

AMENDMENT NO. 2 TO LEASE AGREEMENT

This Amendment No. 2 to Lease Agreement ("Amendment No. 2") is dated September 24, 2024 and is between Heritage Centre, LLC, a California limited liability company ("Lessor"), and the County of Fresno, a political subdivision of the State of California ("Lessee").

Recitals

A. On February 22, 2022, Lessor and Lessee entered into Lease Agreement, which is County Agreement Number 22-059 ("Lease"), for a lease with a purchase option for the Heritage Centre, as set forth in the Lease.

B. On August 8, 2023, Lessor and Lessee signed Amendment No. 1 to the Lease Agreement ("Amendment No. 1"). The original Lease (County Agreement Number 22-059), as amended by Amendment No. 1, is referred to herein as the "Lease", to add and otherwise modify the scope of the Tenant Improvements and increase the TI budget to accommodate the move of several 24-hour mental health facilities onto the site for the Department of Behavioral Health. Capitalized terms used but not defined in this Amendment No 2 shall have the meanings ascribed to such terms in the Lease.

C. During the course of the Tenant Improvements, the Department of Behavioral Health has identified additional large-scale components of Tenant Improvements that will be required for these facilities to operate, including new HVAC equipment, the modification of the required kitchen, and several other minor campus improvements.

D. In addition to the additions and changes to the Tenant Improvements from the Department of Behavioral Health, the Department of Social Services intends to modify a portion of the Premises to rehouse the Transitional Shelter Care Facility operations that are currently located at Modular Building C on the University Medical Center Campus, and in connection therewith requires additions and changes to the Tenant Improvements.

E. Lessee and Lessor now desire to amend the Lease to revise the scope of the Tenant Improvements and increase the TI Budget.

The parties therefore agree as follows:

1 1. Subsection 10.a of the Lease located at page 12, lines 7 through 12 of the Original
2 Lease (as amended by Section 1 of Amendment No. 1) is deleted in its entirety and
3 replaced with the following:

4 "Lessor shall use commercially reasonable efforts to ensure that those certain tenant
5 improvements ("Tenant Improvements") for which a Notice to Proceed is timely issued,
6 are completed, as and to the extent provided in, and in accordance with and subject to
7 the terms and conditions of, the provisions of this Section 10; provided, however, that
8 the total cost of all such Tenant Improvements in the aggregate shall not exceed the
9 sum of \$17,700,000 (the "TI Budget")."

10 2. Subsection 10.g of the Lease located at page 14, lines 6 through 13 of the Original
11 Lease (as amended by Section 2 of Amendment No. 1) is deleted in its entirety and
12 replaced with the following:

13 "Cost of Work: Lessor and Lessee shall use commercially reasonable efforts to
14 promptly finalize and jointly approve such TI Costs and any revisions to the
15 Working Drawings necessary to achieve a mutually acceptable TI Costs budget.
16 Notwithstanding the foregoing or anything to the contrary contained in this
17 Section 10, in no event shall the aggregate TI Costs for all phases of Tenant
18 Improvements hereunder exceed the total TI Budget of \$17,700,000, unless the
19 Parties mutually agree in writing, through an amendment to this Lease, in their
20 respective sole and absolute discretion, to increase the allowable TI spending
21 limits or otherwise to provide for the payment of the excess TI Costs."

22 3. The portion of Subsection 10.k of the Lease located at page 15, lines 20-28 and
23 page 16, lines 1-2 of the Original Lease (as amended by Section 3 of Amendment
24 No. 1), is deleted and replaced with the following:

25 "TI COST REIMBURSEMENT. In consideration of the TI Costs incurred by Lessor in
26 connection with this Section 10, Lessee shall pay Additional Rent to Lessor, which
27 shall be calculated by Lessor and paid by Lessee in accordance with the following
28 provisions ("TI Rent"):

1 “a. (i) The amount of the cost for each completed separate Tenant Improvement
2 “Task” up to a maximum of \$10,000,000, as listed on the schedule in Exhibit C
3 (whether a Tenant Improvement has been completed shall be determined in
4 accordance with Section 10.j above) shall be increased at the rate of 8% per
5 annum from the date expended through the first day of the calendar month
6 following Task completion (as so increased, collectively, the “Task TI Cost”).

7 (ii) Lessor will, by the 20th of each month, invoice Lessee for actual expenses
8 incurred in the previous month for TI Costs as listed on Exhibit C (whether a TI
9 has been completed shall be determined in accordance with Section 10.j above)
10 for TI Costs incurred over and above the initial \$10,000,000 threshold. These
11 separately invoiced costs shall not exceed \$6,200,000. Invoices shall be
12 accompanied by documentation in support of the expense. Lessee agrees to
13 reimburse Lessor within 45 days of receipt and approval of the invoice. Lessor
14 shall submit invoices referencing the provided agreement number to Department
15 of Behavioral Health – Invoices, 3151 N. Millbrook Ave, Fresno, CA 93703 ([dbh-
16 invoices@fresnocountyca.gov](mailto:dbh-invoices@fresnocountyca.gov)).

17 (iii) Lessor will, by the 20th of each month, invoice Lessee separately for actual
18 expenses incurred in the previous month for TI Costs as listed in Exhibit K,
19 attached and incorporated by this reference. These separately invoiced costs
20 shall not exceed \$1,500,000. Invoices shall be accompanied by documentation
21 in support of the expense. Lessee agrees to reimburse lessor within 45 days of
22 receipt and approval of the invoice. Lessor shall submit invoices referencing the
23 provided agreement number to Department of Social Services - Invoices, 205 W.
24 Pontiac Way, Clovis, CA 93612 (dsscontractpayments@fresnocountyca.gov).”

- 25 4. Exhibit C of the Lease located at page 49 through 51 (as amended by Section 5 of
26 Amendment No. 1) is deleted in its entirety and replaced with Exhibit C attached to
27 this Amendment No. 2.
28

1 5. Section 45 ENTIRE LEASE of the Lease located on page 45 lines 1-7 \ (as
2 amended by Section 6 of Amendment No. 1) is deleted and replaced with the
3 following:

4 "This Lease Agreement constitutes the entire Lease Agreement between the
5 Lessor and the Lessee with respect to the subject matter hereof and supersedes
6 all previous Lease Agreement negotiations, proposals, commitments, writings,
7 advertisements, publications, and understandings of any nature whatsoever
8 unless expressly included in this Lease Agreement. In the event of any
9 inconsistency in interpreting the documents which constitute this Lease
10 Agreement, the inconsistency shall be resolved by giving precedence in the
11 following order of priority: (1) the text of this Amendment No. 2 including all
12 exhibits, (2) the text of Amendment No. 1 including all exhibits, and (3) the Lease
13 including all exhibits.

14 6. When both parties have signed this Amendment No. 2, the Lease, Amendment No.
15 1, and this Amendment No. 2 together constitute the Lease.

16 7. Lessor represents and warrants to Lessee that:

17 a. Lessor is duly authorized and empowered to sign and perform its obligations
18 under this Amendment No. 2.

19 b. The individual signing this Amendment No. 2 on behalf of Lessor is duly
20 authorized to do so and his or her signature on this Amendment No. 2 legally
21 binds Lessor to the terms of this Amendment No. 2.

22 8. The parties agree that this Amendment No. 2 may be executed by electronic
23 signature as provided in this section.

24 a. An "electronic signature" means any symbol or process intended by an
25 individual signing this Amendment No. 2 to represent their signature, including
26 but not limited to (1) a digital signature; (2) a faxed version of an original
27 handwritten signature; or (3) an electronically scanned and transmitted (for
28 example by PDF document) version of an original handwritten signature.

- 1 b. Each electronic signature affixed or attached to this Amendment No. 2 is
2 deemed equivalent to a valid original handwritten signature of the person
3 signing this Amendment No. 2 for all purposes, including but not limited to
4 evidentiary proof in any administrative or judicial proceeding, and (2) has the
5 same force and effect as the valid original handwritten signature of that person.
- 6 c. The provisions of this section satisfy the requirements of Civil Code section
7 1633.5, subdivision (b), in the Uniform Electronic Transaction Act (Civil Code,
8 Division 3, Part 2, Title 2.5, beginning with section 1633.1).
- 9 d. Each party using a digital signature represents that it has undertaken and
10 satisfied the requirements of Government Code section 16.5, subdivision (a),
11 paragraphs (1) through (5), and agrees that each other party may rely upon that
12 representation.
- 13 e. This Amendment No. 2 is not conditioned upon the parties conducting the
14 transactions under it by electronic means and either party may sign this
15 Amendment No. 2 with an original handwritten signature.

16 9. This Amendment No. 2 may be signed in counterparts, each of which is an original,
17 and all of which together constitute this Amendment No. 2.


18 10. The Lease as amended by this Amendment No. 2 is ratified and continued. All
19 provisions of the Lease and not amended by this Amendment No. 2 remain in full
20 force and effect.


21 *[SIGNATURE PAGE FOLLOWS]*
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1 The parties are signing this Amendment No. 2 on the date stated in the introductory
2 clause.

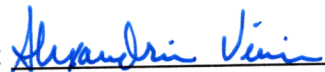
3 HERITAGE CENTRE, LLC

COUNTY OF FRESNO

4
5 
6 J.R. Orton, III, Manager

7 
Nathan Magsig, Chairman of the Board of
Supervisors of the County of Fresno

8 **Attest:**
Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California

9
10 By: 
11 Deputy

12 For accounting use only:

13 Department of Behavioral Health
14 Org No.: 5630
15 Account No.: 7340
Fund No.: 0001
Subclass No.: 10000

16
17 Department of Social Services
18 Org No.: 56107001
19 Account No.: 7385
20 Fund No.: 0001
Subclass No.: 10000

Exhibit C

DBH - Tenant Improvement Tasks and Payment Schedule

Monthly Base Rent		Monthly Tenant Improvement Payments*	
Year 1	\$ 220,000.00	Year 1	\$ -
Year 2	\$ 220,000.00	Year 2	\$ -
Year 3	\$ 220,000.00	Year 3	\$ 141,366.79
Year 4	\$ 220,000.00	Year 4	\$ 141,366.79
Year 5	\$ 220,000.00	Year 5	\$ 141,366.79
Year 6	\$ 230,000.00	Year 6	\$ 141,366.79
Year 7	\$ 230,000.00	Year 7	\$ 141,366.79
Year 8	\$ 230,000.00	Year 8	\$ 141,366.79
Year 9	\$ 230,000.00	Year 9	\$ 141,366.79
Year 10	\$ 230,000.00	Year 10	\$ 141,366.79

* **Example:** Tenant Improvement costs of \$10,000,000 are completed and paid for one month before Year 2, and amortized over 8-years at 8% per annum.

Actual TI Costs over and above \$10,000,000 will be invoiced to DBH-Invoices@fresnocountyca.gov and processed and paid within 45 days of receipt and approval of invoice accompanied by documentation in support of the expense. TI Costs incurred over and above the initial \$10,000,000 threshold shall not exceed \$6,200,000.

Tenant Improvement Costs shall not exceed \$17,700,000 without LESSEE's written approval. This schedule shall be updated to reflect actual costs once final costs are known.

Tenant Improvement Tasks

The Scope of Work (including all labor, materials and equipment required to complete the work as outlined below (subject to change), shall be performed by Lessor and Lessor's contractor.

The Scope of Work includes the following:

Demolition/Abatement

- Demo and remove interior walls, acoustical ceiling system and wires
- HVAC ductwork as needed per plans
- Remove abandoned electrical
- Dispose of plumbing fixtures, restroom fixtures and partitions per plans
- Demo and remove doors and frames per plans

Concrete

- Pour and place concrete to patch trenches for new plumbing per plans

Rough Carpentry

- Supply all lumber and hardware per plans

Casework

- Fabricate and install upper/lower cabinets and hardware per plans and Tenant Specifications
- Install Countertops per plans and Tenant specifications

Insulation

Exhibit C
DBH - Tenant Improvement Tasks and Payment Schedule

- Furnish and install all wall and ceiling insulation per plans

Door Frames/Hardware

- Furnish and install all doors and hardware per plans

Studs/Drywall

- Furnish and install all studs and drywall per plans

Flooring/Base

- Furnish and install all carpet, VCT or LVT per plans

Painting

- Paint interior surfaces per plans and Tenant specifications
- Exterior painting not included

Acoustical Ceiling

- Furnish and install all acoustical ceiling per plans

Code Signage

- Provide and install code signage per plans

Restroom Accessories

- Furnish and install all restroom accessories per plans

Fire Extinguishers/Cabinets

- Furnish and install all fire extinguishers and cabinets per plans

Fire Sprinklers

- Modify existing fire sprinklers per plans as necessary

Plumbing

- Provide and install all plumbing per plans, including Central Kitchen
- Furnish and install plumbing fixtures for all restrooms and break rooms

HVAC

- Furnish and install all ducting to accommodate new offices, rooms, and Restrooms
- Furnish and install new registers/grilles per plans

Electrical

- Provide and install all electrical per plans
- Furnish and install new light fixtures and controls per plans

Fire Alarm

- Modify existing fire alarm system per plans

Generator

- Design, spec and install backup generator(s) for 24-hour facilities

Chiller / Cooling Towers and Variable Frequency Drives (VFD)

- Design, spec and install

Exhibit C
DBH - Tenant Improvement Tasks and Payment Schedule

Outdoor Recreation Yard Fencing

- Design, spec and install

Appliances for Central Kitchen

- Design, spec and install

Exclusions

- Data (servers, patch panel, cable, punch-down etc.)
- Phone systems (cables and equipment)
- Security camera and intrusion systems
- Noise mitigation systems
- Furniture (Cubicles/modular furniture, chairs etc and fixtures)
- Appliances (Exception – Central Kitchen Equipment)
- Playground equipment
- New roof
- Elevator modernization
- LEED Certification

Exhibit C

DBH - Tenant Improvement Tasks and Payment Schedule

Construction Timeline

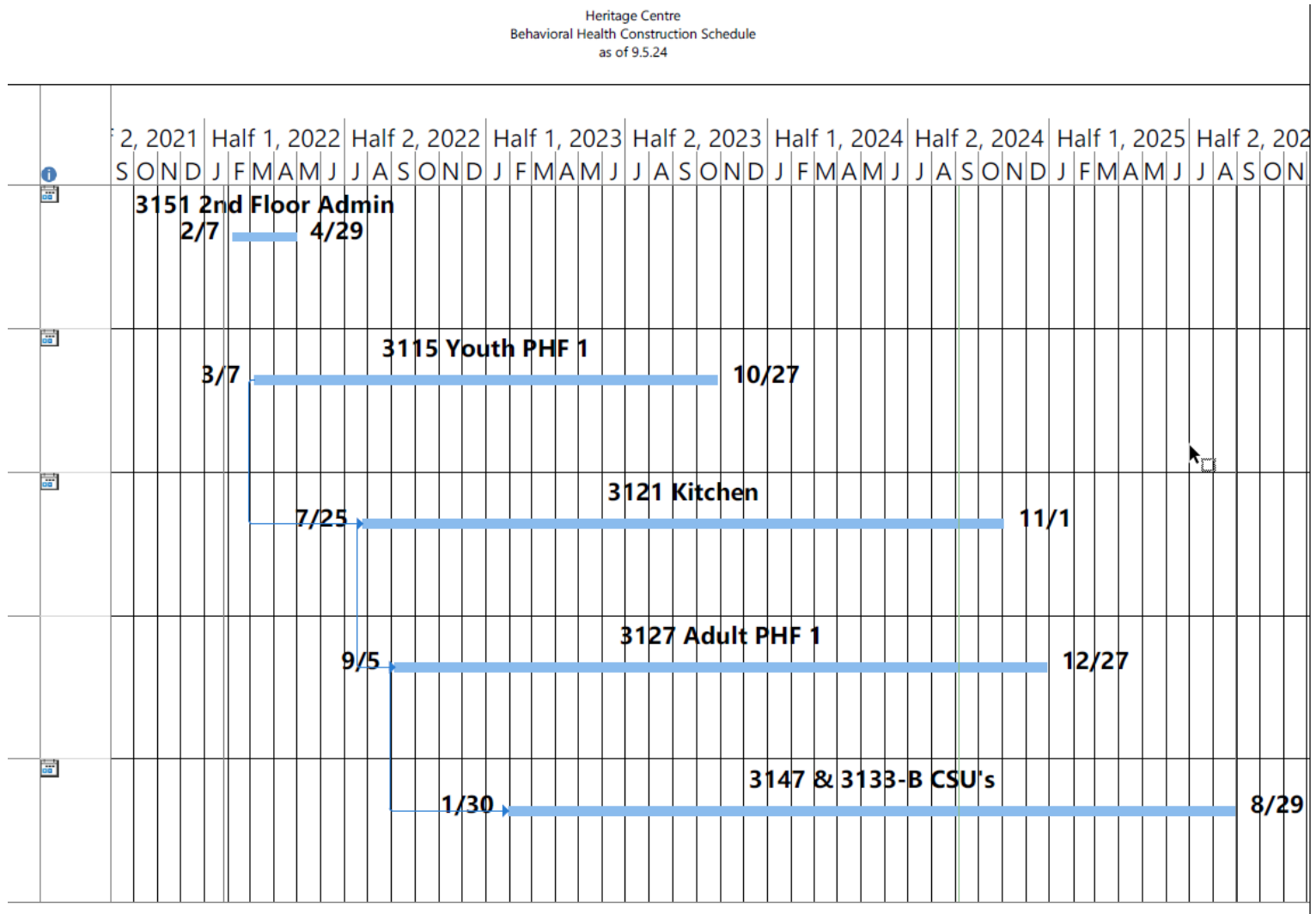


Exhibit K

DSS - Tenant Improvement Tasks for Transitional Shelter Care Facility

Actual TI Costs will be invoiced to dsscontractpayments@fresnocountyca.gov and processed and paid within 45 days of receipt and approval of invoice accompanied by documentation in support of the expense. TI Costs incurred for this space shall not exceed \$1,500,000.

Tenant Improvement Tasks

The Scope of Work (including all labor, materials and equipment required to complete the work as described in the attached map (subject to change), shall be performed by Lessor and Lessor's contractor. All work shall be completed as needed, per plans as approved by Lessee. The Scope of Work includes the following:

Demolition/Abatement

- Demolition (break down) and removal of interior walls, acoustical ceiling system and wires
- HVAC ductwork
- Remove abandoned electrical
- Dispose of plumbing fixtures, restroom fixtures and partitions
- Demolition (break down) and removal of doors and frames

Concrete

- Pour and place concrete to patch trenches for new plumbing

Rough Carpentry

- Supply all lumber and hardware

Casework

Fabricate, install, and modify upper/lower cabinets, hardware, and countertops

Insulation

- Furnish, add, and modify wall and ceiling insulation

Door Frames/Hardware

- Furnish, install, and modify doors and hardware

Studs/Drywall

- Furnish, install, and modify studs and drywall

Flooring/Base

- Furnish, install, and modify all carpet, VCT or LVT

Painting

- Paint interior surfaces
- Exterior painting not included

Acoustical Ceiling

- Furnish, install, and modify all acoustical ceiling

Code Signage

- Provide, install, and modify code signage

Restroom Accessories

- Furnish, install, and modify all restroom accessories

Exhibit K
DSS - Tenant Improvement Tasks for Transitional Shelter Care Facility

Fire Extinguishers/Cabinets

- Furnish, install, and modify all fire extinguishers and cabinets

Fire Sprinklers

- Modify existing fire sprinklers

Plumbing

- Furnish, install, and modify all plumbing
- Furnish, install, and modify plumbing fixtures for all restrooms, kitchenettes, and break rooms

HVAC

- Furnish, install, and modify all ducting to accommodate new offices, rooms, and restrooms
- Furnish, install, and modify new registers/grilles

Electrical

- Furnish, install, and modify all electrical
- Furnish, install, and modify new light fixtures and controls

Fire Alarm

- Modify existing fire alarm system

Exclusions

- Data (servers, patch panel, cable, punch-down etc.)
- Phone systems (cables and equipment)
- Security camera and intrusion systems
- Furniture (Cubicles/modular furniture, chairs etc and fixtures)
- Elevator modernization
- LEED Certification

Exhibit K

DSS - Tenant Improvement Tasks for Transitional Shelter Care Facility

