

AMENDMENT NO. 4 TO LEASE AGREEMENT

This Amendment No. 4 to Lease Agreement ("Amendment No. 4") is dated August 19, 2025 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"). Capitalized terms used but not defined in this Amendment No. 4 shall have the meanings ascribed to such terms in the Lease, or other amendments to the Lease referenced herein.

Recitals

A. On February 22, 2022, Lessor and Lessee entered into a Lease Agreement, which is County Agreement Number 22-059, for a lease of the Premises with Lessee having a purchase option for the Heritage Centre ("Lease"), as set forth in the Lease. The Parties agreed under the Lease that the total cost of all Tenant Improvements in the aggregate shall not exceed the sum of \$10,000,000 (the "TI Budget").

B. On August 8, 2023, Lessor and Lessee signed Amendment No. 1 to Lease Agreement ("Amendment No. 1") to modify the scope of the Tenant Improvements and increase the TI Budget from the aggregate sum of \$10,000,000 to \$13,200,000 to accommodate the move of several 24-hour mental health facilities onto the site for the Department of Behavioral Health. Amendment No. 1 also modified the Tenant Improvement Tasks and Payment Schedule to reflect the elimination of Monthly Tenant Improvement Payments for Years 1 and 2 and to reference a maximum \$10,000,000 threshold for each completed Tenant Improvement "Task" up to such maximum relative to such schedule.

C. On September 24, 2024, Lessor and Lessee signed Amendment No. 2 to Lease Agreement ("Amendment No. 2") to again modify the scope of the Tenant Improvements and increase the TI Budget to accommodate additional large-scale operational improvements, identified and needed by the Department of Behavioral Health, including new HVAC equipment, the modification of the kitchen from a warming kitchen to a full-service kitchen, and several other minor campus improvements. In addition to those additions and changes to the Tenant Improvements, the Department of Social Services also identified modifications to the Tenant

1 Improvements needed to rehouse the Transitional Shelter Care Facility operations located at
2 Modular Building C on the University Medical Center Campus. To modify the scope of the
3 Tenant Improvements, the parties agreed under Amendment No. 2 to increase the TI Budget
4 from the aggregate sum of \$13,200,000 to \$17,700,000. Under such TI Budget, \$3,000,000 of
5 such increase is attributable to Tenant Improvements for the Department of Behavioral Health
6 (for a maximum of \$16,200,000), and \$1,500,000 of such increase is attributable to Tenant
7 Improvements for the Department of Social Services. In addition, the maximum \$10,000,000
8 threshold for each completed Tenant Improvement “Task” up to such maximum was applied to
9 the maximum of \$16,200,000 that is attributable to Tenant Improvements for the Department of
10 Behavioral Health.

11 D. On November 5, 2024, Lessor and Lessee signed Amendment No. 3 to Lease
12 Agreement (“Amendment No. 3”), to execute the negotiated Purchase and Sale Agreement in
13 order to better qualify for competitive grant funding to make additional upgrades to the site to
14 add additional 24/7 treatment facilities beyond those that have previously been under
15 construction. Amendment 3 also decreased the maximum tenant improvements threshold from
16 \$10,000,000 to \$6,525,578.38 (as defined in Amendment 3 as the “TI Rent Threshold”), to
17 reflect Lessee’s prior payment, which was without prepayment penalty, to Lessor totaling
18 \$3,474,421.62 toward a portion of the rent that is attributable to Tenant Improvements for the
19 Department of Behavioral Health.

20 E. Lessee, on behalf of the Department of Behavioral Health, in consultation with Lessor,
21 has now identified additional large scale improvements necessary for the Department of
22 Behavioral Health’s facilities to operate, including the design, specifications, demolition and
23 installation of structural improvements to support the installation of new HVAC air handlers, and
24 improvements to the Crisis Stabilization Units (CSUs) for the Premises to comply with City of
25 Fresno and State of California Department of Health Care Services (DHCS) regulations for
26 Psychiatric Health Facilities (PHFs); these improvements include the addition and relocation of
27 a seclusion room, requiring fire-rated walls, safety padding, and restraint capabilities. Lessee,
28 on behalf of the Department of Behavioral Health, in consultation with Lessor, has also

1 determined that the following improvements are needed for the Premises to meet the regulatory
2 requirements: the installation of smoke partitions and dampers necessary to divide the CSUs
3 into separate fire/smoke zones; floor leveling, based on a complex issue due to multiple building
4 additions over time, to meet Americans with Disabilities Act (ADA) requirements; and the aging
5 main sliding entrance doors will be replaced with storefront style doors. Lessor has informed
6 Lessee that these changes, needed for such regulatory requirements, have impacted the
7 framing, plumbing, HVAC, electrical and fire/life safety systems, resulting in the foregoing
8 additional needed Tenant Improvements.

9 F. Based on Lessee and Lessor consulting, as state above, the parties now desire to
10 amend the Lease to revise the scope of the Tenant Improvements and increase the portion of
11 the TI Budget attributable to the Department of Behavioral Health for these Tenant
12 Improvements as follows. Consistent with Amendment No. 1, Amendment No. 2, and
13 Amendment No. 3, and as provided in this Amendment No. 4, the Lessee's payment for each
14 completed Tenant Improvement "Task" above the maximum threshold of \$6,525,578.38 for all
15 Tenant Improvements for the Department of Behavioral Health, is without penalty, and enables
16 Lessee to avoid paying the 8% per annum amortization charge referenced in Exhibit C.

17 The parties therefore agree as follows:

- 18 1. Subsection 10(a) of the Lease, located at page 12, lines 7 through 12 of the Lease
19 (as amended by Section 2 of Amendment No. 1 and as further amended by Section
20 2 of Amendment No. 2) is deleted in its entirety and replaced with the following:
21 "Lessor shall use commercially reasonable efforts to ensure that those certain tenant
22 improvements ("Tenant Improvements") for which a Notice to Proceed is timely issued
23 under this Lease, including, Amendment 1 to Lease Agreement, Amendment 2 to Lease
24 Agreement, and Amendment 4 to Lease Agreement, respectively, are completed, as and
25 to the extent provided in, and in accordance with and subject to the terms and conditions
26 of, the provisions of this Section 10; provided, however, that the total cost of all such
27 Tenant Improvements in the aggregate shall not exceed the sum of \$21,531,645.00 (the
28 "TI Budget")."

1 2. Subsection 10(g) of the Lease located at page 14, lines 6 through 13 of the Lease
2 (as amended by Section 2 of Amendment No. 1 and as further amended by Section
3 2 of Amendment No. 2) is deleted in its entirety and replaced with the following:

4 “Cost of Work: Lessor and Lessee shall use commercially reasonable efforts to
5 promptly finalize and jointly approve such TI Costs and any revisions to the
6 Working Drawings necessary to achieve a mutually acceptable TI Costs budget.
7 Notwithstanding the foregoing or anything to the contrary contained in this
8 Section 10, in no event shall the aggregate TI Costs for all phases of Tenant
9 Improvements hereunder exceed the total TI Budget of \$21,531,645.00, unless
10 the Parties mutually agree in writing, through an amendment to this Lease, in
11 their respective sole and absolute discretion, to increase the allowable TI
12 spending limits or otherwise to provide for the payment of the excess TI Costs.”

13 3. The portion of Subsection 10(k) of the Lease beginning on page 15, line 20 and
14 ending on page 16, line 2 of the Lease (as amended by Section 3 of Amendment No.
15 1, as further amended by Section 3 of Amendment No. 2, and as further amended by
16 Section 3 of Amendment No. 3) is deleted and replaced with the following:

17 “TI COST REIMBURSEMENT. In consideration of the TI Costs incurred by Lessor in
18 connection with this Section 10, Lessee shall pay Additional Rent to Lessor, which
19 shall be calculated by Lessor and paid by Lessee in accordance with the following
20 provisions (“TI Rent”):

21 “a. (i) The amount of the cost for each completed separate Tenant Improvement
22 “Task” up to a maximum of \$6,525,578.38 (the “TI Rent Threshold”), as listed
23 on the schedule in Exhibit C (whether a Tenant Improvement has been
24 completed shall be determined in accordance with Section 10.j above) shall be
25 increased at the rate of 8% per annum from the date expended through the first
26 day of the calendar month following Task completion (as so increased,
27 collectively, the “Task TI Cost”).

(ii) Lessor will, by the 20th of each month, invoice Lessee for actual expenses incurred in the previous month for TI Costs as listed on Exhibit C (whether a TI has been completed shall be determined in accordance with Section 10.j above) for TI Costs incurred over and above the TI Rent Threshold. These separately invoiced costs shall not exceed the difference between \$20,031,645 and the TI Rent Threshold. Invoices shall be accompanied by documentation in support of the expense. Lessee agrees to reimburse Lessor within 45 days of receipt and approval of the invoice. Lessor shall submit invoices referencing the provided agreement number to Department of Behavioral Health – Invoices, 3151 N. Millbrook Ave, Fresno, CA 93703 (dbh-invoices@fresnocountyca.gov). Exhibit C to this Lease (as amended by Amendment No. 1 to Lease Agreement, Amendment No. 2 to Lease Agreement, and Amendment No. 3 to Lease Agreement), is revised pursuant to this Amendment No. 4 and is attached and incorporated by this reference.”

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

“This Lease Agreement constitutes the entire Lease Agreement between the Lessor and the Lessee with respect to the subject matter hereof and supersedes all previous Lease Agreement negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Lease Agreement. In the event of any inconsistency in interpreting the documents which constitute this Lease Agreement, the inconsistency shall be resolved by giving precedence in the following order of priority: (1) the text of this Amendment No. 4 including Exhibit C; (2) the text of Amendment No. 3 including Exhibit G; (3) the text of Amendment No. 2 including Exhibits C and K; (4) the text of Amendment No. 1 including Exhibit C; and (5) the Lease including all its exhibits.”

1 5. When both parties have signed this Amendment No. 4, the Lease, Amendment No.
2 1, Amendment No. 2, Amendment No. 3 and this Amendment No. 4 together
3 constitute the Lease.

4 6. Lessor represents and warrants to Lessee that:

5 a. Lessor is duly authorized and empowered to sign and perform its obligations
6 under this Amendment No. 4.

7 b. The individual signing this Amendment No. 4 on behalf of Lessor is duly
8 authorized to do so and his or her signature on this Amendment No. 4 legally
9 binds Lessor to the terms of this Amendment No. 4.

10 7. The parties agree that this Amendment No. 4 may be executed by electronic
11 signature as provided in this section.

12 a. An "electronic signature" means any symbol or process intended by an
13 individual signing this Amendment No. 4 to represent their signature, including
14 but not limited to (1) a digital signature; (2) a faxed version of an original
15 handwritten signature; or (3) an electronically scanned and transmitted (for
16 example by PDF document) version of an original handwritten signature.

17 b. Each electronic signature affixed or attached to this Amendment No. 4 is
18 deemed equivalent to a valid original handwritten signature of the person
19 signing this Amendment No. 4 for all purposes, including but not limited to
20 evidentiary proof in any administrative or judicial proceeding, and (2) has the
21 same force and effect as the valid original handwritten signature of that person.

22 c. The provisions of this section satisfy the requirements of Civil Code section
23 1633.5, subdivision (b), in the Uniform Electronic Transaction Act (Civil Code,
24 Division 3, Part 2, Title 2.5, beginning with section 1633.1).

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

- e. This Amendment No. 4 is not conditioned upon the parties conducting the transactions under it by electronic means and either party may sign this Amendment No. 4 with an original handwritten signature.
8. This Amendment No. 4 may be signed in counterparts, each of which is an original, and all of which together constitute this Amendment No. 4.
9. The Lease as amended by this Amendment No. 4 is ratified and continued. All provisions of the Lease and not amended by this Amendment No. 4 remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

1 The parties are signing this Amendment No. 4 on the date stated in the introductory
2 clause.

3 HERITAGE CENTRE, LLC

4

5 J.R. Orton, III, Manager

6 COUNTY OF FRESNO

7 

8 Ernest Buddy Mendes, Chairman of the
9 Board of 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

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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 3	\$ 220,000.00		\$ 114,414.53
Year 4	\$ 220,000.00		\$ 114,414.53
Year 5	\$ 220,000.00		\$ 114,414.53
Year 6	\$ 230,000.00		\$ 114,414.53
Year 7	\$ 230,000.00		\$ 114,414.53
Year 8	\$ 230,000.00		\$ 114,414.53
Year 9	\$ 230,000.00		\$ 114,414.53
Year 10	\$ 230,000.00		\$ 114,414.53

* **Example:** Tenant Improvement costs of \$6,525,578 for completed improvements before Year 2 are amortized over 8-years (in Years 3 – 10) at 8% per annum.

Tenant Improvement Tasks

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

The Scope of Work includes the following:

Demolition/Abatement

- Demolish 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
- Demolish and remove doors and frames per plans
- Demolish CSU plumbing piping

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

- Furnish and install all wall and ceiling insulation per plans

Door Frames/Hardware

- Furnish and install all doors and hardware per plans

Exhibit C
DBH - Tenant Improvement Tasks and Payment Schedule

- Furnish and install new storefront doors at CSU entrances

Studs/Drywall

- Furnish and install all studs and drywall per plans
- Furnish and install additional studs and drywall throughout CSU
- Furnish and install additional studs and drywall for seclusion room
- Furnish and install drywall and paneling in basement of facility

Flooring/Base

- Furnish and install all carpet, VCT or LVT per plans
- Level flooring throughout CSUs to meet Americans with Disabilities Act (ADA) requirements

Painting

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

Acoustical Ceiling

- Furnish and install all acoustical ceiling per plans
- Furnish and install ceiling for additional rooms

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
- Service PHF and basement fire extinguishers

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
- Furnish and install anti-ligature plumbing fixtures in CSU
- Furnish and install of replacement piping in CSU

HVAC

- Furnish and install all ducting to accommodate new offices, rooms, and Restrooms
- Furnish and install new registers/grilles per plans
- Design, spec, and install structural air handler platform
- Furnish and install new air handler units

Electrical

- Provide and install all electrical per plans
- Furnish and install new light fixtures and controls per plans
- Furnish and install new anti-ligature light fixtures and controls in additional rooms

Exhibit C
DBH - Tenant Improvement Tasks and Payment Schedule

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

Outdoor Recreation Yard Fencing

- Design, spec and install

Appliances for Central Kitchen

- Design, spec and install

Fire Protection

- Installation of smoke dampers and smoke barriers per plans

Safety Materials

- Furnish and install seclusion room padding

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