessee”

OUR COMMON GROUND, INC.

By: _____
Orville L. Roache, Executive Director

IN WITNESS WHEREOF, County and Lessee have executed this Agreement by the respective authorized officers as set forth below to be effective as of the date executed by County.

“County”

COUNTY OF SAN MATEO

By: _____
Raymond Hodges, Director, County of San Mateo Department of Housing

Date: _____

“Lessee”

OUR COMMON GROUND, INC.

By: *Orville L. Roache* _____
Orville L. Roache, Executive Director