

**AMENDMENT NO. 3 TO LEASE AGREEMENT**

This Amendment No. 3 to Lease Agreement (“Amendment No. 3”) is dated November 5, 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”) 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.

C. On September 24, 2024, Lessor and Lessee signed Amendment No. 2 to the Lease Agreement (“Amendment No. 2”) 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 Tennant Improvements and increase the TI budget to accommodate 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. 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.

D. Lessee now desires to execute the negotiated Purchase and Sale Agreement in order to better qualify for competitive grant funding to make additional upgrades to the site to add additional 24/7 treatment facilities beyond those that have previously been under construction.

1 Capitalized terms used but not defined in this Amendment No 3 shall have the meanings  
2 ascribed to such terms in the Lease.

3 E. Lessee and Lessor now desire to amend the Lease to allow for the immediate execution  
4 of the Purchase and Sale Agreement.

5 The parties therefore agree as follows:

6 1. Subsection 38.a of the Lease located at page 38, line 5 through page 39, line 2 of  
7 the Original Lease is deleted in its entirety and replaced with the following:

8 “a) Exercise of Purchase Option

9 i. LESSOR hereby grants to LESSEE the one-time right and option to purchase  
10 the Premises (including the Real Property and the Building and all facilities, whether  
11 above or below ground, located on the Real Property) on the terms set forth herein, such  
12 purchase to close on, and be effective as of, the day immediately following the  
13 Expiration Date (the “Purchase Date”), by executing the Purchase and Sale Agreement  
14 in the form of Exhibit G, which is attached and incorporated by this reference. The  
15 purchase price for the Premises (including the Real Property and the Building, and all  
16 such facilities) under the Purchase Option shall be one million dollars (\$1,000,000.00)  
17 (“Purchase Price”).

18 ii. Notwithstanding anything to the contrary contained in this Section 38,  
19 LESSEE’s exercise of the Purchase Option shall be effective only if all of the conditions  
20 precedent set forth hereinbelow are true and correct during the period commencing upon  
21 the date LESSEE delivers the Purchase Option Notice, and continuing until the Closing  
22 Date (as that term is defined below), unless LESSOR, in LESSOR’s sole discretion,  
23 elects to waive any such condition precedent in writing:

24 2. LESSEE shall not then be in default (after expiration of any  
25 applicable notice and cure period) under this LEASE; and

26 3. LESSEE shall not have assigned its interest in the LEASE or in  
27 the Purchase Option.”  
28

1 2. Exhibit G of the Lease located at page 58 through 111 is deleted in its entirety and  
2 replaced with Exhibit G attached to this Amendment No. 3.

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

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

11 "a. (i) The amount of the cost for each completed separate Tenant Improvement  
12 "Task" up to a maximum of \$6,525,578 (the "TI Rent Threshold"), as listed on the  
13 schedule in Exhibit C (whether a Tenant Improvement has been completed shall  
14 be determined in accordance with Section 10.j above) shall be increased at the  
15 rate of 8% per annum from the date expended through the first day of the  
16 calendar month following Task completion (as so increased, collectively, the  
17 "Task TI Cost").

18 (ii) Lessor will, by the 20<sup>th</sup> of each month, invoice Lessee for actual expenses  
19 incurred in the previous month for TI Costs as listed on Exhibit C (whether a TI  
20 has been completed shall be determined in accordance with Section 10.j above)  
21 for TI Costs incurred over and above the initial TI Rent Threshold. These  
22 separately invoiced costs shall not exceed the difference between \$16,200,000  
23 and the TI Rent Threshold. Invoices shall be accompanied by documentation in  
24 support of the expense. Lessee agrees to reimburse Lessor within 45 days of  
25 receipt and approval of the invoice. Lessor shall submit invoices referencing the  
26 provided agreement number to Department of Behavioral Health – Invoices,  
27 3151 N. Millbrook Ave, Fresno, CA 93703 ([dbh-invoices@fresnocountyca.gov](mailto:dbh-invoices@fresnocountyca.gov)).

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

- 9 4. The last sentence of subparagraph (c) of Subsection 10.k of the Lease (located at  
10 page 16, lines 14-15) and Exhibit C to the Lease are amended as follows: (i) all  
11 references therein to the amount of "\$10,000,000" are hereby amended to read  
12 instead as "\$6,525,578" and the examples of estimated Monthly Tenant  
13 Improvement Payments set forth therein are hereby changed from "\$141,366.79" to  
14 "\$114,414.53" but will be finally determined upon completion of the Tenant  
15 Improvements.
- 16 5. Lessee shall also have the right to elect, at its sole option, to further reduce the TI  
17 Rent Threshold set forth in Subsection 10.k.a(i) of the Lease, as amended hereby,  
18 by any amount it chooses, in which case an amount of Lessor's TI Costs equal to the  
19 amount of such reduction in the TI Rent Threshold shall instead be reimbursed by  
20 Lessee in cash in accordance with the terms of Subsection 10.k.a(ii) of the Lease,  
21 and such amount shall be disregarded in the calculation of TI Rent. Any such  
22 election by Lessee shall be memorialized in an amendment to the Lease executed  
23 by the parties.
- 24 6. Section 45 ENTIRE LEASE of the Lease located on page 45 lines 1-7 \ (as amended  
25 by Section 6 of Amendment No. 1) is deleted and replaced with the following:  
26 "This Lease Agreement constitutes the entire Lease Agreement between the  
27 Lessor and the Lessee with respect to the subject matter hereof and supersedes  
28 all previous Lease Agreement negotiations, proposals, commitments, writings,

1 advertisements, publications, and understandings of any nature whatsoever  
2 unless expressly included in this Lease Agreement. In the event of any  
3 inconsistency in interpreting the documents which constitute this Lease  
4 Agreement, the inconsistency shall be resolved by giving precedence in the  
5 following order of priority: (1) the text of this Amendment No. 3 including all  
6 exhibits, (2) the text of Amendment No. 2 including all exhibits, (3) the text of  
7 Amendment No. 1 including all exhibits, and (4) the Lease including all exhibits.

8 7. When both parties have signed this Amendment No. 3, the Lease, Amendment No.  
9 1, Amendment No. 2 and this Amendment No. 3 together constitute the Lease.

10 8. Lessor represents and warrants to Lessee that:

11 a. Lessor is duly authorized and empowered to sign and perform its obligations  
12 under this Amendment No. 3.

13 b. The individual signing this Amendment No. 3 on behalf of Lessor is duly  
14 authorized to do so and his or her signature on this Amendment No. 3 legally  
15 binds Lessor to the terms of this Amendment No. 3.

16 9. The parties agree that this Amendment No. 3 may be executed by electronic  
17 signature as provided in this section.

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

23 b. Each electronic signature affixed or attached to this Amendment No. 3 is  
24 deemed equivalent to a valid original handwritten signature of the person  
25 signing this Amendment No. 3 for all purposes, including but not limited to  
26 evidentiary proof in any administrative or judicial proceeding, and (2) has the  
27 same force and effect as the valid original handwritten signature of that person.  
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c. The provisions of this section satisfy the requirements of Civil Code section 1633.5, subdivision (b), in the Uniform Electronic Transaction Act (Civil Code, Division 3, Part 2, Title 2.5, beginning with section 1633.1).

d. Each party using a digital signature represents that it has undertaken and satisfied the requirements of Government Code section 16.5, subdivision (a), paragraphs (1) through (5), and agrees that each other party may rely upon that representation.

e. This Amendment No. 3 is not conditioned upon the parties conducting the transactions under it by electronic means and either party may sign this Amendment No. 3 with an original handwritten signature.

10. This Amendment No. 3 may be signed in counterparts, each of which is an original, and all of which together constitute this Amendment No. 3.

11. The Lease as amended by this Amendment No. 3 is ratified and continued. All provisions of the Lease and not amended by this Amendment No. 3 remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

1 The parties are signing this Amendment No. 2 on the date stated in the introductory  
2 clause.

3 HERITAGE CENTRE, LLC



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


COUNTY OF FRESNO



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

10 **Attest:**

11 Bernice E. Seidel  
12 Clerk of the Board of Supervisors  
13 County of Fresno, State of California

14 By:   
15 Deputy

16 For accounting use only:

17 Department of Behavioral Health  
18 Org No.: 5630  
19 Account No.: 7340  
20 Fund No.: 0001  
21 Subclass No.: 10000

22 Department of Social Services  
23 Org No.: 56107001  
24 Account No.: 7385  
25 Fund No.: 0001  
26 Subclass No.: 10000