

**A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO**

TO BE HELD AT 715 EAST BRIER DRIVE
SAN BERNARDINO, CALIFORNIA
May 13, 2025 AT 3:00 P.M.

AGENDA

PUBLIC SESSION

- 1) Call to Order and Roll Call
- 2) Additions or deletions to the agenda
- 3) General Public Comment - Any member of the public may address the Board of Commissioners on any matter not on the agenda that is within the subject matter jurisdiction of the Board. To make a comment on a specific agenda item, you may do so during the meeting or, alternatively, please submit your comments via email by 1:00 p.m. on the Tuesday of the Board meeting. Comments should be limited to 250 words or less. Please submit your comments via web at <https://hacsb.com/board-of-commissioners/> or email at publiccomment@hacsb.com. Your comments will be placed into the record at the meeting. Efforts will be made to read the comments into the record, but some comments may not be read due to time limitations.

DISCUSSION CALENDAR

(Public comment is available for each item on the discussion calendar)

- 4) Receive the Executive Director's Report for May 13, 2025.
(Page 1)
- 5) Receive the board building presentation for May 13, 2025, an overview on leasing and budgeting for the Housing Choice Voucher program.
(Page 2)
- 6) Approve a non-financial Memorandum of Understanding with San Bernardino County's Department of Behavioral Health for the No Child Left Unsheltered program for the period of July 1, 2025 through June 30, 2030.
(Pages 3-27)
- 7) Approve Memorandum of Understanding with Foothill AIDS Project to administer the Housing Opportunities for Persons with AIDS program for one year effective July 1, 2025 through June 30, 2026, in the amount not to exceed \$1,316,216, and may be extended for one-year periods upon written agreement by both parties.
(Pages 28-39)

- 8) Approve a contract with the San Bernardino County Transitional Assistance Department for the provision of California Work Opportunity and Responsibility to Kids Housing Support Program services for a contract amount not to exceed \$16,434,760, for the total contract period of July 1, 2025, through May 31, 2028.
(Pages 40-75)
- 9) Approve Amendment No. 4 to the contract PC1212, effective May 14, 2025, for agencywide janitorial services with Base Hill, Inc., dba Jan Point exercising the single-year option to extend the contract through August 31, 2026 and increasing the compensation by \$237,929.28 for a total amount not to exceed \$737,929.28 for such option year.
(Pages 76-81)
- 10) Approve an increase in appropriations, effective May 14, 2025, for flooring services in the amount \$934,729 for an overall amount split between two vendors not to exceed \$1,184,729.
(Pages 82-91)
- 11) Retroactively authorize the Executive Director to execute the lease agreement with Echo SB, LLC for Echo Apartments located at 505 E. Rialto Ave, San Bernardino, CA.
(Pages 92-149)

CONSENT CALENDAR

APPROVAL OF CONSENT ITEMS: # 12-17

- 12) Ratify the following items passed with a second to the original motion by Sid Jain, who, as a result of a clerical error, had not been properly appointed as a board member of the Housing Authority. The original item attachments are available at the HACSB office.
(Pages 150-162)
 - a) Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for nine No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
 - b) Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
 - c) Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
 - d) Ratify the April 8, 2025 approval and filing of agency-wide financial statements through December 2024.
 - e) Ratify the April 8, 2025 approval of vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of January 2025.
 - f) Ratify the April 8, 2025 approval of delinquent landlord accounts for the Housing Services Programs to be written off as collection losses.
- 13) Approve the corrected meeting minutes for the special meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on March 17, 2025.
(Pages 163-169)

- 14) Approve the corrected meeting minutes for the regular meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on April 8, 2025.
(Pages 170-174)
- 15) Approve and file agency-wide financial statements through January 2025.
(Pages 175-177)
- 16) Approve vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of February 2025.
(Pages 178-182)
- 17) Approve the write-off of delinquent accounts for the Housing Services Programs as collection losses for the month of March 2025.
(Pages 183-185)
- 18) Individual Board member comments.
- 19) Adjourn

This agenda contains a brief description of each item of business to be considered at the meeting. In accordance with the Ralph M. Brown Act, this meeting agenda is posted at least 72 hours prior to the regularly scheduled meeting at the Housing Authority of the County of San Bernardino (HACSB) Building located at 715 East Brier Drive, San Bernardino, California, 92408. The agenda and its supporting documents can be viewed online at <http://www.hacsb.com>. However, the online agenda may not include all available supporting documents or the most current version of documents.

If you challenge any decision regarding any of the above agenda items in court, you may be limited to raising only those issues you or someone else raised during the public testimony period regarding that agenda item or in written correspondence delivered to the Board of Commissioners at, or prior to, the public meeting.

It is the intention of the HACSB to comply with the Americans with Disabilities Act (ADA). If you require special assistance, HACSB will attempt to accommodate you in every reasonable manner. Please contact Cynthia Robinson at (909) 890-5388 at least 48 hours prior to the meeting to inform us of your particular needs.

HACSB ofrece asistencia idiomática gratis. Para ayuda con este documento, por favor llámenos al (909) 890-0644.

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Executive Director's Report for May 13, 2025

RECOMMENDATION(S)

Receive the Executive Director's Report for May 13, 2025.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

This item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there is no financial impact associated with this item.

BACKGROUND INFORMATION

The Executive Director's report summarizes ongoing initiatives of HACSB's strategic plan, Moving to Work activities, overall agency updates, as well as other initiatives federally regulated by the U.S. Department of Housing and Urban Development.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 18, 2025.

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Board Building Presentation for May 13, 2025

RECOMMENDATION(S)

Receive the board building presentation for May 13, 2025, an overview on leasing and budgeting for the Housing Choice Voucher program.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of this item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there is no financial impact associated with this item.

BACKGROUND INFORMATION

Per the U.S. Department of Housing and Urban Development's (HUD) Commissioner Lead the Way Training and Moving to Work designation responsibilities, board building is required to provide the Board of Commissioners with information regarding ongoing initiatives of HACSB's strategic plan, Moving to Work (MTW) activities, overall agency updates, as well as other initiatives federally regulated by HUD.

This month's board building presentation will include an overview on leasing and budgeting for the Housing Choice Voucher program.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 18, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Non-Financial Memorandum of Understanding with San Bernardino County's Department of Behavioral Health for the No Child Left Unsheltered Program

RECOMMENDATION(S)

1. Approve a non-financial Memorandum of Understanding with San Bernardino County's Department of Behavioral Health for the No Child Left Unsheltered program for the period of July 1, 2025 through June 30, 2030.
2. Authorize and direct the Executive Director to execute and deliver the Memorandum of Understanding to San Bernardino County's Department of Behavioral Health, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of this non-financial Memorandum of Understanding (MOU) will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there are no financial impacts associated with this item.

BACKGROUND INFORMATION

The No Child Left Unsheltered (NCLU) Program, administered by HACSB, provides permanent housing subsidies with supportive services to homeless unsheltered children and their families. The program aims to address homelessness of unsheltered families with children in San Bernardino County. HACSB works with San Bernardino County's (County) Coordinated Entry System (CES) to identify eligible families. In turn, the County's Department of Behavioral Health (DBH) provides supportive services to program participants through intensive case management. The U.S. Department of Housing and Urban Development (HUD) authorized HACSB to set aside 60 Housing Choice Vouchers (rental housing subsidy) for eligible families for this program; therefore, at any given time, up to 60 families are served through the NCLU program. Since the program's inception in April 2015, 235 people have been housed through this program, including 149 children.

Under the MOU, DBH will continue providing intensive case management services for each family participating in the NCLU program to identify and remove employment, housing and other barriers

Non-Financial Memorandum of Understanding with San Bernardino County's Department of Behavioral Health for the No Child Left Unsheltered Program
May 13, 2025

to self-sufficiency. DBH assesses the family's living situation, physical and emotional health, safety and crisis; develops a plan and timeline to assist the family to regain stability; documents the family's progress; participates in case coordination meetings with HACSB; and continually assesses the service needs of the families. Once intensive case management services are no longer necessary, the families continue to have access to their case managers, should they need assistance in the future.

The current MOU with DBH for intensive case management services for the NCLU program is ending on June 30, 2025. The recommended agreement will continue to allow HACSB and DBH to continue to work together providing housing subsidies and case management services to families in need. DBH and HACSB will continue to review, monitor, and evaluate program outcomes to ensure adherence to requirements of the MOU.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by Legal Counsel, Fred Galante, on April 18, 2025.



Contract Number

20-320

SAP Number

Department of Behavioral Health

Department Contract Representative
Telephone Number

Diana Barajas
909-388-0862

Contractor

Housing Authority of the County of
San Bernardino

Contractor Representative
Telephone Number

Maria Razo
909-890-0644

Contract Term

July 1, 2025, through June 30, 2030

Original Contract Amount

N/A

Amendment Amount

Total Contract Amount

N/A

Cost Center

Grant Number (if applicable)

**MEMORANDUM OF UNDERSTANDING
Between**

**County of San Bernardino Department of Behavioral Health
and
Housing Authority of the County of San Bernardino
for
No Child Left Unsheltered Program**

July 1, 2025 - June 30, 2030

WHEREAS, The County of San Bernardino Department of Behavioral Health, hereinafter referred to as DBH, provides mental health services to consumers and their families in need of permanent housing in San Bernardino County; and

WHEREAS, The Housing Authority of the County of San Bernardino, hereinafter referred to as HACSB provides permanent housing subsidies to homeless families through the No Child Left Unsheltered Program who are in need of supportive services; and

WHEREAS, HACSB agrees to work with DBH in identifying eligible families to access subsidized units within the No Child Left Unsheltered Program, and in return DBH agrees to provide case management services to participants in the No Child Left Unsheltered Program; and

WHEREAS, HACSB and DBH desire an agreement for the purpose of defining their respective roles in both providing housing units and case management services to participants in the No Child Left Unsheltered Program in order to achieve and maintain an enriched quality of life; and

WHEREAS, DBH finds HACSB qualified to provide housing services; and

WHEREAS, DBH desires that such services be provided by HACSB and HACSB agrees to perform these services as set forth below;

NOW THEREFORE, DBH and HACSB mutually agree to the following terms and conditions:

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ATTACHMENT A-BUSINESS ASSOCIATE AGREEMENT

I. PURPOSE

The No Child Left Unsheltered Program, administered by the Housing Authority of the County of San Bernardino (HACSB) provides permanent housing subsidies with supportive services to homeless unsheltered children and their families who are residents of San Bernardino County. Forty permanent housing units are available through the No Child Left Unsheltered Program. HACSB will work with County of San Bernardino Department of Behavioral Health (DBH) to assist families within the No Child Left Unsheltered Program. DBH will provide supportive services to program participants through intensive case management. Referrals to the No Child Left Unsheltered Program will be made by the County of San Bernardino's Coordinated Entry System (CES) where families with children are unsheltered at the time of application but do not otherwise qualify as chronically homeless under the Housing and Urban Development (HUD) definition. No Child Left Unsheltered is a local program developed by HACSB; therefore, HACSB will make the final determination in regard to homelessness eligibility.

II. DEFINITIONS

- A. Administrative Plan: HACSB's Housing Services Administrative Plan, which details rules and policies that govern the voucher programs under the Housing Authority of the County of San Bernardino.
- B. Authorization for Release of Protected Health Information (PHI): A HIPAA compliant authorization signed by the client or client's legal representative, authorizing DBH to release the client's information to a designated recipient. This form must be completed thoroughly with specified records to be shared, a designated time frame and expiration date, as well as a signature by the DBH client or his/her legal representative. If the form is signed by a legal representative, proof from the court system designating legal representation must accompany the request for general activities performed under this agreement, including referral for treatment or coordination of care of mental health services (45 CFR §160 and §164 - HIPAA), claim for receipt of aid [Welfare and Institutions Code (WIG) §5328], and/or audit or evaluation activities by TAD as the local governmental agency providing financial assistance for services rendered (42 CFR §2.53) - an Authorization for Release of PHI form is not required if PHI is disclosed for purposes allowed under HIPAA, WIG 5328 or 42 CFR Part 2.53. For all other third-party disclosures, DBH staff must utilize the DBH Authorization form per DBH Information Notice 18- 02.

For general activities performed under this agreement, including referral for treatment or coordination of care of mental health services (45 CFR §160 and §164 - HIPAA), claim for receipt of aid [Welfare and Institutions Code (WIG) §5328], and/or audit or evaluation activities by TAD as the local governmental agency providing financial assistance for services rendered (42 CFR §2.53) - an Authorization for Release of PHI form is not required if PHI is disclosed for purposes allowed under HIPAA, WIG 5328 or 42 CFR Part 2.53. For all other third-party disclosures, DBH staff must utilize the DBH Authorization form per DBH Information Notice 18- 02.

- C. Barriers: Temporary or long-term personal or other problems/issues that interfere with participation, employment, or job search.
- D. Case Plan: A comprehensive plan developed by DBH staff with the consumer to assist the family in resolving the identified situation, barriers or crisis involving behavioral health, employment, education and housing stability needs.
- E. Counseling: Advice and support that is given to people to help them experience relief from

emotional distress and assist them in reaching their goals for a happier life and consists of the following options:

1. Individual Counseling: Face-to-face meeting with a therapist or counselor with one (1) individual. Individual counseling sessions are for treatment and shall be claimed using fifteen (15) minute increments. One session may include multiple units of service. Time spent documenting shall not be included within the individual counseling session.
 2. Group Counseling: Face-to-face contacts in which one or more therapists or counselors treat two (2) or more clients at the same time with a maximum of twelve (12) in the group, lasting 90 minutes. Group counseling sessions are for treatment. Charting the group session is not included in the 90-minute group counseling session. Counseling in
- F. Department of Behavioral Health (DBH): The County of San Bernardino Department of Behavioral Health, under state law, provides mental health and substance use disorder treatment services to County residents. In order to maintain a continuum of care, DBH operates or contracts for the provision of prevention and early intervention services, 24-hour care, day treatment outpatient services, case management, and crisis and referral services. Community services are provided in all major County metropolitan areas and are readily accessible to County residents.
- G. Episode: The period that a case is open. If a consumer exits treatment, the case is closed, and that episode ends. When a consumer returns, a new episode of treatment occurs with a new opening date. Episode tracking is a state data requirement.
- H. Family: Is used interchangeably with "applicant", "participant" or "consumer".
- I. Family Obligations Agreement: Contract between the eligible applicant and the HACSB that details the requirements, rules, policies, and responsibilities for participation in the program. A contract signed by the eligible applicant with HACSB does not preclude or override any requirements made by DBH or contained in the landlord/tenant lease.
- J. Health Insurance Portability and Accountability Act (HIPAA): A federal law designed to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes.
- K. Landlord: An individual, firm, corporation, partnership, HACSB or similar entity; or a designated property manager that holds title to the housing that receives funding through rental subsidies on behalf of this program.
- L. Mental Health Treatment Services: Services include timely and consistent assessment; defined and time-limited treatment that removes mental health as a barrier to employment; effective communication regarding participation in treatment; quality assurance monitoring to ensure the appropriate level and timeliness of care and quality of services; ongoing support for continued employment and electronic tracking of all services.
1. Behavioral Health Assessment: An evaluation to identify the level of an individual's behavioral health needs or conditions that limit ability to work and the appropriate level of treatment and/or rehabilitation for the individual. It may include a clinical analysis of the history and current status of the individual's mental, emotional, or behavioral disorder.
 2. Outpatient Services: Customer is provided group counseling sessions weekly and ongoing individual counseling sessions. Customers are provided case management services to access and monitor needed behavioral health and/or community services.

3. Crisis Intervention: A rapid response service enabling the individual to cope with a crisis, while maintaining his/her status as a functioning community member to the greatest extent possible.
- M. MOU: This Memorandum of Understanding describing the agreement between parties.
- N. No Child Left Unsheltered Program: Provides permanent housing subsidies to homeless unsheltered children and their families who are residents of San Bernardino County. The No Child Left Unsheltered program aims to end homelessness of unsheltered families with children. The program will help resolve extremely critical needs of unsheltered families in the county by offering rental subsidies to families who are identified as eligible unsheltered homeless families with children. Families with children must be unsheltered at time of application, and may not otherwise qualify as chronically homeless under the HUD definition, but who meet the criteria contained within HACSB's Housing Services Administrative Plan.
- O. Personally Identifiable Information (PII): PII is information that can be used alone or in conjunction with other personal or identifying information, which is linked or linkable to a specific individual. This includes: name, social security number, date of birth, address, driver's license, photo identification, other identifying number (case number, client index number, SIMON number/medical record number, etc.).
- P. Protected Health Information (PHI): PHI is individually identifiable health information held or transmitted by a covered entity or its business associate, in any form or media, whether electronic, paper or oral. Individually identifiable information is information, including demographic data, that relates to the individual's past, present or future physical or mental health or condition; the provision of health care to the individual; or the past, present, or future payment for the provision of health care to the individual, and identifies the individual or for which there is reasonable basis to believe it can be used to identify the individual. PHI excludes individually identifiable health information in education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. 1232g; in records described at 20 U.S.C. 1232g(a)(4)(B)(iv); in employment records held by a covered entity in its role as employer; and regarding a person who has been deceased for more than fifty (50) years
- Q. Supportive Housing: Permanent housing programs in which participants receive subsidized affordable housing services, through either DBH or HACSB, and other case management, self-sufficiency and career development support to help consumers maintain their residency and improve self-sufficiency.
- R. Unsubsidized Employment: Direct employment without a subsidy wherein the wage is paid entirely by the employer.
- S. Target Population: Eligible unsheltered, homeless children and their families.

III. **HACSB SERVICE RESPONSIBILITIES**

HACSB shall have the following responsibilities when providing services:

- A. Provide housing services to qualified applicants who are County residents. Services will be provided through the HACSB offices located in San Bernardino, Upland, and Victorville.
- B. Refer all families participating in the No Child Left Unsheltered Program to DBH for case management services.
- C. Maintain releases of information for each participant in the program to ensure open communication between DBH and HACSB.
- D. Provide housing services that include: screening eligibility and verification of applications, criminal background checks, orientation screenings, issuance of Family Obligations Agreement, initial and

regular housing inspections, determination of rents, and payments to the landlord.

- E. Screen applicants and ensure individuals meet the qualifications as outlined in the Housing Services Program Administrative Plan.
- F. Notify the applicant of acceptance into the program and coordinate initial contact with DBH. Conduct orientation meetings to provide instructions to applicants on policies, the Family Obligations Agreement, and to outline applicant's rental responsibilities.
- G. To the extent permitted by law, facilitate monthly and/or as needed case conference meetings with DBH and service providers to discuss identification of barriers to productive treatment, mutual problem solving, and future planning.
- H. Immediately notify DBH Office of Compliance of any suspected or actual breach of confidential information at the address below:

DBH Office of Compliance
303 East Vanderbilt Way
San Bernardino, CA 92415-0026
- I. Inform applicants of the requirement to participate in No Child Left Unsheltered Program activities. Consumers that do not participate fully will be held to the standard Housing Authority requirements.
- J. Provide workspace and a phone line, as needed, for the DBH Case Managers at agreed upon HACSB office locations.
- K. Independent of this MOU, HACSB will continue to provide its customary services to eligible families.

IV. HACSB GENERAL RESPONSIBILITIES

- A. Without the prior written consent of DBH, this MOU is not assignable by HACSB either in whole or in part.
- B. HACSB shall adhere to the Administrative Plan.
- C. HACSB shall protect from unauthorized use or disclosure names and other identifying information concerning persons receiving services pursuant to this MOU, except for statistical information not identifying any participant. HACSB shall not use or disclose any identifying information for any other purpose other than carrying out HACSB obligations under this MOU, except as may be otherwise required by law. This provision will remain in force even after the termination of the MOU.
- D. HACSB shall obtain and complete the required documents as well as maintain satisfactory performance as outlined herein for the period of this MOU defined in Section IX.
- E. HACSB agrees not to enter into any subcontracting agreements for work contemplated under the MOU without first obtaining written approval from the DBH Director. Any subcontractor shall be subject to the same provisions HACSB in addition to all contract provisions as required by County.
 - 1. If HACSB intends to subcontract any part of the services provided under this agreement to a separate and independent agency or agencies, it must submit a written Memorandum of Understanding (MOU) with that agency or agencies to DBH. The MOU must clearly define the following:
 - a. The name of the subcontracting agency.

- b. The amount (units, minutes, etc.) and types of services to be rendered under the MOU.
 - c. The amount of funding to be paid to the subcontracting agency.
 - d. The subcontracting agency's role and responsibilities as it relates to this MOU.
 - e. A detailed description of the methods by which the HACSB will ensure that all subcontracting agencies meet the monitoring requirements associated with funding regulations.
2. Any subcontracting agency must be approved by DBH and shall be subject to all applicable provisions of this agreement. The HACSB will be fully responsible for any performance of a subcontracting agency. DBH will not reimburse HACSB or Subcontractor for any expenses rendered by a subcontractor **NOT** approved by DBH.

F. HACSB agrees to resolve complaints based on HACSB's policies.

V. DBH RESPONSIBILITIES

DBH shall have the following responsibilities:

- A. Pursuant to HIPAA, DBH has implemented administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability PHI transmitted or maintained in any form or medium.
- B. Provide 2.0 FTE case managers to provide intensive case management services to No Child Left Unsheltered Program families that are experiencing an identified situation or crisis that may include:
 - 1. Homelessness
 - 2. An unsafe living environment due to domestic violence
 - 3. Untreated or undertreated behavioral needs, including mental health or substance use disorder related needs
- C. Based on the need, DBH will provide case management services per family unit to assist in identifying and removing barriers to families successfully becoming employed, housed or educated to the level needed to achieve self-sufficiency. The length of case management services depends on which service, or the number of services the consumer needs. Consumers will continue to have access to the case manager after their episode is closed should they require further assistance.
- D. Ensure families receive appropriate behavioral health services and other services as needed either by direct service from a county clinic/program, referral to a contracted community-based organization or through linkages to other social services. Services shall include, but are not limited to:
 - 1. Mental Health Services and/or Treatment
 - 2. Substance Use Disorder Services and/or Treatment
 - 3. Domestic Violence Shelters
- E. Ensure consumers who are homeless receive counseling for any underlying issues related to homelessness as determined on a case-by-case basis by DBH staff.
- F. Develop a case plan for all program participants.

- G. Obtain a valid Authorization for Release of PHI from DBH client prior to sharing any PHI with HACSB and in the performance of required services.
- H. Provide transportation on a case-by-case basis for consumers to attend appointments and utilize resources as outlined in the consumers' case plan.
- I. Provide case management services to all referred consumers. The referrals for case management services include the provision of services for all members of the family unit. Services include on-going assessments, referrals for services, the development of a plan and timeline that documents the consumer's progress. Case management duties are as follows:
 - 1. Frequent and on-going contact with each family, ranging from **daily to weekly**, depending on the level of need and progress, via phone and/or in-person, to determine the effectiveness of services provided to participating consumers and family members, as determined by DBH staff.
 - 2. Assess the stability of the family's living situation, physical and emotional health and safety.
 - 3. Assess weekly progress toward Case Plan goals and make necessary changes to improve the family's success in meeting these goals.
 - 4. Provide appropriate referrals for services needed to assist the family.
 - 5. Monitor each family's progress toward making the necessary changes to improve the situation or crisis.
 - 6. Participate in case coordination meetings with the HACSB and provide updates on case plan goals.
 - 7. Provide training to HACSB tenants regarding tenant responsibilities, good neighbor policy and household budgeting.
 - 8. Provide group in-house meetings and workshop activities.
 - 9. Make every effort, including home visits, to engage families who are not making adequate progress.
- J. Ensure case management of all participants is maintained with all required forms and documentation. DBH shall maintain individual customer case folders in a secured file cabinet for a period of three years from the close of the consumer's services.
- K. Maintain participant case folders and utilize established DBH forms for program participants served through DBH.
- L. Maintain a quality assurance process to ensure timely and appropriate assessment and treatment of customers.
- M. Provide quarterly reports for the No Child Left Unsheltered Program to HACSB that include the following:
 - 1. The total number of NCLU participants served by DBH,
 - 2. Updates on the successes of participants served,
 - 3. The total number of NCLU participants who declined to receive DBH services,
 - 4. Updates on case plan goals.
- N. Provide direct supervision of case manager, a DBH employee, co-located at the HACSB facility.
- O. Provide the necessary equipment for the case manager, including a laptop in order to complete job functions.

- P. Independent of this MOU, DBH will continue to provide DBH's customary services to eligible families.
- Q. Agrees to resolve grievances based on the agencies policies.

VI. MUTUAL RESPONSIBILITIES

- A. DBH and HACSB agree they will establish mutually satisfactory methods for the exchange of such information as may be necessary in order that each party may perform its duties and functions under this MOU; and appropriate procedures to ensure all information is safeguarded from improper disclosure in accordance with applicable State and Federal laws and regulations.
- B. DBH and HACSB agree they will establish mutually satisfactory methods for problem resolution at the lowest possible level as the optimum, with a procedure to mobilize problem resolution up through DBH and HACSB's mutual chain of command, as deemed necessary.
- C. DBH and HACSB agree to develop and implement procedures and forms necessary to administer and document program referral, participation, compliance and effectiveness.
- D. DBH and HACSB will establish measurable benchmarks to determine customers' progress and ability to participate in additional supportive and enrichment activities.
- E. DBH and HACSB agree they will collaborate in providing In-Service Training to staff about the No Child Left Unsheltered Program and services offered under this MOU.
- F. DBH shall cooperate with HACSB in the implementation, monitoring and evaluation of this MOU and comply with any and all reporting requirements established by this MOU.
- G. DBH and HACSB shall observe all federal, state and county requirements, and applicable law concerning the confidentiality of behavioral health records. DBH and HACSB, as required by applicable law, shall strictly maintain confidentiality of behavioral health records of clients.
- H. DBH and HACSB will collaborate to assist customers with landlord issues, and when necessary, refer the customer to the Inland Fair Housing and Mediation Board.
- I. DBH and HACSB agree to collaborate with Loma Linda University on research efforts, such as data collection of families served.
- J. Privacy and Security
 - 1. Both parties shall adhere to any County applicable privacy-related policies pertaining to PII. DBH has a specific responsibility to comply with all applicable State and Federal regulations pertaining to privacy and security of client PHI and strictly maintain the confidentiality of behavioral health records, and HACSB shall assist DBH in upholding said confidentiality by applying safeguards as discussed herein. Regulations have been promulgated governing the privacy and security of individually identifiable health information (IIHI) PHI or electronic Protected Health Information (ePHI).
 - 2. In addition to the aforementioned protection of IIHI, PHI and e-PHI, both parties shall adhere to the protection of personally identifiable information (PII) and Medi-Cal PII. PII includes any information that can be used to search for or identify individuals such as but not limited to name, social security number or date of birth. Whereas Medi-Cal PII is the information that is directly obtained in the course of performing an administrative function on behalf of Medi-Cal, such as determining eligibility that can be used alone in conjunction with any other information to identify an individual.

3. Reporting Improper Access, Use, or Disclosure of Unsecure PHI and PII
Upon discovery of any unauthorized use, access or disclosure of PHI or any other security incident with regards to PHI or PII, HACSB agrees to report to DBH no later than one (1) business day upon the discovery of a potential breach. The contractor shall cooperate and provide information to DBH to assist with appropriate reporting requirements to the DBH Office of Compliance.
4. Both parties shall ensure any DBH client PHI that is stored on its premises will be locked and secure in adherence to IIHI and PHI privacy requirements.

VII. FISCAL PROVISIONS

- A. This is a non-financial MOU.

VIII. RIGHT TO MONITOR AND AUDIT PERFORMANCE AND RECORDS

- A. DBH staff or any subdivision or appointee thereof, and the State of California or any subdivision or appointee thereof, including the Inspector General, shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, financial records, staff information, patient records and other pertinent items as requested, and shall have absolute right to monitor the performance of HACSB in the delivery of services provided under this MOU. Full cooperation shall be given by HACSB in any auditing or monitoring conducted according to this agreement and per 42 C.F.R. § 2.53 Audit and Evaluation.
- B. HACSB and DBH shall cooperate in the implementation, monitoring, and evaluation of this MOU and comply with any and all reporting requirements established by this MOU.
- C. HACSB shall provide all reasonable facilities and assistance for the safety and convenience of DBH's representative in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work of HACSB.
- D. HACSB shall permit DBH and the State access and inspection of electronic or print books and records, access to physical facilities, and access and ability to interview employees. Failure to permit access for inspection and/or ability to interview is a breach of this MOU and sufficient basis to terminate for cause or default.
- E. All records shall be complete, current and comply with all MOU requirements.
- F. HACSB shall maintain client and community service records in compliance with all regulations set forth by local, State, and Federal requirements, laws and regulations, and provide access to clinical records by DBH staff.
- G. HACSB shall agree to maintain and retain all appropriate client records for a period of at least ten (10) years from the date of service or until audit findings are resolved, whichever is later.

IX. TERM

This Memorandum of Understanding (MOU) is effective as of July 1, 2025, and expires June 30, 2030, but may be terminated earlier in accordance with provisions of Section X of this MOU.

X. EARLY TERMINATION

- A. This MOU may be terminated without cause upon thirty (30) days written notice by either party. DBH's Director is authorized to exercise DBH's rights with respect to any termination of this MOU. The HACSB Director, or his/her appointed designee, has authority to terminate this MOU on behalf of HACSB.

- B. If, during the term of this MOU, State and/or Federal funds appropriated for the purposes of this MOU are reduced or eliminated, DBH may immediately terminate this MOU upon written notice to HACSB.

XI. INDEMNIFICATION

The HACSB agrees to indemnify, defend (with counsel reasonably approved by the County DBH) and hold harmless the County DBH and its authorized officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and or liability arising out of this MOU from the negligence of the HACSB, including the acts, errors or omissions of the HACSB and for any costs or expenses incurred by the County DBH on account of any claim resulting from the acts or negligence of the HACSB or its authorized officers, employees, agents, and volunteers, except where such indemnification is prohibited by law.

The County DBH agrees to indemnify, defend (with counsel reasonably approved by the HACSB) and hold harmless the HACSB and its authorized officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and or liability arising out of this MOU from the negligence of the County DBH, including the acts, errors or omissions of the County DBH and for any costs or expenses incurred by the HACSB on account of any claim resulting from the acts or negligence of the County DBH or its authorized officers, employees, agents, and volunteers, except where such indemnification is prohibited by law.

XII. GENERAL PROVISIONS

- A. No waiver of any of the provisions of the MOU documents shall be effective unless it is made in a writing which refers to provisions so waived and which is executed by the Parties. No course of dealing and no delay or failure of a Party in exercising any right under any MOU document shall affect any other or future exercise of that right or any exercise of any other right. A Party shall not be precluded from exercising a right by its having partially exercised that right or it's having previously abandoned or discontinued steps to enforce that right. No course of dealing and no delay or failure of a Party in exercising any right under any MOU document shall affect any other or future exercise of that right or any exercise of any other right.
- B. Any alterations, variations, modifications, or waivers of provisions of the MOU, unless specifically allowed in the MOU, shall be valid only when they have been reduced to writing, duly signed and approved by the Authorized Representatives of both parties as an amendment to this MOU. No oral understanding or agreement not incorporated herein shall be binding on any of the Parties hereto.
- C. HACSB shall comply with the terms and conditions set forth in the attached ***Business Associate Agreement***, hereby incorporated by this reference as **Attachment A**.

XIII. CONCLUSION

- A. This MOU, consisting of fifteen (15) pages, Attachments A and B, is the full and complete document describing services to be rendered by HACSB to DBH including all covenants, conditions and benefits.
- B. The signatures of the Parties affixed to this MOU affirm that they are duly authorized to commit and bind their respective departments to the terms and conditions set forth in this document.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Agreement. The parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed Agreement upon request.

SAN BERNARDINO COUNTY

►

Dawn Rowe, Chair, Board of Supervisors

Dated: _____
SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
San Bernardino County

By _____
Deputy

HOUSING AUTHORITY OF THE COUNTY OF SAN
BERNARDINO

By ► _____
(Authorized signature - sign in blue ink)

Name Maria Razo
(Print or type name of person signing contract)

Title Executive Director
(Print or Type)

Dated: _____

Address 715 E. Brier Drive

San Bernardino, CA 92408

FOR COUNTY USE ONLY

| Approved as to Legal Form | Reviewed for Contract Compliance | Reviewed/Approved by Department |
|--|--|--------------------------------------|
| ► Jacqueline Carey-Wilson, County Counsel | ► Natalie Kessee, Contracts Manager | ► Dr. Georgina Yoshioka, Director |
| Date _____ | Date _____ | Date _____ |

BUSINESS ASSOCIATE AGREEMENT

Except as otherwise provided in this Agreement, Housing Authority of the County of San Bernardino, hereinafter referred to as Business Associate, may use, access, maintain or disclose Protected Health Information to perform functions, activities or services for or on behalf of the County of San Bernardino hereinafter referred to as the Covered Entity, as specified in this Agreement and the attached **CONTRACT**, provided such use, access, maintenance or disclosure does not violate the Health Insurance Portability and Accountability Act (HIPAA), 42 United States Code (USC) 1320d et seq., and its implementing regulations, including but not limited to, 45 Code of Federal Regulations (CFR) Parts 160, 162, and 164, hereinafter referred to as the "Privacy and Security Rules" and patient confidentiality regulations, including but not limited to, Welfare and Institutions Code (WIC) 5328, 42 CFR Part 2 and the requirements of the Health Information Technology for Economic and Clinical Health Act, as incorporated in Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5 (HITECH) and any regulations adopted or to be adopted pursuant to HITECH that relate to the obligations of business associates. Business Associate recognizes and agrees it is obligated by law to meet the applicable provisions of HITECH.

I. Definitions

- A "Breach" means the acquisition, access, use or disclosure of Protected Health Information (PHI) in a manner not permitted under HIPAA (45 CFR Part 164, Subpart E), WIC 5328 or 42 CFR Part 2, which compromises the security or privacy of the PHI. An impermissible use or disclosure of PHI is presumed to be a Breach unless the Covered Entity or Business Associate demonstrates that there is a low probability that the PHI has been compromised. A Breach shall not include:
1. Any unintentional acquisition, access or use of PHI by a workforce member or person acting under the authority of Covered Entity or the Business Associate, if such acquisition, access or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under the Privacy Rule; or
 2. Any inadvertent disclosure by a person who is authorized to access PHI at Covered Entity or Business Associate to another person authorized to access PHI at Covered Entity or Business Associate, respectively, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under the Privacy Rule; or
 3. A disclosure of PHI where Covered Entity or Business Associate has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.
- B. "Business Associate" means with respect to a Covered Entity, a person who:
1. On behalf of such Covered Entity, but other than in the capacity of a member of the workforce of such Covered Entity creates, receives, maintains or transmits PHI for a function or activity involving the use or disclosure of Personally Identifiable Health Information, including claims processing or administration, data analysis, data storage, utilization review, quality assurance, billing, benefit management, practice management, and repricing; or
 2. Provides, other than in the capacity of a member of the workforce of such Covered Entity, legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation or financial services to or for

Covered Entity where the provision of the service involves the disclosure of PHI from such Covered Entity to the person.

A Covered Entity may be the Business Associate of another Covered Entity.

- C. "Covered Entity" means a health plan, a health care clearinghouse or a health care provider who transmits any health information in electronic form in connection with a transaction covered by the Privacy and Security Rules.
- D. "Data Aggregation" means, with respect to PHI created or received by a Business Associate in its capacity as the Business Associate of a Covered Entity, the combining of such PHI by the Business Associate with the PHI received by the Business Associate in its capacity as a Business Associate of another Covered Entity, to permit data analyses that relate to the health care operations of the respective Covered Entities.
- E. "Designated Record Set" means:
 - 1. A group of records maintained by or for a covered entity that is:
 - (a) The medical records and billing records about individuals maintained by or for a covered health care provider.
 - (b) The enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or
 - (c) Used, in whole or in part, by or for the covered entity to make decisions about individuals.
 - 2. For purposes of this paragraph, the term record means any item, collection, or grouping of information that includes protected health information and is maintained, collected, used, or disseminated by or for a covered entity.
- F. "Discovered" means a Breach shall be treated as discovered by Covered Entity or Business Associate as of the first day on which such Breach is known to such Covered Entity or Business Associate, respectively, (including any person, other than the individual committing the Breach, that is an employee, officer or other agent of such entity or associate, respectively) or should reasonably have been known to such Covered Entity or Business Associate (or person) to have occurred.
- G. "Electronic Protected Health Information" or "Electronic PHI" means PHI that is transmitted by or maintained in electronic media as defined in the Security Rule.
- H. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- I. "HITECH" means the privacy and security Breach notification provisions applicable to Business Associate under Title XIII of ARRA.
- J. "Individual" means the person who is the subject of PHI, and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(9).
- K. "Individually Identifiable Health Information" means information that is a subset of health information, including demographic information collected from an individual, and;
 - 1. is created or received by a health care provider, health plan, employer or health care clearinghouse; and
 - 2. relates to the past, present or future physical or mental health condition of an individual; the provision of health care to an individual; or the past,

present or future payment for the provision of health care to an individual;
and

- (a) that identifies the individual; or
- (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

- L. "Privacy Rule" means the regulations promulgated under HIPAA by the United States Department of Health and Human Services to protect the privacy of Protected Health Information, including, but not limited to, 45 CFR Part 160 and 45 CFR Part 164, Subpart A and Subpart E.
- M. "Protected Health Information" or "PHI" means Individually Identifiable Health Information transmitted or maintained in any form or medium that (i) is received by Business Associate from Covered Entity, (ii) Business Associate creates for its own purposes from Individually Identifiable Health Information that Business Associate received from Covered Entity, or (iii) is created, received, transmitted or maintained by Business Associate on behalf of Covered Entity. Protected Health Information excludes Individually Identifiable Health Information in education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. Section 1232(g), records described at 20 U.S.C. Section 1232g(a)(4)(B)(iv), and employment records held by the Covered Entity in its role as employer.
- N. "Security Rule" means the regulations promulgated under HIPAA by the United States Department of Health and Human Services to protect the security of the Electronic Protected Health Information, including, but not limited to, 45 CFR Part 160 and 45 CFR Part 164, Subpart A and Subpart C.
- O. "Unsecured PHI" means PHI that is not secured through the use of a technology or methodology specified by the Secretary of the U.S. Department of Health and Human Services.
- P. Any terms capitalized, but not otherwise defined, in this Agreement shall have the same meaning as those terms have under HIPAA, the Privacy Rule, the Security Rule and HITECH.

II. Obligations and Activities of Business Associate

1. Prohibited Uses and Disclosures

Business Associate shall not use, access or further disclose PHI other than as permitted or required by this Agreement and as specified in the attached **CONTRACT** or as required by law. Further, Business Associate shall not use PHI in any manner that would constitute a violation of the Privacy Rule or HITECH, WIC 5328 or 42 CFR Part 2. Business Associate shall disclose to its employees, subcontractors, agents, or other third parties, and request from Covered Entity, only the minimum PHI necessary to perform or fulfill a specific function required or permitted hereunder.

Business Associate shall not use or disclose PHI for fundraising or marketing purposes. Business Associate shall not disclose PHI to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates; 42 U.S.C. Section 17935(a) and 45 C.F.R. Section 164.522(a)(1)(i)(A). Business Associate shall not directly or indirectly receive

remuneration in exchange for PHI, except with the prior written consent of

Covered Entity and as permitted by HITECH, 42 U.S.C. Section 17935(d)(2); and 45 C.F.R. Section 164.508 however, this prohibition shall not affect payment by Covered Entity to Business Associate for services provided pursuant to this Agreement.

2. Permitted Uses and Disclosures

1. Except as otherwise limited in this Agreement, Business Associate may use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate. Business Associate must ensure disclosure of SUD Part-2 records/information is in alignment with 42CFR Part-2 restrictions and requirements.
2. Except as otherwise limited in this Agreement, Business Associate may use PHI to provide Data Aggregation service to Covered Entity as permitted by 45 CFR Section 164.504(e)(2)(i)(B), WIC 5328 (25), or 42 Part 2.52 and/or 2.53.
3. Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR Section 164.502(j)(1), WIC 5328 (7) or (18) or (20) or 42 CFR Part 2.12 (5) or (6).
4. If Business Associate discloses PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such PHI will be held confidential as provided pursuant to this Agreement and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify Business Associate of any breaches of confidentiality of the PHI, to the extent it has obtained knowledge of such breach. [42 U.S.C. section 17932; 45 C.F.R. sections 164.504(e)(2)(i), 164.504(e)(2)(i)(B), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(ii)].

3. Appropriate Safeguards

Business Associate shall implement the following administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of PHI that Business Associate creates, receives, maintains or transmits on behalf of Covered Entity; and to ensure that any agent or subcontractor to whom Business Associate provides such information agrees to implement reasonable and appropriate safeguards to protect PHI in accordance with the Security Rule under 45 C.F.R., Sections 164.308, 164.310, 164.312, 164.314 and 164.316:

1. Implement policies and procedures to prevent, detect, contain and correct security violations; identify the security official who is responsible for the development and implementation of the policies and procedures required by this subpart for the Business Associate; implement a security awareness and training program for all members of its workforce; implement policies and procedures to prevent those workforce members who should not have access from obtaining access to Covered Entity's Electronic PHI; implement policy and procedures to address security incidents; establish policies and procedures for responding to an emergency or other occurrence that damages systems that contain Electronic PHI; and perform a periodic technical and nontechnical evaluation in response to environmental or operational changes affecting the security of Electronic

PHI, including conducting accurate and thorough assessments of the potential risks and vulnerabilities to the confidentiality, integrity and availability of Electronic PHI, that establishes the extent to which an entity's security policies and procedures meet the requirements of this subpart. If SUD Part 2 records/information are part of Business Associate's operations, formal policies and procedures must address 1) paper records and 2) electronic records, as specified in 42 CFR Part 2.16.

2. Implement policies and procedures to limit physical access to Business Associate's electronic information systems and the facility or facilities in which they are housed, while ensuring that properly authorized access is allowed; implement policies and procedures that specify the proper functions to be performed, and the physical attributes of the surroundings of a specific workstation or class of workstations that can access Electronic PHI; implement physical safeguards for all workstations that access Electronic PHI; restrict access to authorized users; implement policies and procedures that govern the receipt and removal of hardware and electronic media that contain Electronic PHI into and out of a facility and the movement of these items within the facility.
3. Implement technical policies and procedures for electronic information systems that maintain Electronic PHI to allow access only to those persons or software programs that have been granted access rights as specified in 45 C.F.R., Section 164.308 implement hardware, software and/or procedural mechanisms that record and examine activity in information systems that contain or use Electronic PHI; implement policies and procedures to protect Electronic PHI from improper alteration, destruction, unauthorized access or loss of integrity or availability; including but not limited to, encryption of all workstations, laptops and flash drives that store PHI.
4. Enter into written agreements with agents and subcontractors to whom Business Associate provides Covered Entity's PHI that impose the same restrictions and conditions on such agents and subcontractors that apply to Business Associate with respect to such PHI, and that require compliance with all appropriate safeguards as found in this Agreement.

4. Mitigation

Business Associate shall have procedures in place to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use, access or disclosure of PHI by Business Associate, its agents or subcontractors in violation of the requirements of this Agreement.

5. Reporting of Improper Access, Use or Disclosure or Breach

Business Associate shall report to Covered Entity's Office of Compliance any unauthorized use, access or disclosure of Unsecured PHI or any other security incident with respect to PHI no later than one (1) business day upon the discovery of a Breach or suspected Breach consistent with the regulations promulgated under HITECH by the United States Department of Health and Human Services, 45 CFR Part 164, Subpart D, as well as 42 CFR Part 2. Upon discovery of a Breach or suspected Breach, the Business Associate shall complete the following actions:

1. Provide Covered Entity's Office of Compliance with the following information to include but not limited to:

- (a) Date the Breach or suspected Breach occurred;
 - (b) Date the Breach or suspected Breach was discovered;
 - (c) Number of staff, employees, subcontractors, agents or other third parties and the titles of each person allegedly involved;
 - (d) Number of potentially affected Patients/Clients; and
 - (e) Description of how the Breach or suspected Breach allegedly occurred.
- 2. Conduct and document a risk assessment by investigating without reasonable delay and in no case later than five (5) calendar days of discovery of the Breach or suspected Breach to determine the following:
 - (a) The nature and extent of the PHI involved, including the types of identifiers and likelihood of re-identification;
 - (b) The unauthorized person who used PHI or to whom it was made;
 - (c) Whether the PHI was actually acquired or viewed; and
 - (d) The extent to which the risk to PHI has been mitigated.
- 3. Provide a completed risk assessment and investigation documentation to Covered Entity's Office of Compliance within ten (10) calendar days of discovery of the Breach or suspected Breach with decision whether a Breach has occurred.
 - (a) If a Breach has not occurred, notification to individual(s) is not required.
 - (b) If a Breach has occurred, notification to the individual(s) is required and Business Associate must provide Covered Entity with affected individual(s) name and contact information so that Covered Entity can provide notification.
- 4. Make available to Covered Entity and governing State and Federal agencies in a time and manner designated by Covered Entity or governing State and Federal agencies, any policies, procedures, internal practices and records relating to a Breach or suspected Breach for the purposes of audit or should the Covered Entity reserve the right to conduct its own investigation and analysis.
- 6. Access to Protected Health Information

Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or to an Individual, at the request or direction of Covered Entity and in the time and manner designated by the Covered Entity. If Business Associate maintains PHI in an electronic format, and an individual requests a copy of such information in electronic form, Business Associate shall provide such information in electronic form as required by 45 CFR Section 164.524 and 42 CFR Part 2.53, as applicable.

To the extent Business Associate maintains a Designated Record Set on behalf of Covered Entity, Business Associate shall make PHI maintained by Business Associate or its agents or subcontractors in Designated Record Sets available to Covered Entity for inspection and copying within ten (10) days of a request by Covered Entity to enable Covered Entity to fulfill its obligations under the Privacy Rule and 42 CFR Part 2.53. If Business Associate maintains ePHI, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act. If Business Associate receives a request from an Individual or Entity (e.g., Public Records Act request,

litigation-related requests, etc.) for access to PHI, Business Associate shall immediately forward such request to Covered Entity.

7. Amendment of Protected Health Information

If Business Associate maintains a Designated Record Set on behalf of the Covered Entity, Business Associate shall make any amendment(s) to PHI in a Designated Record Set that the Covered Entity directs or agrees to, pursuant to 45 CFR Section 164.526, in the time and manner designated by the Covered Entity.

8. Access to Records

Business Associate shall make internal practices, books, and records, including policies and procedures and PHI, relating to the use, access and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary of the U.S. Department of Health and Human Services, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy and Security Rules and patient confidentiality regulations. Anything provided to the Secretary shall also be provided to the Covered Entity upon Covered Entity's request.

9. Destruction of Protected Health Information

Upon termination of this Agreement, Business Associate shall return all PHI required to be retained by the Business Associate or its subcontractors, employees or agents on behalf of the Covered Entity. In the event the Business Associate determines that returning the PHI is not feasible, the Business Associate shall provide the Covered Entity with written notification of the conditions that make return not feasible. Additionally, the Business Associate must follow established policies and procedures to ensure PHI is safeguarded and disposed of adequately in accordance with 45 C.F.R. section 164.310, and must submit to the Covered Entity a certification of destruction of PHI. For destruction of ePHI, the National Institute of Standards and Technology (NIST) guidelines must be followed, as well as 42 CFR Part 2.16 (a)(2)(ii) if applicable. Business Associate further agrees to extend any and all protections, limitations, and restrictions contained in this Agreement, to any PHI retained by Business Associate or its subcontractors, employees or agents after the termination of this Agreement, and to limit any further use, access or disclosures.

10. Breach Pattern or Practice by Covered Entity

Pursuant to 42 U.S.C. Section 17934(b), if the Business Associate knows of a pattern of activity or practice of the Covered Entity that constitutes a material Breach or violation of the Covered Entity's obligations under this Agreement, the Business Associate must take reasonable steps to cure the Breach or end the violation. If the steps are unsuccessful, the Business Associate must terminate the Agreement if feasible, or if termination is not feasible, report the problem to the Secretary of DHHS.

11. Costs Associated to Breach

Business Associate shall be responsible for reasonable costs associated with a Breach. Costs shall be based upon the required notification type as deemed appropriate and necessary by the Covered Entity and shall not be reimbursable under the Agreement at any time. Covered Entity shall determine the method to invoice the Business Associate for said costs. Costs shall incur at the current rates and may include, but are not limited to the following:

1. Postage.

2. Alternative means of notice;
3. Media notification; and
4. Credit monitoring services.

12. Direct Liability

Business Associate may be held directly liable under HIPAA for impermissible uses and disclosures of PHI; failure to provide breach notification to Covered Entity; failure to provide access to a copy of Electronic PHI to covered entity or individual; failure to disclose PHI to the Secretary of the U.S. Department of Health and Human Services when investigating Business Associate's compliance with HIPAA; failure to provide an accounting of disclosures and failure to enter into a business associate agreement with subcontractors.

13. Termination for Cause

Covered Entity may, upon written notice to Business Associate, immediately terminate this agreement, and any related agreements, if Covered Entity determines that Business Associate has breached a material term of this agreement. Covered Entity may, upon written notice to Business Associate, allow Business Associate five (5) business days to cure such breach.

14. Judicial or Administrative Proceedings

Covered Entity may terminate the Contract, effective immediately, if (i) Business Associate is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the Privacy Rule, Security Rule or other security or privacy laws or (ii) a finding or stipulation is made in any administrative or civil proceeding in which the Business Associate has been joined that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the Privacy Rule, Security Rule or other security or privacy laws.

0. Insurance

In addition to any general and/or professional liability insurance coverage required of Business Associate under the Contract for services, Business Associate shall provide appropriate liability insurance coverage during the term of this Agreement to cover any and all claims, causes of action, and demands whatsoever made for loss, damage, or injury to any person arising from the breach of the security, privacy, or confidentiality obligations of Business Associate, its agents or employees, under this Agreement and under HIPAA 45 C.F.R. Parts 160 and 164, Subparts A and E.

P. Assistance in Litigation or Administrative Proceedings

Business Associate shall make itself, and any subcontractors, employees, or agents assisting Business Associate in the performance of its obligations under the Agreement, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers, or employees based upon a claimed violation of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule, or other laws relating to security and privacy, except where Business Associate or its subcontractor, employee or agent is a named adverse party

111. Obligations of Covered Entity

- A. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR Section 164.520, to the extent that such limitation may affect Business Associate's use, access or disclosure of PHI.

- B. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an individual to use, access or disclose PHI, to the extent that such changes may affect Business Associate's use, access, maintenance or disclosure of PHI.
- C. Covered Entity shall notify Business Associate of any restriction to the use, access or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR Section 164.522, to the extent that such restriction may affect Business Associate's use, access, maintenance or disclosure of PHI.

IV. General Provisions

A. Remedies

Business Associate agrees that Covered Entity shall be entitled to seek immediate injunctive relief as well as to exercise all other rights and remedies which Covered Entity may have at law or in equity in the event of an unauthorized use, access or disclosure of PHI by Business Associate or any agent or subcontractor of Business Associate that received PHI from Business Associate.

B. Ownership

The PHI shall be and remain the property of the Covered Entity. Business Associate agrees that it acquires no title or rights to the PHI.

C. Regulatory References

A reference in this Agreement to a section in the Privacy and Security Rules and patient confidentiality regulations means the section as in effect or as amended.

D. No Third-Party Beneficiaries

Nothing express or implied in the Contract or this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

E. Amendment

The parties acknowledge that state and federal laws related to privacy and security of PHI are rapidly evolving and that amendment of the Contract or this Agreement may be required to ensure compliance with such developments. The parties shall negotiate in good faith to amend this Agreement when and as necessary to comply with applicable laws. If either party does not agree to so amend this Agreement within thirty (30) days after receiving a request for amendment from the other, either party may terminate the Agreement upon written notice. To the extent an amendment to this Agreement is required by law and this Agreement has not been so amended to comply with the applicable law in a timely manner, the amendment required by law shall be deemed to be incorporated into this Agreement automatically and without further action required by either of the parties. Subject to the foregoing, this Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed and agreed to by Business Associate and Covered Entity.

F. Interpretation

Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with pertinent Privacy and Security Rules and patient confidentiality regulations.

G. Indemnification

Business Associate agrees to indemnify, defend and hold harmless Covered Entity and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, penalties, injuries, costs and expenses (including costs for reasonable attorney fees) that are caused by or result from the acts or omissions of Business Associate, its officers, employees, agents and subcontractors, with respect to the use, access, maintenance or disclosure of Covered Entity's PHI, including without limitation, any Breach of PHI or any expenses incurred by Covered Entity in providing required Breach notifications.

H. Compliance with State Law

In addition to HIPAA and all applicable HIPAA Regulations, Business Associate acknowledges that Business Associate and Covered Entity may have confidentiality and privacy obligations under State law, including, but not limited to, the California Confidentiality of Medical Information Act [Cal. Civil Code §56, et seq. ("CMIA")] and WIC 5328. If any provisions of this Agreement or HIPAA Regulations or the HITECH Act conflict with CMIA or WIC section 5328 or any other California State law regarding the degree of protection provided for PHI and patient medical records, then Business Associate shall comply with the more restrictive requirements.

I. Survival

The respective rights and obligations and rights of Covered Entity and Business Associate relating to protecting the confidentiality or a patient's PHI shall survive the termination of the Contract or this Agreement

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Memorandum of Understanding with Foothill AIDS Project for the Housing Opportunities for Persons with AIDS Program

RECOMMENDATION(S)

1. Approve Memorandum of Understanding with Foothill AIDS Project to administer the Housing Opportunities for Persons with AIDS program for one year effective July 1, 2025 through June 30, 2026, in the amount not to exceed \$1,316,216, and may be extended for one-year periods upon written agreement by both parties.
2. Authorize and direct the Executive Director to execute and deliver Memorandum of Understanding to Foothill AIDS Project, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Under the Memorandum of Understanding (MOU), Foothill AIDS Project (FAP) will provide up to \$1,316,216 annually to the Housing Authority of the County of San Bernardino (HACSB) which will fund the rental assistance payments for the Housing Opportunity for Persons with AIDS (HOPWA) program for approximately 77 households and all other costs including administrative fees related to the program. The revenue and expenses are included in the FYE 2025 and the proposed FYE 2026 budgets.

BACKGROUND INFORMATION

The HOPWA program is funded by the United States Department of Housing and Urban Development (HUD) Office of HIV/AIDS Housing and was established to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families. The program goals are to maintain stable housing, reduce the risk of homelessness, and increase access to care.

FAP contracts with HACSB to administer the HOPWA grant in San Bernardino County. This partnership provides housing assistance and personal stability for HOPWA participants so they can achieve and maintain an enriched quality of life. HACSB currently provides housing assistance payments on behalf of 74 households renting units under the tenant-based and project-based programs. The funding amount also covers the administrative duties related to the housing assistance component. FAP provides ongoing case management and supportive

Memorandum of Understanding with Foothill AIDS Project for the Housing Opportunities for
Persons with AIDS Program
May 13, 2025

services for HOPWA participants. This MOU will ensure continued provision of rental assistance administered by HACSB for up to 77 households.

The current MOU with FAP expires on June 30, 2025. The recommended MOU for a period of one-year starting July 1, 2025 and ending June 30, 2026 can be extended for one-year periods upon mutual agreement by both parties.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 17, 2025.

MEMORANDUM OF UNDERSTANDING
Between
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
and
FOOTHILL AIDS PROJECT
for
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS PROGRAM

JULY 1, 2025 – JUNE 30, 2026

WHEREAS, The Foothill AIDS Project (FAP) has grant funding via the United States Department of Housing and Urban Development, Housing Opportunities for Persons with AIDS (HOPWA) program, which provides permanent housing subsidies to homeless individuals and families with AIDS who are also in need of supportive services; and

WHEREAS, The Housing Authority of the County of San Bernardino (HACSB) has experience in administering housing subsidy programs, including conducting housing program inspections, subsidy calculations, and contracting with landlords. HACSB agrees to work with FAP in order to provide eligible families housing subsidy assistance, and in return FAP agrees to provide housing subsidy grant funding to HACSB and case management services to all eligible participants as referred by FAP; and

WHEREAS, HACSB and FAP desire to enter into this Memorandum of Understanding (MOU) for the purpose of defining their respective roles in providing both housing units and case management services to participants in order to achieve and maintain an enriched quality of life; and

NOW THEREFORE, FAP and HACSB mutually agree to the following terms and conditions:

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I. PURPOSE

The Housing Opportunities for Persons with AIDS (HOPWA) program, administered and funded by the Foothill AIDS Project, referred to herewith as FAP, provides permanent housing subsidies with supportive services to homeless persons with HIV/AIDS (and their families) who are residents of San Bernardino County. The Housing Authority of the County of San Bernardino, referred to herewith as HACSB, provides administration in regard to housing assistance services. Subsidy for approximately seventy-seven (77) permanent housing units is available through the HOPWA program. The FAP will identify and refer eligible households to be assisted with a housing subsidy and HACSB will administer the housing subsidy and corresponding family obligation requirements, while FAP will provide ongoing case management to the families and ensure they continue to meet program eligibility.

The HOPWA program is a federal program funded by the United States Department of Housing and Urban Development (HUD) and FAP is the local jurisdiction grantee for HOPWA. As such, it is FAP's responsibility to determine if the household meets the federal guidelines in regard to their medical and housing status eligibility. HACSB does not determine, nor confirm, either the housing status or the medical (AIDS/HIV) status of the applicant household. HACSB solely determines the income and criminal background eligibility for the subsidized program.

II. DEFINITIONS

- A. Administrative Plan – The Housing Services Program Administrative Plan, which serves as a policy manual that details rules and policies that govern the subsidized programs under the HACSB.
- B. Central Coordinating Agency (CCA) - The HOPWA grantee, in this case, FAP.
- C. Family – Is used interchangeably with “applicant”, “participant” or “client.”
- D. Family Obligations Agreement/Voucher – Contract between the eligible participant and the HACSB that details the requirements, rules, policies, and responsibilities for participation in the program. A contract signed by the eligible participant with HACSB does not preclude or override any requirements made by FAP or contained in the landlord/tenant lease.
- E. Housing Assistance Payment (HAP) Contract – The agreement between the HACSB and the landlord that details the rights and responsibilities for participation in the HOPWA program and receipt of housing subsidy funds to support the eligible tenant during their approved tenancy in the unit.
- F. Housing Program Inspection – An inspection to ensure the unit meets health, safety and quality standards, under HUD guidelines, that takes place prior to the execution of the lease between the landlord and the tenant and before execution of the HAP contract between the landlord and the HACSB and is also conducted on an annual basis to ensure ongoing compliance of the subsidized rental unit.
- G. Landlord – An individual, firm, corporation, partnership, HACSB or similar entity; or a designated property manager that holds title to the housing that receives funding through rental subsidies on behalf of this HOPWA program.
- H. Lease - The private market rental lease that outlines the rights and responsibilities of both the tenant and the landlord during the lease term.

- I. Request for Tenant Approval (RFTA) – The form submitted by the participant and owner when a unit has been identified and is being submitted for HOPWA program inspection and rent reasonableness prior to the execution of the lease.
- J. Target Population – Homeless, at-risk of homelessness families and medically fragile individuals with HIV/AIDS.

III. HACSB SERVICE RESPONSIBILITIES

- A. Provide housing services to qualified applicants who are members of the target population and County residents. Services will be provided through the HACSB offices located in San Bernardino, Upland, and Victorville or at other non-HACSB sites as needed to accommodate the client.
- B. Maintain releases of information signed by each participant in the HOPWA program to ensure open communication between FAP and HACSB in order to support the household's housing stability.
- C. Provide housing services that include:
 - 1. Screening Eligibility and Verification of Applications: Screen applicants and ensure individuals meet the qualifications as outlined in the Administrative Plan and HUD determined guidelines governing the HOPWA program (income and criminal background only). Ensure families understand the obligations of the voucher, including: family must remain in compliance with the Central Coordinating Agency (FAP).
 - 2. Orientation Briefings, Issuance of Family Obligations Agreement/ Voucher: Notify the applicant of acceptance into the program and coordinate briefings with FAP staff. Conduct orientation meetings to provide instructions to applicants on policies, the Family Obligations/ Voucher Agreement, and to outline applicant's rental responsibilities.
 - 3. Initial and Regular Housing Program Inspections: Inspect the rental property to assure that housing is decent, safe, and sanitary and in compliance with HUD's Housing Inspection Standards .
 - 4. Determination of Reasonable Rents: Determine if the contract rent for each lease approved unit is reasonable in relation to rent currently charged for comparable units in the private unassisted market, and not in excess of rents currently being charged by the owner for comparable units.
 - 5. Payments to the Landlord: Approve payment of the difference between the rent approved by the HACSB and 30% of the participant's adjusted monthly income. The approved rent will not exceed the "Rent Reasonableness" as established by the HACSB and HUD guidelines, for the actual unit size. Generate checks monthly to appropriately disburse funds to owners of approved occupied units.
 - 6. Landlord Responsibilities: HACSB will ensure that landlords understand their rights and responsibilities under the program and respond to complaints and appeals regarding housing services.

- D. To the extent permitted by law, facilitate regular case conference meetings with FAP to discuss identification of barriers to productive treatment, mutual problem solving, and future planning; Communicate and coordinate with FAP's Lead Housing Case Manager to facilitate the HOPWA program, reduce problems, and to ensure that services are provided appropriately. HACSB staff will notify FAP's Housing Program Manager when there are changes in program participants' income, household composition, and/or other changes relevant to the program. Notices shall be emailed to an individual identified by FAP.
- E. HACSB staff will request that documentation be submitted by FAP or the client demonstrating FAP's approval of changes in household composition prior to the HACSB reviewing the request against HUD regulations and administrative policies governing the HOPWA program. Any change to household composition will only be processed by HACSB once approval has been received by the FAP caseworker.
- F. Inform applicants of the benefits in participating in the HOPWA program activities. Participants that do not participate may jeopardize their opportunity to successfully maintain ongoing housing assistance.
- G. Send reimbursement requests to FAP fifteen days after the calendar month in which the services were provided and include an administrative fee of 7.5% of the Housing Assistance Payment amount for each approved tenant.
- H. May absorb two (2) clients per month into regular federal Housing Choice Voucher Program (HCV) if: 1. Accounts receivable payments from FAP are current (within 1 month, and remain current on an ongoing basis), and 2. HCV program has available funding to absorb clients, and 3. FAP can demonstrate a verified need for release of additional HOPWA program vouchers. (In order for clients to be absorbed into the HCV program, the following criteria must be met: Family must have been on the program for at least three (3) years prior to absorption; be in compliance with all HACSB Voucher program policies; be in compliance with all CCA policies; have a written statement from CCA indicating that the household is eligible for absorption and in compliance with all CCA program policies).

IV. FAP RESPONSIBILITIES

- A. Receive referrals (referral form) from Case Managers/Housing Case Managers in San Bernardino County and conduct an initial assessment (pre-briefing) and complete application packet to determine eligibility.
- B. Conduct pre-briefing with applicants to explain rental assistance including tenant's rights and responsibilities. Compliance with CCA's requirements.
- C. Obtain the following: proof of San Bernardino County residency, documentation of HIV/AIDS diagnosis (and maintain in client's confidential case file), documentation of case management with referring agency for at least 1 year (verified by registration date, progress notes, etc.).

- D. Verify that: Monthly income does not exceed established percentage of the area median income, based on family size, as defined by current published HUD Income Limits for San Bernardino County, and that applicant is currently paying more than 30% of their adjusted income for rent.
- E. Submit original application packet and all supporting documents to the HACSB (referral form) and accompany clients to pre-briefing and HACSB briefing.
- F. For tenant-based program, assist the client, when necessary, to locate suitable safe, decent, and sanitary housing to meet the client's needs, conduct site visits for FAP clients prior to submission of RFTA.
- G. For project-based program, select property in accordance with HUD requirements, provide HACSB with a move-in ready contracted unit and coordinate tenant referrals.
- H. Conduct quarterly meetings to update clients on program guidelines, update client files, evaluate client health, mental and social outcomes, and provide ongoing educational forums, and assess the duration of participation in a case management program located in San Bernardino County.
- I. Communicate and coordinate with HACSB to facilitate the program, reduce problems, and to ensure that services are provided appropriately, as well as address barriers, disparities and discuss successes with HACSB coordinating staff.
- J. Request termination of clients not in compliance with CCA requirements. The request will be made in writing to HACSB and will detail all attempts made to reach out to the participant and engage them in supportive services and case management as required within program rules and with the CAA.
- K. Collect the following data in order to track, monitor and provide measurable outcomes: client-level and program-level data, including demographic information, household income, housing status, service utilization, and health outcomes, in order to track, monitor, and provide measurable outcomes related to housing stability, access to supportive services, and improvements in quality of life for individuals and families living with HIV/AIDS.
- L. FAP will reimburse HACSB the entire amount of rental assistance provided by HACSB on behalf of eligible participants and remain current (within 1 month) plus HACSB's 7.5% monthly administrative fee based on the amount of rental assistance provided and remain current (within 1 month). Such reimbursement shall be paid within 90 days of receipt of the invoice.
- M. FAP's client file will include documentation of the following:
 - a. Completed copy of application packet, signed consent to release information, photo identification, Social Security/Residency card, copy of HIV/AIDS diagnosis with physician's signature, (copy of HIV/AIDS diagnosis form for clients enrolled with other San Bernardino County case management agencies).
 - b. Proof of income (every six months).

- c. Proof of dependents and family unit status (including: Social Security cards and birth certificates for children less than 18 years of age).
 - d. Determination of 30% of the participant's adjusted monthly income.
 - e. Proof of eligibility collected every 6 months.
 - f. Agreement between participant and FAP consent to participant.
 - g. Required releases of information.
 - h. Agreement between participants and FAP (consent to participate).
- N. FAP shall cooperate with HACSB in the implementation, monitoring and evaluation of this MOU and comply with any and all reporting requirements established by this MOU.

V. MUTUAL RESPONSIBILITIES

- A. FAP and HACSB agree they will establish mutually satisfactory methods for the exchange of such information as may be necessary in order that each party may perform its duties and functions under this agreement; and appropriate procedures to ensure all information remains confidential is safeguarded from improper disclosure in accordance with applicable State and Federal laws and regulations.
- B. FAP and HACSB agree they will establish mutually satisfactory methods for problem resolution at the lowest possible level as the optimum, with a procedure to mobilize problem resolution up through FAP and HACSB's mutual chain of command, as deemed necessary.
- C. FAP and HACSB agree to adhere to mutually developed grievance procedures with regard to participant satisfaction, and in respect of the grievance procedures clearly defined in HACSB's Administrative Plan, in accordance with Department of Housing and Urban Development(s) Code of Federal Regulations.
- D. FAP and HACSB agree they will collaborate in providing In-Service Training to staff about the Housing Opportunities for Persons with Aids program and services offered under this MOU.
- E. FAP and HACSB will collaborate to assist customers with landlord issues, and when necessary, refer the customer to Inland Fair Housing and Mediation Board.

VI. FISCAL PROVISIONS

FY 2025/2026 Housing Opportunity for Persons with AIDS (HOPWA); Current budget of \$1,316,216, (which may be modified in the sixth (6th) month of the contract year), is projected to cover approximately 77 households, dependent on per unit cost per household per month.

VII. RIGHT TO MONITOR AND AUDIT

HACSB and FAP shall cooperate in the implementation, monitoring and evaluation of this MOU and comply with any and all reporting requirements as established by HUD in administering the HOPWA program.

VIII. TERM

This MOU is effective as of July 1, 2025 and expires June 30, 2026, but may be terminated earlier in accordance with provisions of Section IX of this MOU. This MOU may be extended for one-year periods upon written agreement of both parties, unless terminated earlier under the provisions of Section IX.

IX. EARLY TERMINATION

- A. This MOU may be terminated without cause upon thirty (30) days written notice by either party; provided FAP shall make all payments due to HACSB under Section IV. L. of this MOU and provide all deliverables due to HACSB as of the effective date of any termination. The HACSB Executive Director is authorized to exercise HACSB rights with respect to any termination of this MOU. The FAP Director, or his/her appointed designee, has authority to terminate this MOU on behalf of FAP.
- B. If, during the term of this MOU, State and/or Federal funds appropriated for the purposes of this MOU are reduced or eliminated, either party may immediately terminate this MOU upon written notice to the other party.

X. INDEMNIFICATION

- A. The HACSB agrees to indemnify, defend and hold harmless the FAP and its authorized officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and or liability arising out of this MOU from the negligence of the HACSB, including the acts, errors or omissions of the HACSB and for any costs or expenses incurred by the FAP on account of any claim resulting from the acts or negligence of the HACSB or its authorized officers, employees, agents, and volunteers, except where such indemnification is prohibited by law.
- B. The FAP agrees to indemnify, defend and hold harmless the HACSB and its authorized officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and or liability arising out of this MOU from the negligence of the FAP, including the acts, errors or omissions of the FAP and for any costs or expenses incurred by the HACSB on account of any claim resulting from the acts or negligence of the FAP or its authorized officers, employees, agents, and volunteers, except where such indemnification is prohibited by law.

XI. GENERAL PROVISIONS

- A. No waiver of any of the provisions of the MOU documents shall be effective unless it is made in a writing which refers to provisions so waived and which is executed by the Parties. No course of dealing and no delay or failure of a Party in exercising any right under any MOU document shall affect any other or future exercise of that right or any exercise of any other right. A Party

shall not be precluded from exercising a right by its having partially exercised that right or its having previously abandoned or discontinued steps to enforce that right.

- B. Any alterations, variations, modifications, or waivers of provisions of the MOU, unless specifically allowed in the MOU, shall be valid only when they have been reduced to writing, duly signed and approved by the Authorized Representatives of both parties as an amendment to this MOU. No oral understanding or agreement not incorporated herein shall be binding on any of the Parties hereto.
- C. This MOU may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same MOU. The parties shall be entitled to sign and transmit an electronic signature of this MOU (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed MOU upon request.

XII. CONCLUSION

- A. This MOU, consisting of nine (9) pages is the full and complete document describing services to be rendered by FAP and HACSB including all covenants, conditions and benefits.
- B. The signatures of the Parties affixed to this MOU affirm that they are duly authorized to commit and bind their respective departments to the terms and conditions set forth in this document.

FOOTHILL AIDS PROJECT

By: _____
La Monica Stowers, Executive Director

Date: _____

**HOUSING AUTHORITY OF THE COUNTY OF SAN
BERNARDINO**

By: _____
Maria Razo, Executive Director

Date: _____

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Contract with the San Bernardino County Transitional Assistance Department for California Work Opportunity and Responsibility to Kids Housing Support Program Services

RECOMMENDATION(S)

1. Approve a contract with the San Bernardino County Transitional Assistance Department for the provision of California Work Opportunity and Responsibility to Kids Housing Support Program services for a contract amount not to exceed \$16,434,760, for the total contract period of July 1, 2025, through May 31, 2028.
2. Authorize and direct the Executive Director to execute and deliver the contract to the San Bernardino County Transitional Assistance Department and, upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

San Bernardino County's (County) Transitional Assistance Department (TAD) received notification from the California Department of Social Services (CDSS) of funding allocation for the California Work Opportunity and Responsibility to Kids (CalWORKs) Housing Support Program (HSP) in an amount not to exceed \$16,434,760. The recommended contract is for a three-year period by mutual agreement by TAD and the Housing Authority of the County of San Bernardino (HACSB).

BACKGROUND INFORMATION

Under the terms of the recommended contract, HACSB will continue to provide contracted services to TAD, for the provision of housing and rental assistance for CalWORKs families who identify themselves as homeless. CalWORKs HSP was established through SB 855 (Chapter 29, Statutes of 2014) to promote housing stability for families in the CalWORKs program. The Rapid Rehousing (RRH) services provided through HSP offer time-limited, individualized rental assistance at a level that enables households to maintain housing while they seek to increase income; learn to manage a household budget; relocate to less expensive housing; and/or reduce expenses to sustain their housing. Rental assistance will be provided in a manner that is intended to prevent families from experiencing a sudden and unmanageable increase to their housing expenses at the end of program assistance.

HACSB's affiliate non-profit, Knowledge, Education for Your Success, Inc. (KEYS), works with families and private landlords to provide RRH and rental assistance. KEYS partners with community and faith-based organizations to leverage and support payment of security deposits, utility assistance, furniture needs, and other housing costs as appropriate to the situation. Based on an average cost of \$30,067.65 (estimated using the 24/25 average cost per household of \$27,334.23 and adding a 10% escalator for potential rent increases) per household, a total of approximately 169 families, approximately 105 new and 64 continuing households will be served with the available HSP allocation in the funding period. From January 2015 to March 31, 2025, the partnership with TAD, HACSB, and KEYS served more than 3,785 families, of which 9,500 are children: resulting in the placement of 2,968 households, including 7,050 children, in permanent housing.

PROCUREMENT

The County's Purchasing Department determined that the non-competitive nature of a contract with HACSB is justified based on CDSS' allocation to the County as a result of TAD's proposal to partner with HACSB in its application for HSP funding.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 23, 2025.



Contract Number

SAP Number

Transitional Assistance Department

| | |
|---|--|
| Department Contract Representative | <u>Diane Ettari, Contract Analyst</u> |
| Telephone Number | <u>909-386-8313</u> |
| Contractor | <u>Housing Authority of the County of San Bernardino</u> |
| Contractor Representative | <u>Maria Razo, Executive Director</u> |
| Telephone Number | <u>909-890-0644</u> |
| Contract Term | <u>July 1, 2025 through May 31, 2028</u> |
| Original Contract Amount | <u>\$16,434,760</u> |
| Amendment Amount | <u>N/A</u> |
| Total Contract Amount | <u>\$16,434,760</u> |
| Cost Center | <u>5017691000 and 5017701000</u> |
| Grant Number (if applicable) | <u></u> |

IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS, San Bernardino County (County) desires to designate a contractor of choice to provide Homeless Support Program (HSP) services to California Work Opportunity and Responsibility to Kids (CalWORKs) customers, as further described in a statement of work (the "Services"); and

WHEREAS, based upon and in reliance on the representations of the Housing Authority of the County of San Bernardino (Contractor), the County finds Contractor qualified to provide such services; and

WHEREAS, the County desires that such services be provided by Contractor and Contractor agrees to perform these services as set forth below;

NOW, THEREFORE, the County and Contractor mutually agree to the following terms and conditions:

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ATTACHMENTS

- A. COMPLAINT AND GRIEVANCE PROCEDURE
- B. ASSURANCE OF COMPLIANCE
- C. PROGRAM BUDGET

A. DEFINITIONS

1. CalFresh – The federally funded food and nutrition program, also known as the Supplemental Nutrition Assistance Program (SNAP), which increases household food budgets in the effort to help improve the health and wellbeing of eligible families and individuals by giving them a means to meet their nutritional needs.
2. California Work Opportunity and Responsibility to Kids (CalWORKs) – The welfare program implemented through Assembly Bill (AB) 1542 to provide temporary assistance in the form of cash aid and services to eligible needy families. This program replaced the Aid to Families with Dependent Children (AFDC) program in the State of California.
3. CalWORKs Housing Support Program (HSP) – A program developed to reduce the instance of homelessness within the TAD's CalWORKs families by moving them into permanent housing. Rapid Rehousing and rental assistance will be provided to families to obtain housing quickly and to promote stability through an array of case management and supportive services by maximizing collaborative partnerships.
4. Contract – The legal agreement between the County and the Contractor.
5. Coordinated Entry System (CES) – A community-wide process for managing requests for housing and homelessness services, which includes a standardized assessment, prioritization, and referral process that focuses on maximizing the efficiency and fairness of access to resources by prioritizing individuals and families most in need.
6. Customer – A person that is eligible and currently participating in the CalWORKs program or an applicant who is apparently eligible for CalWORKs who volunteers to participate prior to approval.
7. Homeless Assistance Eligibility Worker (EW) – The Transitional Assistance Department (TAD) worker who will interview and complete the HSP referral and refer the family to the Service Coordinator.
8. Homeless Management Information System (HMIS) – A software application designed to record and store client-level information on the characteristics and service needs of homeless persons. HMIS is typically a web based software application that homeless assistance providers use to coordinate care, manage their operations, and better serve their clients.
9. Housing Authority of the County of San Bernardino (HACSB) – The agency which provides housing opportunities and resources throughout San Bernardino County. HACSB provides more than 13,000 housing units and works with landlords to provide affordable, decent, safe, and sanitary housing. HACSB works with families and private landlords to ensure HUD's requirements for housing standards are followed and maintained and to ensure the family knows and understands their tenant rights and responsibilities.
10. Housing First Model – A model of housing assistance that is offered without preconditions (such as sobriety or a minimum income threshold) or service participation requirements, and rapid placement and stabilization in permanent housing are primary goals. Research shows that it is effective for the chronically homeless with mental health and substance abuse disorders, resulting in fewer inpatient stays and less expensive interventions than other approaches. All referrals must be assigned to Knowledge and Education for Your Success, Inc. (KEYS) from the Coordinated Entry System (CES), or alternate method of referral such as reverse/reciprocal referral as deemed acceptable by the County of San Bernardino Office of Homeless Services (OHS), prior to enrollment.
11. Housing Coordinator – The worker who directly helps the family locate housing; assists with completing housing applications; provides mediation with landlords and neighbors; provides written information about landlord/tenant rights and responsibilities; reviews and explains of the requirements of the lease. Each enrolled customer receives up to three housing offers from the KEYS flexible housing pool. Customers are encouraged to seek units independently throughout their housing search. The Housing Coordinator will work to find the most immediate and viable long term placements for the family. The Housing Coordinator is based at the KEYS office.

12. Human Services – San Bernardino County Human Services (HS), a system of integrated services, where the programs and resources of nine (9) County departments come together to provide a rich, more complete array of services to the citizens of San Bernardino County under one coordinated effort.
13. Individualized Service Plan (ISP) – A best practice tool used by the Service Coordinator to determine the fastest and most efficient way to permanently house the family, and which services are critical to housing retention. The ISP helps the Service Coordinator work with the family to identify strengths, barriers, resources, and set immediate goals to stabilize the family in their housing crisis.
14. Intake Specialist – The KEYS staff member who conducts homeless verification, screens and assesses customers for eligibility and prioritization. The Intake Specialist monitors the active working list for enrollments that have been prioritized using CES standards.
15. Knowledge and Education for Your Success, Inc. (KEYS) – A subcontractor for HACSB that administers the CalWORKs HSP to provide housing needs payments to CalWORKs recipient homeless families. The mission of KEYS is to empower all individuals and families impacted by poverty to unlock their potential for success.
16. Rapid Re-Housing Model (RRH) – A model of housing assistance that is voluntary and designed to assist the homeless, with or without disabilities, move as quickly as possible into permanent housing, and achieve stability in that housing. Rapid rehousing assistance is time-limited, individualized, and flexible. A rapid rehousing approach may provide supportive services and tenant based rental assistance.
17. Release of Information (ABCDM 228 – KEYS) – A written authorization signed by the customer waiving the right to confidentiality and authorizing the County or its agent to release to or obtain from other individuals or agencies specific information necessary for the administration of the Housing Support Program (HSP) and/or customer's case.
18. Rental Assistance – May be short term (up to three months) or medium term (three to twelve months) or long term (up to twenty-four months, namely, for customers with high vulnerability scores as determined by the CES prioritization, extenuating circumstances, and/or demonstrated progression through program). The rental assistance must be for permanent housing. Rental assistance will only be provided for a unit if the rent is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, management, and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units. In addition to rent reasonableness, all units must pass, at a minimum, meet housing habitability standards. The Contractor and/or its subcontractor reserves the rights to impose stricter housing quality standards, program wide, to ensure safe and decent housing is being provided.
19. Recidivism – Measuring the program's success in ending homelessness as measured by the number of households who attain housing and do not re-enter/return to homelessness, either sheltered or unsheltered, to a successful housing outcome.
20. Services Coordinator – Provides case management and support services related to housing placement and stability. Service Coordinators designated to administer HSP are co-located at various TAD district offices. Service Coordinators work closely with Homeless Assistance (HA) Eligibility Workers (EWs) in determining HSP eligibility and benefits. The Service Coordinator will connect customers to the following housing related services, which includes, but may not be limited to: housing location; housing application assistance; provision of mediation with landlords and neighbors; provision of written information about landlord/tenant rights and responsibilities; review and explanation of the requirements of the lease; obtaining, interpreting, and correcting rental and credit history, as needed, including additional legal services as needed; obtaining identification and other documentation needed to apply for housing; assistance developing a household budget and reduction of expenses to the extent possible; assistance to reduce or re-negotiate debt and/or obtain other consumer credit counseling assistance; provision of case

management; securing household furnishings and/or appliances; and provision of information and referrals to employment and free or reduced cost goods and services. Referrals are made as needed to services outlined in the customer's Individualized Service Plan (ISP).

21. Services – The required services described in this Contract.
22. Transitional Assistance Department (TAD) –Administers the financial support systems that assist needy families with basic living expenses. TAD also administers the Welfare-to-Work component of CalWORKs.
23. Temporary Assistance for Needy Families (TANF) – The federal program under which CalWORKs is administered. This program is designed to help families with children experiencing low-income achieve economic security and stability.
24. Vulnerability Index-Service Prioritization Decision Assistance (VI-SPDAT) – is a standardized assessment tool used to determine the appropriate housing intervention and helps prioritize resources by assigning the customer a score based on their circumstances

B. CONTRACTOR RESPONSIBILITIES

Contractor shall:

1. Accept Housing Support Program (HSP) referrals from the Transitional Assistance Department (TAD) Homeless Assistance Eligibility Worker (EW), for families who have been identified at application, Re-Evaluation (RE), SAR 7 Eligibility Status Report (SAR 7), when the customer reports a change of address and/or living arrangement, or any other time, as homeless or at risk of homelessness, defined as:
 - a. Lacking a fixed, regular, and adequate nighttime residence; or
 - b. Having a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or
 - c. Will imminently lose their primary nighttime residence provided that:
 - 1) The primary nighttime residence will be lost within the fourteen (14) days following the date of application for HSP,
 - 2) The family lacks the resources or support networks to obtain other permanent housing, and
 - 3) No subsequent residence has been identified; or
 - d. Meeting one of the following conditions during the sixty (60) days immediately preceding the application for HSP:
 - 1) Moved two (2) or more times due to economic reasons,
 - 2) Living in the home of another because of economic hardships, or
 - 3) Living in a hotel or motel and the cost of the hotel or motel is **not** paid for by a charitable organization or by federal, State, or local government programs for low income individuals; or
 - e. Residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (including a car, park, abandoned building, bus, train station, airport, and camping ground); or
 - f. Fleeing, or attempting to flee, domestic abuse, sexual assault, or other dangerous/life threatening conditions that relate to violence against anyone in the CalWORKs Assistance Unit (AU) and:
 - 1) Has no residence, and
 - 2) Lacks the resources or support networks to obtain other permanent housing; or
 - g. Are at risk of homelessness. Families considered at risk of homelessness include:

- 1) Are experiencing housing instability (including recipients who have not yet received an eviction notice, e.g., Three Day Pay or Quit Notice) and for whom housing instability would be a barrier to self-sufficiency or child well-being,
 - 2) Have no subsequent permanent residence secured, and
 - 3) Lacking resource or support networks needed to stabilize their unique housing situation and secure subsequent permanent housing.
2. Provide case management for all CalWORKs customers who receive HSP services under this Contract. Case management includes, but is not limited to, maintaining a customer's case file while enrolled in HSP services. Each customer shall have an individual case file, which must be accurate and complete, and minimally contain the following information, completed and signed as applicable and necessary:
 - a. TAD Referral to KEYS (HSP 30),
 - b. Customer Consent/Information Release Authorization (HA 31),
 - c. Self-Certification Form (HSP 35),
 - d. Client Consent and Information Release (TAD HMIS 36),
 - e. Statement of Facts – Homeless Assistance (CW 42),
 - f. Release of Information (ABCDM 228 – KEYS),
 - g. Signed County Complaint and Grievance Procedure (HS 39) (Attachment A),
 - h. Eviction paperwork, if received from the customer,
 - i. HSP Communications Form (HSP 33), if applicable, and
 - j. KEYS Results to TAD (HSP 31), if applicable.
3. Provide CalWORKs Housing Support Program (HSP), Rapid Re-Housing (RRH), and Rental Assistance to targeted CalWORKs families.
4. Conduct the screening process for eligibility, perform Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT) assessments for scoring for CES prioritization, and perform homeless verifications for all referrals. Intake Specialists, who may be co-located in a TAD office on a part time rotational basis, may schedule a real time interview with the customer (during pre-scheduled office hours) to commence the screening process. Upon completion of the screening process and based upon the VI-SPDAT score, the customers are assigned to a Services Coordinator to complete intake and enrollment. In addition to the Intake Specialist co-locating at TAD offices, Services Coordinators will also co-locate to provide real time case management and support while increasing ease and access to services for the customer.
5. Directly assist the identified family, if eligible, with several housing related services including, but not limited to:
 - a. Locating housing.
 - b. Completing housing applications.
 - c. Providing mediation with landlords and neighbors.
 - d. Providing written information about landlord/tenant rights and responsibilities.
 - e. Reviewing and understanding the requirements of the lease.
 - f. Obtaining, interpreting, and correcting, as needed, rental and credit history, which may require additional legal services.
 - g. Obtaining identification and other documentation needed to apply for housing.
 - h. Developing a household budget and reducing expenses to the extent possible.

- i. Reducing or renegotiating debt and/or obtaining other consumer credit counseling assistance.
 - j. Providing information and referrals to employment and free or reduced cost goods and services.
 - k. Providing case management.
 - l. Providing household items, appliances or storage fees.
- 6. Ensure that the RRH program will offer time limited, individualized financial assistance designed to assist families obtain and retain permanent housing. Financial assistance is to be provided at a level that enables the family to maintain housing while they seek to:
 - a. Increase income.
 - b. Learn to manage a household budget.
 - c. Reduce expenses to sustain their housing.
- 7. Ensure that rental assistance is provided in a manner that is intended to prevent families from experiencing a sudden and unmanageable increase in their housing expenses at the end of program assistance.
- 8. Provide one hundred percent (100%) of the first month's rental startup costs, which include security and/or utility deposits for move-in stabilization.
- 9. Set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, and/or a maximum number of times that a program participant may receive rental assistance.
- 10. Leverage community resources and partnerships to provide other mainstream supportive services that support the customer ISP.
- 11. Ensure that treatment for mental health or substance abuse needs is not a condition of RRH services utilizing the "Housing First" standards.
- 12. Enter data about the homeless individuals and families seeking services into the Homeless Management Information System (HMIS).
- 13. Meet monthly with TAD, Program Development Division (PDD) and subcontractor, if applicable, to coordinate and evaluate policies related to the program.
- 14. Provide monthly reports as required by TAD and the California Department of Social Services (CDSS).
- 15. Conduct follow up of customers identified in HMIS showing that the families accessed other homeless assistance after exiting from HSP and provide the reasons for recidivism in the monthly report to TAD.
- 16. Conduct annual monitoring for contract, program, and fiscal compliance of all subcontractors who provide services pursuant to this Contract. Monitoring may be desk audits, onsite monitoring, or a combination of both, in accordance with the Contractor's approved monitoring program. Subcontractor monitoring reports citing all outcomes, findings, and corrective measures including timelines, shall be made available for TAD's review.
- 17. Obtain written approval from the Director of TAD before making changes to services and programs, as well as types of contractor and subcontractor staff available to provide services, including, but not limited to: Services Coordinator, Housing Coordinator, Intake Specialist, etc.
- 18. Obtain written approval from the Director of TAD before making changes to the locations, delivery method (i.e., in person, virtual, or via telephone), and hours of operation for all contractor and subcontractor staff available to provide services.

C. GENERAL CONTRACT REQUIREMENTS

1. **Recitals** – The recitals set forth above are true and correct and incorporated herein by this reference.
2. **Contract Amendments** – Contractor agrees any alterations, variations, modifications, or waivers of the provisions of the Contract, shall be valid only when reduced to writing, executed and attached to the original Contract, and approved by the person(s) authorized to do so on behalf of Contractor and County.
3. **Contract Assignability** – Without the prior written consent of the County, the Contract is not assignable by Contractor either in whole or in part.
4. **Reserved**
5. **Attorney's Fees and Costs** – If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorney fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-party legal action against a party hereto and payable under Indemnification and Insurance Requirements.
6. **Background Checks for Contractor Personnel** – Contractor shall ensure that its personnel (a) are authorized to work in the jurisdiction in which they are assigned to perform Services; (b) do not use legal or illegal substances in any manner which will impact their ability to provide Services to the County; and (c) are not otherwise disqualified from performing the Services under applicable law. If requested by the County and not in violation of applicable law, Contractor shall conduct a background check, at Contractor's sole expense, on all its personnel providing Services. If requested by the County, Contractor shall provide the results of the background check of each individual to the County. Such background check shall be in the form generally used by Contractor in its initial hiring of employees or contracting for contractors or, as applicable, during the employment-screening process but must, at a minimum, have been performed within the preceding twelve (12) month period. Contractor personnel who do not meet the County's hiring criteria, in County's sole discretion, shall not be assigned to work on County property or Services, and County shall have the right, at its sole option, to refuse access to any Contract personnel to any County facility.

Contractor shall obtain from the Department of Justice (DOJ) records of all convictions involving any sex crimes, drug crimes, or crimes of violence of a person who is offered employment or volunteers for all positions in which he or she would have contact with a minor, the aged, the blind, the disabled or a domestic violence client, as provided for in Penal Code section 11105.3 prior to providing any services. This includes licensed personnel who are not able to provide documentation of prior DOJ clearance. A copy of a license from the State of California, which requires a DOJ clearance, is sufficient proof. The County must be immediately notified of any records showing a conviction. The County may instruct Contractor to take action to deny/terminate employment or terminate internship and/or volunteer services where the records show the person is unsuitable for employment, internship, or volunteer services.

In addition to the documentation of DOJ clearance, Contractor shall obtain clearance from the Federal Bureau of Investigation (FBI) and Child Abuse Central Index (CACI), and records of all convictions involving any sex crimes, drug crimes, or crimes of violence of a person who is offered employment or volunteers for all positions in which he or she would have contact with a minor, the aged, the blind, the disabled or a domestic violence client, prior to providing any services. The County must be immediately notified of any records showing a conviction. The County may instruct Contractor to take action to deny/terminate employment or terminate internship and/or volunteer services where the records show the person is unsuitable for employment, internship, or volunteer services.

Contractor shall notify the County of any board member, staff member, paid intern or volunteer who is knowingly or negligently employed who has been convicted of any crime of violence or of any sexual crime. Contractor shall investigate all incidents where an applicant, employee, intern

or volunteer has been arrested and/or convicted for any crime listed in Penal Code Section 11105.3 and shall notify the County. In the County's discretion, the County may instruct Contractor to take action to either deny/terminate employment or terminate internship and/or volunteer services where the investigation shows that the underlying conduct renders the person unsuitable for employment, internship, or volunteer services.

Contractor shall immediately notify the County concerning the arrest and/or conviction, other than minor traffic offenses, of any paid employee, agent, consultant, intern, or volunteer staff, when such information becomes known to Contractor.

7. **Change of Address** – Contractor shall notify the County in writing, of any change in mailing address within ten (10) business days of the change.
8. **Choice of Law** – This Contract shall be governed by and construed according to the laws of the State of California.
9. **Compliance with County Policy** – In performing the Services and while at any County facilities, Contractor personnel (including subcontractors) shall (a) conduct themselves in a businesslike manner; (b) comply with the policies, procedures, and rules of the County regarding health and safety, and personal, professional and ethical conduct; (c) comply with the finance, accounting, banking, Internet, security, and/or other applicable standards, policies, practices, processes, procedures, and controls of the County; and (d) abide by all laws applicable to the County facilities and the provision of the Services, and all amendments and modifications to each of the documents listed in subsections (b), (c), and (d) (collectively, "County Policies"). County Policies, and additions or modifications thereto, may be communicated orally or in writing to Contractor or Contractor personnel or may be made available to Contractor or Contractor personnel by conspicuous posting at a County facility, electronic posting, or other means generally used by County to disseminate such information to its employees or contractors. Contractor shall be responsible for the promulgation and distribution of County Policies to Contractor personnel to the extent necessary and appropriate.

County shall have the right to require Contractor's employees, agents, representatives and subcontractors to exhibit identification credentials issued by County in order to exercise any right of access under this Contract.

10. **Confidentiality** – Contractor shall ensure that all staff, volunteers and/or Subcontractors performing Services under this Contract comply with the terms and conditions as set forth in the Human Services Information Privacy and Security Requirements specified at <http://hss.sbcounty.gov/Privacy> prior to providing any Services. Contractor shall immediately notify the County of any suspected or actual breach of confidential information as further detailed in the requirements. These requirements specified at <http://hss.sbcounty.gov/Privacy> are hereby incorporated by this reference.
 - a. Read, understand and comply with the Privacy and Security Requirements Summary.
 - b. Ensure employees, subcontractors, agents, volunteers and interns who have access to Personally Identifiable Information (PII) complete the Privacy and Security Training and execute the training acknowledgement form and other training materials annually.
 - c. Ensure employees, subcontractors, agents, volunteers and interns who have access to PII sign the Confidentiality Statement annually.
 - d. Report actual, suspected or potential breaches of PII immediately to the Human Services Privacy and Security Office via email at: HSPrivacySecurityOfficer@hss.sbcounty.gov
11. **Primary Point of Contact** – Contractor will designate an individual to serve as the primary point of contact for the Contract. Contractor or designee must respond to County inquiries within two (2) business days. Contractor shall not change the primary contact without written acknowledgement to the County. Contractor will also designate a back-up point of contact in the event the primary contact is not available.
12. **County Representative** – The Assistant Executive Officer or his/her designee shall represent the County in all matters pertaining to the services to be rendered under this Contract, including

termination and assignment of this Contract, and shall be the final authority in all matters pertaining to the Services/Scope of Work by Contractor. If this contract was initially approved by the San Bernardino County Board of Supervisors, then the Board of Supervisors must approve all amendments to this Contract.

13. **Damage to County Property** – Contractor shall repair, or cause to be repaired, at its own cost, all damages to County vehicles, facilities, buildings or grounds caused by the willful or negligent acts of Contractor or its employees or agents. Such repairs shall be made immediately after Contractor becomes aware of such damage, but in no event later than thirty (30) days after the occurrence.

If the Contractor fails to make timely repairs, the County may make any necessary repairs. The Contractor, as determined by the County, shall repay all costs incurred by the County for such repairs, by cash payment upon demand, or County may deduct such costs from any amounts due to the Contractor from the County, as determined at the County's sole discretion.

14. **Debarment and Suspension** – Contractor agrees to comply with the applicable federal suspension and debarment regulations, including, but not limited to Title 48 Code of Federal Regulations (CFR), Chapter 1, Subchapter B, Part 9, Subpart 9.4 (48 C.F.R. Section 9.400 et seq.).

Contractor certifies that it and its principals and subcontractors:

- a. Are not presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (See the following United States General Services Administration's System for Award Management website <https://www.sam.gov>).
- b. Have not within a three (3) year period preceding this Contract been convicted of or had a judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction; or a violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in Section C, Paragraph 14, subparagraph b herein; and
- d. Have not within a three (3) year period preceding this Contract had one (1) or more public transactions (federal, state or local) terminated for cause or default.

Contractor further certifies that if it or any of its subcontractors are business entities that must be registered with the California Secretary of State, they are registered and in good standing with the Secretary of State.

15. **System for Award Management** – Contractor shall not be identified as suspended or debarred on the federal System for Award Management's (SAM) excluded list (<https://www.sam.gov>). If at any time during the term of the Contract, the County determines Contractor is identified as either suspended or debarred on the SAM, Contractor shall be considered in material breach of the Contract, and the County may proceed under the Correction of Performance Deficiencies section of the Contract, including immediate termination of the Contract. If Contractor becomes aware, at any point during the term of the Contract, that it is identified as suspended or debarred on the SAM excluded list, Contractor must immediately inform County. Such inclusion will be considered a material breach of the Contract and be sufficient grounds for immediate termination.

16. **Drug and Alcohol Free Workplace** – In recognition of individual rights to work in a safe, healthful and productive workplace, as a material condition of this Contract, the Contractor agrees that the Contractor and the Contractor's employees, while performing service for the County, on County property, or while using County equipment:

- a. Shall not be in any way impaired because of being under the influence of alcohol or an illegal or controlled substance.

- b. Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal or controlled substance.
- c. Shall not sell, offer, or provide alcohol or an illegal or controlled substance to another person, except where Contractor or Contractor's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

The Contractor shall inform all employees that are performing service for the County on County property, or using County equipment, of the County's objective of a safe, healthful and productive workplace and the prohibition of drug or alcohol use or impairment from same while performing such service for the County.

The County may terminate for default or breach of this Contract and any other Contract the Contractor has with the County, if the Contractor or Contractor's employees are determined by the County not to be in compliance with above.

- 17. **Duration of Terms** – This Contract, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties, provided no such assignment is in violation of the provisions of this Contract.
- 18. **Reserved.**
- 19. **Environmental Requirements** – In accordance with County Policy 11-08, the County prefers to acquire and use products with higher levels of post-consumer recycled content. Environmentally preferable goods and materials must perform satisfactorily and be available at a reasonable price. The County requires Contractor to use recycled paper for any printed or photocopied material created as a result of this Contract. Contractor is also required to use both sides of paper sheets for reports submitted to the County whenever practicable.

To assist the County in meeting the reporting requirements of the California Integrated Waste Management Act of 1989 (AB 939), Contractor must be able to annually report the County's environmentally preferable purchases. Contractor must also be able to report on environmentally preferable goods and materials used in the provision of their service to the County, utilizing a County approved form.

EPA Regulations – If the amount available to Contractor under the Contract exceeds \$100,000, Contractor will agree to comply with the Clean Air Act (42 U.S.C. section 7401 et seq.); section 508 of the Clean Water Act (33 U.S.C. section 1251 et seq.); Executive Order 11738 [38 Fed. Reg. 25161 (Sept. 10, 1973)]; and Environmental Protection Agency regulations (40 C.F.R.).

State Energy Conservation Clause – Contractor shall observe the mandatory standards and policies relating to energy efficiency in the State Energy Conservation Plan (California Code of Regulations (CCR), title 20, section 1401 et seq.).

- 20. **Improper Influence** – Contractor shall make all reasonable efforts to ensure that no County officer or employee, whose position in the County enables him/her to influence any award of the Contract or any competing offer, shall have any direct or indirect financial interest resulting from the award of the Contract or shall have any relationship to the Contractor or officer or employee of the Contractor.
- 21. **Improper Consideration** – Contractor shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the County in an attempt to secure favorable treatment regarding this Contract.

The County, by written notice, may immediately terminate this Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the County with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a contract has been awarded.

Contractor shall immediately report any attempt by a County officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Contractor. The report shall be made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, the County is entitled to pursue any available legal remedies.

22. **Informal Dispute Resolution** – In the event the County determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this Contract or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.
23. **Legality and Severability** – The parties' actions under the Contract shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this Contract are specifically made severable. If a provision of the Contract is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.
24. **Licenses, Permits and/or Certifications** – Contractor shall ensure that it has all necessary licenses, permits and/or certifications required by federal, state, County, and municipal laws, ordinances, rules and regulations. The Contractor shall maintain these licenses, permits and/or certifications in effect for the duration of this Contract. Contractor will notify County immediately of loss or suspension of any such licenses, permits and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this Contract.
25. **Material Misstatement/Misrepresentation** – If during the course of the administration of this Contract, the County determines that Contractor has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the County, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the County is entitled to pursue any available legal remedies.
26. **Mutual Covenants** – The parties to this Contract mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".
27. **Nondisclosure** – Contractor shall protect from unauthorized use or disclosure names and other identifying information concerning persons receiving Services pursuant to this Contract, except for statistical information not identifying any participant. Contractor shall not use or disclose any identifying information for any other purpose other than carrying out the Contractor's obligations under this Contract, except as may be otherwise required by law. This provision will remain in force even after the termination of the Contract.

Contractor shall hold as confidential and use reasonable care to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, confidential information that is either: (1) provided by the County to Contractor or an agent of Contractor or otherwise made available to Contractor or Contractor's agent in connection with this Contract; or, (2) acquired, obtained, or learned by Contractor or an agent of Contractor in the performance of this Contract. For purposes of this provision, confidential information means any data, files, software, information or materials in oral, electronic, tangible or intangible form and however stored, compiled or memorialize and includes, but is not limited to, technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data.

28. **Notice of Delays** – Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other party.

29. **Ownership of Documents** – All documents, data, products, graphics, computer programs and reports prepared by Contractor pursuant to the Contract shall be considered property of the County upon payment for services (and product, if applicable). All such items shall be delivered to County at the completion of work under the Contract. Unless otherwise directed by County, Contractor may retain copies of such items.
30. **Participation Clause** – The County desires that Municipalities, School Districts, and other Tax Districts within San Bernardino County requiring the same services provided herein may at their option and through the County Purchasing agent, avail themselves of this Contract. Upon notice, in writing, the Contractor agrees to the extension of the terms of this Contract with such governmental bodies as though they have been expressly identified in this Contract, with the provisions that:
- a. Such governmental body does not have and will not have in force any other contract for like purchases.
 - b. Such governmental body does not have under consideration for award any other bids or quotations for like purchases.

Such governmental body shall make purchases directly through and to the Contractor. The County will not be liable for any such purchase made between the Contractor and another governmental body who avails themselves of this Contract.

31. **Air, Water Pollution Control, Safety and Health** – Contractor shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, including fire clearances, which apply to the work performed pursuant to this Contract.
32. **Records** – Contractor shall maintain all records and books pertaining to the delivery of services under this Contract and demonstrate accountability for contract performance. All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the Contract.

All records relating to the Contractor's personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this Contract shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars, which state the administrative requirements, cost principles and other standards for accountancy. Please refer to http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl for further information.

Contractors expending \$750,000 or more in federal funds annually shall have a single audit or program specific audit performed. A copy of the audit shall be maintained as part of the program's fiscal records.

All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records per the preceding requirements shall be considered grounds for withholding payments for billings submitted and for termination of the Contract.

33. **Relationship of the Parties** – Nothing contained in this Contract shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.
34. **Release of Information** – No news releases, advertisements, public announcements or photographs arising out of the Contract or Contractor's relationship with County may be made or used without prior written approval of the TAD Director or their designee and shall include County approved branding.

35. **Representation of the County** – In the performance of this Contract, Contractor, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of San Bernardino County.
36. **Strict Performance** – Failure by a party to insist upon the strict performance of any of the provisions of this Contract by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Contract thereafter.
37. **Subcontracting** – Contractor agrees not to enter into any subcontracting contracts for work contemplated under the Contract without first obtaining written approval from the County and the Director of TAD through the HS Contracts Unit. Any subcontractor shall be subject to the same terms and conditions as Contractor. Contractor shall be fully responsible for the performance and payments of any subcontractor's contract.

Contractor shall obtain County's written consent, which County may withhold in its sole discretion, before entering into contracts with or otherwise engaging any subcontractors who may supply any part of the Services to County. At County's request, Contractor shall provide information regarding the subcontractor's qualifications and a listing of a subcontractor's key personnel including, if requested by the County, resumes of proposed subcontractor personnel. Contractor shall remain directly responsible to County for its subcontractors and shall indemnify County for the actions or omissions of its subcontractors under the terms and conditions specified in Section G. All approved subcontractors shall be subject to the provisions of this Contract applicable to Contractor Personnel, including removal pursuant to Paragraph 6 of this Section C.

For any subcontractor, Contractor shall:

- a. Be responsible for subcontractor compliance with the Contract and the subcontract terms and conditions; and
- b. Ensure that the subcontractor follows County's reporting formats and procedures as specified by County.
- c. Include in the subcontractor's subcontract substantially similar terms as are provided in Sections B. Contractor Responsibilities, C. General Contract Requirements and G. Insurance and Indemnification.
- d. Be responsible for monitoring subcontractor annually to determine subcontractor's compliance with the provisions of this contract. At County's request, Contractor shall provide subcontractor's annual monitoring reports and supporting documentation.

Upon expiration or termination of this Contract for any reason, County will have the right to enter into direct Contracts with any of the subcontractors. Contractor agrees that its arrangements with subcontractors will not prohibit or restrict such subcontractors from entering into direct contracts with County.

38. **Subpoena** – In the event that a subpoena or other legal process commenced by a third party in any way concerning the Goods or Services provided under this Contract is served upon Contractor or County, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Contractor and County further agree to cooperate with the other party in any lawful effort by such other party to contest the legal validity of such subpoena or other legal process commenced by a third party as may be reasonably required and at the expense of the party to whom the legal process is directed, except as otherwise provided herein in connection with defense obligations by Contractor for County.
39. **Termination for Convenience** – The County reserves the right to terminate the Contract for its convenience, with or without cause, with a thirty (30) day written notice of termination. Such termination may include all or part of the services described herein. Upon such termination, payment will be made to the Contractor for services rendered and expenses reasonably incurred prior to the effective date of termination. Upon receipt of termination notice Contractor shall promptly discontinue services unless the notice directs otherwise. Contractor shall deliver

promptly to County and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

40. **Time of the Essence** – Time is of the essence in performance of this Contract and of each of its provisions.
41. **Venue** – The parties acknowledge and agree that this Contract was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue of any action or claim brought by any party to this Contract will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.
42. **Conflict of Interest** – Contractor shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and the County. Contractor shall make a reasonable effort to prevent employees, Contractor, or members of governing bodies from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and state law. In the event the County determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by the County and such conflict may constitute grounds for termination of the Contract. This provision shall not be construed to prohibit employment of persons with whom Contractor's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.
43. **Former County Administrative Officials** – Contractor agrees to provide, or has already provided, information on former San Bernardino County administrative officials (as defined below) who are employed by or represent Contractor. The information provided includes a list of former County administrative officials who terminated County employment within the last five (5) years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Contractor. For purposes of this provision, "County administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Executive Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.
44. **Disclosure of Criminal and Civil Procedures** – The County reserves the right to request the information described herein from the Contractor. Failure to provide the information may result in a termination of the Contract. The County also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The Contractor also may be requested to provide information to clarify initial responses. Negative information discovered may result in Contract termination.

Contractor is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten (10) years, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten (10) years, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the Contractor will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the Contractor is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten (10) years, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the Contractor will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

For purposes of this provision "key employees" includes any individuals providing direct service to the County. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

45. **Copyright** – County shall have a royalty free, nonexclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this Contract including those covered by copyright, and reserves the right to authorize others to use or reproduce such material. All such materials developed under the terms of this Contract shall acknowledge San Bernardino County as the funding agency and Contractor as the creator of the publication. No such materials, or properties produced in whole or in part under this Contract shall be subject to private use, copyright or patent right by Contractor in the United States or in any other country without the express written consent of County. Copies of all educational and training materials, curricula, audio/visual aids, printer material, and periodicals, assembled pursuant to this Contract must be filed with the County prior to publication.
46. **Artwork, Proofs and Negatives** – All artwork, proofs, and/or negatives in either print or digital format for anything produced under the terms of this Contract are the property of the County. These items must be returned to the County within ten (10) days, upon written notification to the Contractor. In the event of a failure to return the documents, the County is entitled to pursue any available legal remedies. In addition, the Contractor will be barred from all future solicitations, for a period of at least six (6) months.
47. **Iran Contracting Act** – IRAN CONTRACTING ACT OF 2010, Public Contract Code sections 2200 et seq. (Applicable for all Contracts of one million dollars (\$1,000,000) or more). In accordance with Public Contract Code section 2204(a), the Contractor certifies that at the time the Contract is signed, the Contractor signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code section 2203 as a person (as defined in Public Contract Code section 2202(e)) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code section 2202.5, or as a person described in subdivision (b) of Public Contract Code section 2202.5, as applicable.

Contractors are cautioned that making a false certification may subject the Contractor to civil penalties, termination of an existing contract, and ineligibility to bid on a contract for a period of three (3) years in accordance with Public Contract Code section 2205.

48. **Reserved**
49. **California Consumer Privacy Act** – To the extent applicable, if Contractor is a business that collects the personal information of a consumer(s) in performing Services pursuant to this Contract, Contractor must comply with the provisions of the California Consumer Privacy Act (CCPA) (California Civil Code sections 1798.100, et seq.). For purposes of this provision, "business," "consumer," and "personal information" shall have the same meanings as set forth at California Civil Code section 1798.140. Contractor must contact the County immediately upon receipt of any request by a consumer submitted pursuant to the CCPA that requires any action on the part of the County, including but not limited to, providing a list of disclosures or deleting personal information. Contractor must not sell, market or otherwise disclose personal information of a consumer provided by the County unless specifically authorized pursuant to terms of this Contract. Contractor must immediately provide to the County any notice provided by a consumer

to Contractor pursuant to California Civil Code section 1798.150(b) alleging a violation of the CCPA that involves personal information received or maintained pursuant to this Contract. Contractor must immediately notify the County if it receives a notice of violation from the California Attorney General pursuant to California Civil Code section 1798.155(b).

50. **Vacancies** – Contractor shall notify County of any continuing vacancies and any positions that become vacant during the term of this Contract that will result in reduction of services to be provided under this Contract. Upon notice of vacancies, the Contractor shall apprise County of the steps being taken to provide the services and to fill the position as expeditiously as possible. Vacancies and associated problems shall be reported to County on each periodically required report for the duration of said vacancies and/or problems.

51. **Complaint and Grievance Procedure** – Contractor shall provide a system, approved by the County, through which recipients of service shall have the opportunity to express and have considered their views and complaints regarding the delivery of services. The procedure must be in writing and posted in clear view of all recipients.

Contractor will ensure that staff are knowledgeable on the San Bernardino County Human Services Complaint and Grievance Procedure (Attachment A) and ensure that any complaints by recipients are referred to the County in accordance with the procedure.

52. **Contractor Board of Directors' Meetings** – Contractor shall notify the County of all upcoming meetings of the Board of Directors or other governing party and shall keep the County apprised of any and all actions taken by its Board of Directors which may impact the Contract. Board of Directors shall be submitted to the County upon request. Further, a County representative shall have the option of attending Board meetings during the term of this Contract.

53. **Child Abuse Reporting** – Contractor shall ensure that all known or suspected instances of child abuse or neglect are reported to the appropriate law enforcement agency or to the appropriate Child Protective Services agency. This responsibility shall include:

- a. Assurance that all employees, agents, consultants or volunteers who perform services under this Contract and are mandated by Penal Code Sections 11164 et seq. to report child abuse or neglect, sign a statement, upon the commencement of their employment, acknowledging their reporting requirements and their compliance with them.
- b. Development and implementation of procedures for employees, agents, consultants, or volunteers who are not subject to the mandatory reporting laws for child abuse to report any observed or suspected incidents of child abuse to a mandated reporting party, within the program, who will ensure that the incident is reported to the appropriate agency.
- c. Provision for arrangement of training in child abuse reporting laws (Penal Code section 11164 et seq.) for all employees, agents, consultants, and volunteers, or verification that such persons have received training in the law within thirty (30) days of employment/volunteer activity.

54. **Elder and Dependent Adult Abuse Reporting** – Contractor agrees to and shall comply with the County's Elder and Dependent Adult Abuse Reporting requirements:

- a. **Who Must Report:** In accordance with Welfare and Institutions Code (W & I) Section 15630, all employees of the Contractor and its subcontractors are mandated reporters of elder and dependent adult abuse. Contractor assures all employees, agents, consultants or volunteers who perform services under this Contract and are mandated to report elder and dependent adult abuse will sign a statement (SOC 341A) at <http://www.cdss.ca.gov/cdssweb/entres/forms/English/SOC341A.pdf>, upon the commencement of their employment, acknowledging their reporting requirements and their compliance with them.
- b. **When to Report:** Mandated reporters are required to report all instances of known or suspected abuse of the elderly and dependent adults immediately or as soon as practically possible, under the following circumstances:

- 1) When the mandated reporter has observed or has knowledge of an incident that reasonably appears to be physical abuse, abandonment, isolation, neglect, financial abuse, mental abuse, or sexual abuse; or
 - 2) When the mandated reporter is told by an elder or dependent adult that he or she has experienced behavior constituting physical abuse, abandonment, isolation, neglect, financial abuse, mental abuse, or sexual abuse.
- c. To Whom to Report: Incidents of elder and dependent adult abuse must be reported to the correct agency as follows:
- 1) If the abuse has occurred in a long term care facility, except a state mental hospital or state developmental center, the report shall be made to the local Long Term Care Ombudsman or local law enforcement.
 - 2) If the abuse has occurred in a state mental hospital or state developmental center, the report shall be made to the designated investigators of the State Department of Mental Health or the State Department of Developmental Services or to the local law enforcement.
 - 3) If the abuse occurred anywhere other than a long term care facility or state mental hospital or state developmental center, the report shall be made to Adult Protective Services or local law enforcement.
- d. How to Report: Mandated reporters are required to take the following steps in all instances of known or suspected abuse of the elderly and dependent adults:
- 1) Place an immediate telephone call to Adult Protective services (1-877-565-2020) or local law enforcement to report the incident.
 - 2) Within two (2) working days of making the telephonic report to the responsible agency, complete a written "Report of Suspected Dependent Adult/Elder Abuse" (SOC 341) form, <http://www.cdss.ca.gov/Portals/9/FMUForms/Q-T/SOC341.pdf?ver=2018-11-15-132736-097>. The completed form must be submitted to the same agency to which the incident was reported by telephone.
55. **Reserved**
56. **Pro-Children Act of 1994** – Contractor will comply with the Environmental Tobacco Smoke/Pro-Children Act of 1994 (20 U.S.C. 6081 et seq.).
57. **Americans with Disabilities Act** – Contractor shall comply with all applicable provisions of the Americans with Disabilities Act (ADA).
58. **Public Accessibility** – Contractor shall ensure that Services provided are accessible by public transportation.
59. **Reserved**
60. **211 Registration** – Contractor shall register with 2-1-1 San Bernardino County Inland Empire United Way within thirty (30) days of the Contract effective date and follow necessary procedures to be included in the 2-1-1 database. The Contractor shall notify the 2-1-1 San Bernardino County Inland Empire United Way of any changes in program services, location or contact information within ten (10) days of any change. Services performed as a result of being included in the 2-1-1 database, are separate and apart from the services being performed under this Contract and payment for such services will not be the responsibility of the County.
61. **Ownership Tools** – The State and County shall have all ownership rights in software or modifications thereof and associated documentation designed, developed or installed with federal financial participation. The Federal Government (Department of Health and Human Services) reserves a royalty free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use and to authorize others to use for Federal Government purposes, such software modification,

and documentation. Proprietary software packages that are sold or leased to the general public are not subject to the ownership provisions.

62. **Force Majeure** – Neither party shall be liable for failure or delay to perform obligations under this Contract, which have become practicably impossible because of circumstances beyond the reasonable control of the applicable party. Such circumstances include without limitation, natural disasters or acts of God; acts of terrorism; labor disputes or stoppages; war; government acts or orders; epidemics, pandemics or outbreak of communicable disease; quarantines; national or regional emergencies; or any other cause, whether similar in kind to the foregoing or otherwise, beyond the party's reasonable control. Written notice of a party's failure or delay in performance due to force majeure must be given to the other party no later than thirty (30) days following the force majeure event commencing, which notice shall describe the force majeure event and the actions taken to minimize the impact thereof. All delivery dates under this Contract affected by force majeure shall be tolled for the duration of such force majeure. The parties hereby agree, when feasible, not to cancel but reschedule the pertinent obligations and deliverables for mutually agreed dates as soon as practicable after the force majeure condition ceases to exist.
63. **Order of Precedence** – In the event of any inconsistency between the terms of this Contract and any forms, attachments, statements of work (SOW), or specifications which may be incorporated into this Contract, the following order of precedence shall apply:
- a. This Contract;
 - b. Attachments to this Contract, as indicated herein; and
 - c. Price lists, SOWs, and other documents attached hereto or incorporated herein.
64. **Equipment** – County discourages the purchase of equipment with funds received under this Contract. All equipment, materials, supplies or property of any kind (including publications and copyrights, etc.) which have a single unit cost of five hundred dollars (\$500) or more, including tax, purchased with funds received under the terms of this Contract and not fully consumed in one (1) year shall be the property of County and shall be subject to the provisions of this paragraph. The disposition of equipment or property of any kind shall be determined by County upon Contract termination.
65. **Supersedes Prior Agreements** – This Contract supersedes and replaces all previous contracts, agreements and understandings, oral, written and implied, between the County and Contractor hereto with respect to the subject matter hereof. All such prior contracts, agreements and understandings are hereby terminated and deemed of no further force or effect.
66. **Executive Order N-6-22 Russian Sanctions** – On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>), as well as any sanctions imposed under state law (<https://www.dgs.ca.gov/OLS/Ukraine-Russia>). The EO directs state agencies and their contractors (including by agreement or receipt of a grant) to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should it be determined that Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. Contractor shall be provided advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the County.
67. **Levine Act - Campaign Contribution Disclosure (formerly referred to as Senate Bill 1439)** – Contractor has disclosed to the County using Levine Act - Campaign Contribution Disclosure Form (formerly referred to as Senate Bill 1439), whether it has made any campaign contributions of more than \$500 to any member of the Board of Supervisors within the earlier of: (1) the date of the submission of Contractor's proposal to the County, or (2) twelve (12) months before the date

this Contract was approved by the Board of Supervisors. Contractor acknowledges that under Government Code section 84308, Contractor is prohibited from making campaign contributions of more than \$500 to any member of the Board of Supervisors for twelve (12) months after the County's consideration of the Contract.

In the event of a proposed amendment to this Contract, the Contractor will provide the County a written statement disclosing any campaign contribution(s) of more than \$500 to any member of the Board of Supervisors within the preceding twelve (12) months of the date of the proposed amendment.

Campaign contributions include those made by any agent/person/entity on behalf of the Contractor or by a parent, subsidiary or otherwise related business entity of contractor.

D. TERM OF CONTRACT

1. This Contract is effective as of July 1, 2025 and expires May 31, 2028 but may be terminated earlier in accordance with provisions of this Contract. The Contract term may be extended for two (2) additional one-year periods by mutual agreement of the parties.
2. The County may terminate the Contract immediately if the funds under Section F Paragraph 1 are not available to the County, and under the provisions of Section I, Paragraph 3, Item e, of the Contract, or as otherwise provided in this Contract. In addition, the Contract may be terminated without cause by the County by serving a written notice to the Contractor thirty (30) days in advance of termination. The Assistant Executive Officer is authorized to exercise the County's rights with respect to any termination of this Contract.
3. Contractor shall only be reimbursed for costs and uncancelable obligations incurred prior to the date of termination. Contractor shall not be reimbursed for costs incurred after the date of termination.
4. Upon receipt of termination notice Contractor shall promptly discontinue services unless the notice directs otherwise. Contractor shall deliver promptly to County and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

E. COUNTY RESPONSIBILITIES

County shall:

1. Provide a Homeless Assistance EW to determine if customers who may be homeless or at risk of homelessness are potentially eligible for an HSP referral. Information regarding a customer's potential eligibility to HSP can be obtained at application, Re-Evaluation (RE), SAR 7 Eligibility Status Report (SAR 7), when the customer reports a change of address and/or living arrangement, or at any other time.
2. Provide TAD office space for the subcontractor's Service Coordinators and Intake Specialists at locations and hours as mutually agreed upon.
3. Refer CalWORKs customers who have been identified as meeting the HSP criteria to the Intake Specialist.
4. Obtain a Release of Information (ABCDM 228 – KEYS) from each customer referred to HSP.
5. Move CalWORKs families into housing directly from streets and shelters without preconditions of treatment, acceptance or compliance.
6. Inform all customers of their rights, responsibilities, and applicable regulations as part of the eligibility determination to CalWORKs.
7. Notify subcontractor via the HSP Communications Form (HSP 33) whenever a customer is dropped from the HSP before completing it or becomes ineligible for CalWORKs funded services. Customer will be allowed to continue services through the end of the notification month.
8. Meet monthly with Contractor to coordinate and evaluate policies concerning the program.

9. Provide training to Contractor, as necessary.
10. Track demographic and assistance information at the case and person level for CalWORKs and CalFresh cases.
11. Verify the monthly report submitted by Contractor to ensure all customers are eligible for HSP services.
12. Reimburse Contractor for the cost of providing HSP services, provided it does not exceed the amount listed in Section F, Paragraph 1.

F. FISCAL PROVISIONS

1. The maximum amount of reimbursement under this Contract shall not exceed \$16,434,760, which may be federally funded, and shall be subject to availability of other funds to the County. The consideration to be paid to Contractor, as provided herein, shall be in full payment for all Contractor's services and expenses incurred in the performance hereof, including travel and per diem.
2. Invoices shall be issued with a net sixty (60) day payment term with the corresponding SAP Contract and/or Purchase Order number stated on the invoice. Reimbursement under this Contract shall be based on a cost reimbursement method and is limited to the obligations and expenditures specified in the Program Budget, included as Attachment C. Such expenditures shall be further limited to those that are considered both reasonable and necessary, meaning the nature and amount does not exceed what an ordinary prudent person in the conduct of competitive business would incur.
3. Contractor shall accept all payments from County via electronic funds transfer (EFT) directly deposited into the Contractor's designated checking or other bank account. Contractor shall promptly comply with directions and accurately complete forms provided by County required to process EFT payments.
4. County is exempt from federal excise taxes and no payment shall be made for any personal property taxes levied on Contractor or on any taxes levied on employee wages. The County shall only pay for any state or local sales or use taxes on the services rendered or equipment and/or parts supplied to the County pursuant to the Contract.
5. Funds made available under this Contract shall not supplant any federal, state or any governmental funds intended for services of the same nature as this Contract. Contractor shall not claim reimbursement or payment from County for, or apply sums received from County with respect to that portion of its obligations that have been paid by another source of revenue. Contractor agrees that it will not use funds received pursuant to this Contract, either directly or indirectly, as a contribution or compensation for purposes of obtaining funds from another revenue source without prior written approval of the County.
6. Contractor shall adhere to the County's Travel Management Policy (8-02 and 08-02SP1) when travel is pursuant to this Contract and for which reimbursement is sought from the County. In addition, Contractor is encouraged to utilize local transportation services, including but not limited to, the Ontario International Airport.
7. Upon written demonstration of need by Contractor and at the option of County, funds may be advanced to Contractor by County upon approval of the Assistant Executive Officer. Any such advance will cause the amounts payable to Contractor in subsequent months to be reduced to the amount determined by dividing the balance left by the number of months remaining in the contract term. No advance will increase the amount shown in Paragraph 1 of this Section. In the event of early termination, the Contractor shall pay the remaining balance due to the County within thirty (30) calendar days.
8. Federally funded nonprofit Contractors may elect to include an Indirect Cost Rate in the cost reimbursement contract budget, and have the following four (4) options to recover costs expended in the process of managing the federal awards:

- a. Apply the current federally negotiated indirect cost rate that has been approved by a federal cognizant agency; or
 - b. Apply a state negotiated indirect cost rate or a rate negotiated between the pass through entity and the subrecipient; or
 - c. Elect to use a flat de minimis rate of fifteen percent (15%) of Modified Total Direct Costs (MTDC) under the guidelines below; or
 - d. Charge costs directly (Direct Charge) as long as those costs are charged the same consistently across all federal awards. Administrative and clerical salaries should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met: 1) services are integral to a project or activity; 2) individuals involved can be specifically identified with the project or activity; 3) costs are explicitly included in the budget or have the prior written approval of awarding agency; and 4) the costs are not also recovered as indirect costs.
9. Contractors that elect to use the flat de minimis rate must:
- a. Have never held a negotiated rate,
 - b. Not be a state or local government or Indian Tribe receiving over \$35 million in direct federal funding, and
 - c. Use the rate consistently across all federal awards until such time Contractor chooses to negotiate a different rate.

The fifteen percent (15%) rate is not an additional amount over and above the total awarded contract dollar amount.

The rate shall be based off the MTDC, meaning all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subcontracts up to the first \$25,000.

MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, and participant support costs.

For additional information, please refer to Office of Management and Budget (OMB) 2 CFR 200.412 – Classification of Costs at [2 CFR § 200.412 - Classification of costs. - Content Details - CFR-2024-title2-vol1-sec200-412](#) and 2 CFR 200.68 – Modified Total Direct Costs at [2 CFR § 200.68 - Modified Total Direct Cost \(MTDC\). - Content Details - CFR-2021-title2-vol1-sec200-68](#).

10. The Contractor shall request a budget amendment, in writing, in advance of expenditures: 1) when aggregate expenditures are expected to exceed an approved budgeted line item by more than fifteen (15%) percent; or 2) to add a new budget line item. No budget revision may result in an increase of the maximum dollar amount stated in Paragraph 1 of this Section. The written request must specify the changes requested, by line item and amount, and must include justification. Prior to implementation of a budget revision, the County shall approve (or deny) the budget revision request. The County has the authority to approve line item budget changes to the budget herein, as long as these changes do not exceed the total contract amount. County shall notify the Contractor in writing of the status of the budget revision request within fourteen (14) calendar days of receipt of the Contractor's written request. The County reserves the right to deny the Contractor's invoice for expenditures in excess of the approved budgeted line item amount.

G. INDEMNIFICATION AND INSURANCE REQUIREMENTS

1. **Indemnification** – The Contractor agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this Contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The Contractor indemnification obligation applies to the County's "active" as well as "passive" negligence but does not apply to

the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

2. **Additional Insured** – All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the County and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the County to vicarious liability but shall allow coverage for the County to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.
3. **Waiver of Subrogation Rights** – The Contractor shall require the carriers of required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Contractor and Contractor's employees or agents from waiving the right of subrogation prior to a loss or claim. The Contractor hereby waives all rights of subrogation against the County.
4. **Policies Primary and Non-Contributory** – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.
5. **Severability of Interests** – The Contractor agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Contractor and the County or between the County and any other insured or additional insured under the policy.
6. **Proof of Coverage** – The Contractor shall furnish Certificates of Insurance to the County Department administering the Contract evidencing the insurance coverage at the time the Contract is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Contractor shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.
7. **Acceptability of Insurance Carrier** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".
8. **Deductibles and Self-Insured Retention** – Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.
9. **Failure to Procure Coverage** – In the event that any policy of insurance required under this Contract does not comply with the requirements, is not procured, or is canceled and not replaced, the County has the right but not the obligation or duty to cancel the Contract or obtain insurance if it deems necessary and any premiums paid by the County will be promptly reimbursed by the Contractor or County payments to the Contractor will be reduced to pay for County purchased insurance.
10. **Insurance Review** – Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional

types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Contractor agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

11. **Insurance Specifications** – The Contractor agrees to provide insurance set forth in accordance with the requirements herein. If the Contractor uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Contractor agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Contractor shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

- a. Workers' Compensation/Employer's Liability – A program of Workers' Compensation insurance or a state approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of the Contractor and all risks to such persons under this contract.

If Contractor has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.

With respect to Contractors that are nonprofit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

- b. Commercial/General Liability Insurance – The Contractor shall carry General Liability Insurance covering all operations performed by or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- 1) Premises operations and mobile equipment.
- 2) Products and completed operations.
- 3) Broad form property damage (including completed operations).
- 4) Explosion, collapse and underground hazards.
- 5) Personal injury.
- 6) Contractual liability.
- 7) \$2,000,000 general aggregate limit.

- c. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the Contractor is transporting one (1) or more nonemployee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If the Contractor owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

- d. **Umbrella Liability Insurance** – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.
- e. **Professional Liability** – Professional Liability Insurance with limits of not less than one million (\$1,000,000) per claim and two million (\$2,000,000) aggregate limits.

or

Errors and Omissions Liability Insurance – Errors and Omissions Liability Insurance with limits of not less than one million (\$1,000,000) and two million (\$2,000,000) aggregate limits.

or

Directors and Officers Insurance coverage with limits of not less than one million (\$1,000,000) shall be required for Contracts with charter labor committees or other not for profit organizations advising or acting on behalf of the County.

If insurance coverage is provided on a “claims made” policy, the “retroactive date” shall be shown and must be before the date of the start of the Contract work. The claims made insurance shall be maintained or “tail” coverage provided for a minimum of five (5) years after contract completion.

- f. **Cyber Liability Insurance** – Cyber Liability Insurance with limits of no less than \$1,000,000 for each occurrence or event with an annual aggregate of \$2,000,000 covering privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security. The policy shall protect the involved County entities and cover breach response cost as well as regulatory fines and penalties.
 - g. **Abuse/Molestation Insurance** – Contractor shall have abuse or molestation insurance providing coverage for all employees for the actual or threatened abuse or molestation by anyone of any person in the care, custody, or control of any insured, including negligent employment, investigation and supervision. The policy shall provide coverage for both defense and indemnity with liability limits of not less than one million dollars (\$1,000,000) with a two million dollars (\$2,000,000) aggregate limit.
12. **Self-Insured** – If the Contractor or County is self-insured for purposes of professional liability, general liability, and Workers’ Compensation, the self-insured Contractor or County warrants that through its program of self-insurance, it has adequate professional liability, general liability and Workers’ Compensation to provide coverage for liabilities arising out of Contractor’s or County’s performance of this Contract.

H. RIGHT TO MONITOR AND AUDIT

- 1. The County, State and Federal government shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of Contractor in the delivery of services provided under this Contract. Contractor shall give full cooperation, in any auditing or monitoring conducted. Contractor shall cooperate with the County in the implementation, monitoring, and evaluation of this Contract and comply with any and all reporting requirements established by the County.
- 2. All records pertaining to services delivered and all fiscal, statistical and management books and records shall be available for examination and audit by County representatives for a period of three years after final payment under this Contract or until all pending County, state and federal

audits are completed, whichever is later. Records of the Contractor which do not pertain to the services under this Contract may be subject to review or audit unless provided in this or another Contract. Technical program data shall be retained locally and made available upon the County's reasonable advance written notice or turned over to County. If said records are not made available at the scheduled monitoring visit, Contractor may, at County's option, be required to reimburse County for expenses incurred due to required rescheduling of monitoring visit(s). Such reimbursement will not exceed \$50 per hour (including travel time) and may be deducted from the following month's claim for reimbursement.

3. Contractor shall cooperate with County in the implementation, monitoring and evaluation of this Contract and comply with any and all reporting requirements established by this Contract.
4. Contractor shall provide all reasonable facilities and assistance for the safety and convenience of County's representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work of the Contractor.
5. Upon County request, Contractor shall hire a licensed Certified Public Accountant, approved by the County, who shall prepare and file with County, within sixty (60) days after the termination of the Contract, a certified fiscal audit of related expenditures during the term of the Contract and a program compliance audit.
6. Pursuant to Code of Federal Regulations (CFR) – Title 2 CFR 200.501, contractors expending \$1,000,000 or more in federal funds within the Contractor's fiscal year must have a single audit or program specific audit performed. A copy of the audit performed in accordance with Title 2 CFR 200.501 shall be submitted to the County within thirty (30) days of completion, but no later than nine (9) months following the end of the Contractor's fiscal year. Please refer to http://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1501&rgn=dv8 for further information.
7. The following closely related programs identified by the Assistance Listing Number (ALN) are to be considered as an "Other cluster" for purposes of determining major programs or whether a program specific audit may be elected. The Contractor shall communicate this information to the independent auditor conducting the organization's single audit.

US Department of Health and Human Services:
93.558 - Temporary Assistance for Needy Families (TANF)

8. County is required to identify the Contractor Unique Entity Identification (UEI) number, as known in the federal System for Award Management (SAM), and Federal Award Identification Number (FAIN) in all County contracts that include federal funds or pass through of federal funds. This information is required in order for the County to remain in compliance with Title 2 CFR Section 200.331 and remain eligible to receive federal funding. The Contractor shall provide the Contractor name as registered in SAM, as well as the UEI number to be included in this Contract. Related FAIN will be included in this Contract by the County.

| | |
|--------------------------------------|---|
| Contractor Name as registered in SAM | Housing Authority of the County of San Bernardino |
| UEI | JVBBNJXNPB77 |
| FAIN | 1801CATANF |

I. CORRECTION OF PERFORMANCE DEFICIENCIES

1. In the event of a problem or potential problem that could impact the quality or quantity of work, Services, or the level or performance under this Contract, Contractor shall notify the County within one (1) working day, in writing and by telephone.
2. Failure by Contractor to comply with any of the provisions, covenants, requirements or conditions of this Contract shall be a material breach of this Contract.
3. In the event of a noncured breach, County may, at its sole discretion and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:

- a. Afford Contractor thereafter a time period within which to cure the breach, which period shall be established at the sole discretion of County; and/or
 - b. Discontinue reimbursement to Contractor for and during the period in which Contractor is in breach, which reimbursement shall not be entitled to later recovery; and/or
 - c. Withhold funds pending duration of the breach; and/or
 - d. Offset against any monies billed by Contractor but yet unpaid by County those monies disallowed pursuant to Item "b" of this paragraph; and/or
 - e. Terminate this Contract immediately and be relieved of the payment of any consideration to Contractor. In the event of such termination, the County may proceed with the work in any manner deemed proper by the County. The cost to the County shall be deducted from any sum due to the Contractor under this Contract and the balance, if any, shall be paid by the Contractor upon demand.
4. Unless a remedy is specifically designated as exclusive, no remedy conferred by any of the specific provision of the Contract is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute or otherwise. The election of any one (1) or more remedies by either Party shall not constitute a waiver of the right to pursue other available remedies.

J. EQUAL EMPLOYMENT/EMPLOYMENT DISCRIMINATION/CIVIL RIGHTS

1. Equal Employment Opportunity Program - Contractor agrees to comply with: the provisions of the San Bernardino County Equal Employment Opportunity Program and rules and regulations adopted pursuant thereto; Executive Order 11246 [30 Fed. Reg. 12319 (Sept. 24, 1965)], as amended by Executive Orders 11375, 11625, 12138, 12432, 12250, and 13672; Title VII of the Civil Rights Act of 1964 (42 U.S.C. section 2000(e), et seq.); Division 21 of the California Department of Social Services Manual of Policies and Procedures; California Welfare and Institutions Code section 10000; the California Fair Employment and Housing Act (Cal. Gov. Code section 12900, et seq.); and other applicable federal, state, and County laws, regulations and policies relating to equal employment or social services to welfare recipients, including laws and regulations hereafter enacted.

The Contractor shall not unlawfully discriminate against any employee, applicant for employment, or service recipient on the basis of race, color, national origin or ancestry, religion, sex, marital status, age, political affiliation or disability. Information on the above rules and regulations may be obtained from the County.

2. Employment Discrimination – During the term of the Contract, Contractor shall not discriminate against any employee or applicant for employment or service recipient because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. Contractor shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act and other applicable federal, state and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.
3. Civil Rights Compliance – The Contractor shall develop and maintain internal policies and procedures to assure compliance with each factor outlined by state regulation. These policies must be developed into a Civil Rights Plan, which is to be on file with the County within thirty (30) days of awarding of the Contract. The Plan must address prohibition of discriminatory practices, accessibility, language services, staff development and training, dissemination of information, complaints of discrimination, compliance review, and duties of the Civil Rights Liaison. Upon request, the County will supply a sample of the Plan format. The Contractor will be monitored by the County for compliance with provisions of its Civil Rights Plan. Additionally, the Contractor shall submit to County an Assurance of Compliance with the California Department of Social

Services Nondiscrimination in State and Federally Assisted Programs Statement (Attachment B) annually.

4. Equity – Contractor shall adhere to and participate in County efforts ensuring all individuals and communities have equal access and opportunity to health and wellbeing by providing culturally and linguistically appropriate services to all people of color and culture, age, disabilities, gender, sexual orientation or gender identity including people with limited English proficiency (LEP). Services provided must be respectful of and responsive to the cultural and linguistic needs of County residents.
 - a. Contractor shall assess the demographic makeup and population trends of its service area to identify the cultural and linguistic needs of the eligible service population. Such studies are critical to designing and planning for providing appropriate, effective and equitable services.
 - b. Contractor shall partner with and support community partners in addressing disparities in family stability, health and mental wellness, education, employment, housing and overall delivery of human services. Partnering includes opportunities for partners and community members to design, implement and evaluate practices, and services ensuring equity and cultural and linguistic appropriateness.
 - c. Contractor shall work with County to communicate and provide opportunities for individuals and communities of color and culture to provide feedback on progress and outcomes achieved to address disparities in family stability, health and mental wellness, education, employment, housing and overall delivery of human services.
 - d. Contractor shall recruit, promote and support a culturally and linguistically diverse workforce that is responsive to and represents the population being served. This includes trained and competent bilingual staff.
 - e. Contractor shall provide training to enhance its workforce knowledge on cultural and linguistic competence. Becoming culturally and linguistically competent is a developmental process and incorporates at all levels the importance of culture, the assessment of cross cultural relations, vigilance towards the dynamics that result from cultural differences, the expansion of cultural knowledge, and the adaptation of services to meet culturally unique needs. Providing services in a culturally appropriate and responsive manner is fundamental in any effort to ensure success of high quality and cost effective health and human services. Offering those services in a manner that fails to achieve its intended result due to cultural and linguistic barriers does not reflect quality of care and is not cost effective.
 - f. To ensure equal access to quality care for diverse populations, Contractors providing health and health care services may adopt the Federal Office of Minority Health Culturally and Linguistically Appropriate Services (CLAS) national standards.
 - g. Upon request, Contractor will provide County Human Services evidence of adherence to requirements listed above.

K. NOTICES

All written notices provided for in this Contract or which either party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or by email, or deposited in the United States mail, postage prepaid, and addressed to the other party as follows:

San Bernardino County
Human Services
150 S. Lena Road
San Bernardino, CA 92415-0515
Email: HSASDContractsUnit@hss.sbcounty.gov

Housing Authority of the County of San Bernardino
715 E. Brier Drive
San Bernardino, CA 92408
Email: mgrazo@hacsb.com

Notice shall be deemed communicated two (2) County working days from the time of mailing, facsimile, or email, if delivered as provided in this paragraph.

L. ENTIRE AGREEMENT

1. This Contract, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this Contract not expressly set forth herein are of no force or effect. This Contract is executed without reliance upon any promise, warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Contract and signs the same of its own free will.
2. This Contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Contract. The parties shall be entitled to sign and transmit an electronic signature of this Contract (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed Contract upon request.

IN WITNESS WHEREOF, San Bernardino County and the Contractor have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

SAN BERNARDINO COUNTY

►

Dawn Rowe, Chair, Board of Supervisors

Dated: _____
SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
San Bernardino County

By _____
Deputy

HOUSING AUTHORITY OF THE COUNTY OF SAN
BERNARDINO
(Print or type name of corporation, company, contractor, etc.)

By ► _____
(Authorized signature - sign in blue ink)

Name Maria Razo
(Print or type name of person signing contract)

Title Executive Director
(Print or Type)

Dated: _____

Address 715 East Brier Drive
San Bernardino, CA 92408

FOR COUNTY USE ONLY

| | | |
|--|-------------------------------------|---------------------------------|
| Approved as to Legal Form | Reviewed for Contract Compliance | Reviewed/Approved by Department |
| ► Adam Ebright, Deputy County Counsel | ► Patty Steven, Contract Manager | ► James LoCurto, Director |
| Date _____ | Date _____ | Date _____ |



Human Services

COMPLAINT AND GRIEVANCE PROCEDURE

INSTRUCTIONS: THE CUSTOMER IS TO READ AND RECEIVE THE TOP PORTION OF THIS FORM. THE BOTTOM PORTION OF THE FORM IS TO BE SIGNED BY SERVICE RECIPIENT AND PLACED IN THE CONTRACTOR'S RECORDS.

If you believe you have been discriminated against, or that there has been a violation of any laws or regulations, or if you have a problem regarding services received, you have the right to file a complaint or tell us your grievance.

The following procedures are to be followed when filing a complaint or grievance.

STEP ONE:

Write down your complaint or grievance and talk to the service provider. Keep a copy for yourself and write down the date you talked to the service provider.

If answered or resolved at this step, nothing further is required.

If no answer or resolution within 10 calendar days, proceed with Step Two.

STEP TWO:

Send a copy of your written complaint or grievance or discuss the complaint or grievance with your County Caseworker. Write down the date you spoke to your Caseworker or send the complaint and keep it with your copy.

- If answered or resolved at this step, nothing further is required.
- If no answer or resolution within 10 calendar days, proceed with Step Three.

STEP THREE:

Send a copy of your written complaint or grievance to the Program Specialist. If you would like a response, include your name, address and telephone number. Your personal information and your complaint and grievance details will be kept confidential.

HS Program Development Division
ATTN: Contracts Support Unit
825 E. Hospitality Lane, 2nd Floor
San Bernardino, CA 92415-0079

- If answered or resolved at this step, nothing further is required.
- If no answer or resolution within 10 calendar days, proceed with Step Four.

STEP FOUR:

Send a copy of your written complaint or grievance to the Contract Analyst at:

HS Administrative Support Division,
Contracts Unit
150 S. Lena Road
San Bernardino, CA 92415-0515

You will be contacted within 10 calendar days if you have provided contact information.

Please note: Each of these steps must be completed in the sequence shown.

..... **Detach here**

COMPLAINT AND GRIEVANCE PROCEDURE CERTIFICATION

This certifies I have read, understood, and received the Complaint and Grievance Procedures.

Client Signature

Date



PROCEDIMIENTO PARA DENUNCIAS Y QUEJAS

INSTRUCCIONES: EL CLIENTE DEBE leer y recibir la parte superior de este formulario. La parte inferior del formulario debe ser firmado por el recipiente del servicio y colocarlo en los archivos del contratista.

Si cree que ha sido discriminado o que, habido una violación de leyes o regulaciones, o si tiene un problema con respecto a los servicios que recibió, usted tiene el derecho de presentar una denuncia o informarnos de su queja.

Se deben seguir los siguientes procedimientos al presentar una denuncia o queja.

PRIMER PASO:

Escriba su denuncia o queja por escrito y hable con el proveedor de servicios. Guarde una copia para usted y escriba la fecha en que habló con el proveedor de servicios.

- Si en este paso recibió respuesta o resolvió el problema, no se requiere hacer nada más.
- Si no hay respuesta o resolución dentro de los 10 días calendarios, siga al Segundo Paso.

SEGUNDO PASO:

Mande una copia de su denuncia o queja por escrito o hable con su Trabajador encargado del Caso del Condado sobre su denuncia o queja. Escriba la fecha en que habló con su Trabajador de Caso o cuando envió su queja por escrito y manténgala con su copia en sus archivos.

- Si en este paso recibió respuesta o resolvió el problema, no se requiere hacer nada más.
- Si no hay respuesta o resolución dentro de los 10 días calendarios, siga al Tercer Paso.

TERCER PASO:

Mande una copia de su denuncia o queja por escrito al Especialista de Programa. Si desea una respuesta, incluya su nombre, dirección y número de teléfono. Su información personal y los detalles de su denuncia o queja se mantendrán confidencial.

HS Program Development Division,
ATTN: Contracts Support Unit
825 E. Hospitality Lane, 2nd Floor
San Bernardino, CA 92415-0079

- Si en este paso recibió respuesta o resolvió el problema, no se requiere hacer nada más.
- Si no hay respuesta o resolución dentro de los 10 días calendarios, siga al Cuarto Paso.

CUARTO PASO:

Mande una copia de su denuncia o queja por escrito al Analista de Contratos a:

HS Administrative Support Division
Contracts Unit
150 S. Lena Road
San Bernardino, CA 92415-0515

Será contactado dentro de 10 días calendarios si ha proporcionado su información de contacto.

Por favor note: Cada uno de estos pasos deben ser completados en la orden que se indica.

..... **Separar aquí.**

CERTIFICACIÓN DEL PROCEDIMIENTO PARA DENUNCIAS Y QUEJAS

Esto certifica que he leído, entendido, y he recibido el Procedimiento para Denuncias y Quejas.

Firma del Cliente

Fecha

ASSURANCE OF COMPLIANCE STATEMENT**ASSURANCE OF COMPLIANCE WITH THE
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
NONDISCRIMINATION IN STATE AND FEDERALLY ASSISTED PROGRAMS****HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO**

NAME OF THE CONTRACTING AGENCY

(Hereinafter called the "Agency")

HEREBY AGREES THAT it will comply with Title VI and VII of the Civil Rights act of 1964 as amended; Section 504 of the Rehabilitation Act of 1973 as amended; the Age Discrimination Act of 1975 as amended; the Food Stamp Act of 1977, as amended and in particular section 272.6; Title II of the Americans with Disabilities Act of 1990; California Civil Code Section 51 et seq., as amended; California Government Code section 11135-11139.8, as amended; California Government Code section 12940; California Government Code section 4450; Title 2, California Code of Regulations sections 11140-11200; Title 24 of the California Code of Regulations, Section 3105A(e); the Dymally-Alatorre Bilingual Services Act (California Government Code Section 7290-7299.8); Section 1808 of the Removal of Barriers to Interethnic Adoption Act of 1996; and other applicable federal and state laws, as well as their implementing regulations [including 45 Code of Federal Regulations (CFR) Parts 80, 84, and 91, 7 CFR Part 15, and 28 CFR Part 42], by ensuring that employment practices and the administration of public assistance and social services programs are nondiscriminatory, to the effect that no person shall because of ethnic group identification, age, sex, sexual orientation, gender identity, color, disability, medical condition, national origin, race, ancestry, marital status, religion, religious creed, political belief, or other applicable protected basis be excluded from participation in or be denied the benefits of, or be otherwise subject to discrimination under any program or activity receiving federal or state assistance; and HEREBY GIVES ASSURANCE THAT, it will immediately take any measures necessary to effectuate this agreement.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all federal and state assistance; and THE AGENCY HEREBY GIVES ASSURANCE THAT administrative methods/procedures which have the effect of subjecting individuals to discrimination or defeating the objectives of the California Department of Social Services (CDSS) Manual of Policies and Procedures (MPP) Chapter 21, will be prohibited.

BY ACCEPTING THIS ASSURANCE, the Agency agrees to compile data, maintain records and submit reports as required, to permit effective enforcement of the aforementioned laws and regulations and permit authorized CDSS and/or federal government personnel, during normal working hours, to review such records, books and accounts as needed to ascertain compliance. If there are any violations of this assurance, CDSS shall have the right to invoke fiscal sanctions or other legal remedies in accordance with Welfare and Institutions Code Section 10605, or Government Code Section 11135-11139.8, or any other laws, or the issue may be referred to the appropriate federal agency for further compliance action and enforcement of this assurance.

THIS ASSURANCE is binding on the Agency directly or through contract, license, or other provider services, as long as it receives federal or state assistance; and shall be submitted annually with the required Civil Rights Plan Update.

DATE_____
SIGNATURE_____
ORGANIZATION

CalWORKs HOUSING SUPPORT PROGRAM BUDGET
July 1, 2025 – May 31, 2028

| FUNDING CATEGORY | 25/26 | 26/27 | 27/28 | CUMULATIVE TOTAL (3-Year Period) |
|---|--------------------|--------------------|--------------------|--|
| I. DIRECT FINANCIAL ASSISTANCE (65%) | | | | |
| 1. PERM HOUSING | \$2,680,729 | \$2,131,479 | \$2,131,479 | \$6,943,686 |
| 2. PREVENTION | \$1,278,501 | \$1,016,551 | \$1,016,551 | \$3,311,604 |
| 3. INTERIM | \$206,210 | \$163,960 | \$163,960 | \$534,130 |
| I. DIRECT FINANCIAL ASSISTANCE TOTAL | \$4,124,198 | \$3,279,198 | \$3,279,198 | \$10,682,594 |
| II. CASE MANAGEMENT (18%) | | | | |
| 1. PERSONNEL | \$1,142,086 | \$908,086 | \$908,086 | \$2,958,257 |
| II. CASE MANAGEMENT TOTAL | \$1,142,086 | \$908,086 | \$908,086 | \$2,958,257 |
| III. ADMIN/SUPPORT EXPENSES (17%) | | | | |
| 1. PROGRAM MANAGEMENT | \$215,727 | \$171,527 | \$171,527 | \$558,782 |
| 2. PERSONNEL OTHER | \$733,473 | \$583,193 | \$583,193 | \$1,899,858 |
| 3. DATA COLLECTION/TRACKING | \$129,436 | \$102,916 | \$102,916 | \$335,269 |
| III. ADMIN/SUPPORT EXPENSES TOTAL | \$1,078,636 | \$857,636 | \$857,636 | \$2,793,909 |
| | | | | |
| GRANT TOTAL (BY YEAR) | \$6,344,920 | \$5,044,920 | \$5,044,920 | \$16,434,760 |

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Contract Amendment with Base Hill, Inc., dba Jan Point for Janitorial Services

RECOMMENDATION(S)

1. Approve Amendment No. 4 to the contract PC1212, effective May 14, 2025, for agencywide janitorial services with Base Hill, Inc., dba Jan Point exercising the single-year option to extend the contract through August 31, 2026 and increasing the compensation by \$237,929.28 for a total amount not to exceed \$737,929.28 for such option year.
2. Authorize and direct the Executive Director to execute and deliver the contract amendment to Base Hill, Inc., dba Jan Point and, upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The total contract amount for the final option year is not expected to exceed \$737,929.28 through August 31, 2026, which will be funded by the Housing Authority of the County of San Bernardino's (HACSB) property operations budgets for FYE 2025 and 2026.

BACKGROUND INFORMATION

HACSB currently contracts with various trade contractors to supplement our internal maintenance staff to maintain our affordable housing and administrative offices. HACSB currently operates multiple offices on our affordable housing sites as well as administrative buildings. To ensure a uniform clean and business-like appearance at all sites, HACSB contracts with a janitorial service company.

PROCUREMENT

On March 18, 2021, HACSB issued a Request for Proposal (RFP) PC1212 for Janitorial Services which resulted in the receipt of five proposals. Outreach efforts included email invitations to contractors and 46 vendor notifications through the agency's electronic bidding software, PlanetBids.com. The proposals were evaluated per the requirements of the RFP in which Base Hill, Inc. dba Jan Point had the best price, considered responsive, and determined best qualified to provide this service to HACSB.

On August 10, 2021, the Board of Commissioners for the Housing Authority of the County of San Bernardino approved and awarded a contract to Base Hill, Inc. dba Jan Point in the amount of \$500,000 through August 31, 2025 with one single-year option to extend through August 31, 2026.

On June 1, 2023, HACSB approved Amendment #1 to remove two properties from the contract; Yucaipa Crest and Yucaipa Terrace.

On August 1, 2023, HACSB approved Amendment #2 to add the Upland Campfire Building Office.

On January 1, 2024, HACSB approved Amendment #3 to update services at specific sites and apply a 3.4% increase, based on the CPI adjustment used by HACSB.

HACSB staff recommend that the Board approve the proposed Amendment No. 4 to exercise the single option year extension of the contract through August 31, 2026, and increase the compensation payable to Base Hill, Inc. dba Jan Point by \$237,929.28 for a total amount not to exceed \$737,929.28 for services during such option year. The requested funds include the contracted amount for services in Fiscal Year 2025, expenses in years 1-4 due to unforeseen COVID-related costs and additional services, as well as additional funding to cover the expanded scope of work, which included extra service days.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 23, 2025.



**AMENDMENT #4 TO CONTRACT FOR JANITORIAL SERVICES
(PC1212)**

BETWEEN

**THE HOUSING AUTHORITY OF THE
COUNTY OF SAN BERNARDINO**

and

BASE HILL, INC. dba JAN POINT

This Amendment No. 4 ("Fourth Amendment"), dated May 14, 2025 ("Effective Date"), to Agreement for Janitorial Services (PC1212), is entered into by and between the Housing Authority of the County of San Bernardino, a California public body, ("Authority") and Base Hill, Inc. dba Jan Point ("Contractor").

RECITALS

WHEREAS, the Authority and Contractor entered into that certain Consulting, Services, and Non-Routine Maintenance Related Services Agreement (Non-Construction), dated September 1, 2021 relating to Janitorial Services ("Agreement") with a total price of \$500,000.00;

WHEREAS, the Authority and Contractor entered into Amendment Number 1 to the Agreement to remove two properties from the contract – Yucaipa Crest – 12385 6th St. and Yucaipa Terrace – 12435 6th St. in Yucaipa, CA; and

WHEREAS, the Authority and Contractor entered into Amendment Number 2 to the agreement to add a property - Upland Campfire Building Office, 1226 N. Campus Ave, Upland, CA - at a monthly rate of \$550 for three (3) days per week beginning August 1, 2023; and

WHEREAS, the Authority and Contractor entered into Amendment Number 3 to revise services to specified sites and revise the service schedule; and to add 3.4% based on current HACSB CPI beginning January 1, 2024.

WHEREAS, the Authority and Contractor now wish to enter into this Fourth Amendment to exercise the first option year and extend the term for an additional one (1) year through August 31, 2026 and increase the compensation payable to Contractor by \$237,929.28 for services during the last option year for a total amount not to exceed \$737,929.28.

OPERATIVE PROVISIONS

NOW, THEREFORE, the foregoing Recitals being true and correct, and in consideration of the mutual covenants and obligations contained in this Fourth Amendment by the parties and other consideration, the sufficiency of which is hereby expressly acknowledged, the Parties hereto agree as follows:

Section 1. Article 3 of the Agreement is hereby amended to exercise the last option year through August 31, 2026. Except as amended, the other provisions of Article 3 shall remain unmodified and in full force and effect.

Section 2. Article 4 of the Agreement, entitled "Price" is hereby amended to increase the compensation payable to Contractor for the provision of the Work for services during the last option year for the total not-to-exceed sum as shown in the Total Agreement Cost set forth on Exhibit "A-1". Except as so amended, the other provisions of Article 4 shall remain unmodified and in full force and effect.

Section 3. Continuing Effect of Agreement. Except as amended by this Fourth Agreement, all provisions of the Agreement, as amended, shall remain unchanged and in full force and effect. From and after the date of this Fourth Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement, as amended by this Fourth Amendment.

Section 3. Affirmation of Agreement; Warranty Re Absence of Defaults. Authority and Consultant each ratify and reaffirm each and every one of the respective rights and obligations arising under the Agreement, as amended. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than by way of this Fourth Amendment as provided herein. Each party represents and warrants to the other that the Agreement, as amended by this Fourth Amendment, is currently an effective, valid, and binding obligation.

Consultant represents and warrants to Authority that, as of the date of this Fourth Amendment, Authority is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Authority represents and warrants to consultant that, as of the date of this Fourth Amendment, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Section 4. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Fourth Amendment.

Section 5. Authorization. The persons executing this Fourth Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Fourth Amendment on behalf of said party, (iii) by so executing this Fourth Amendment, such party is formally bound to the

provisions of this Fourth Amendment, and (iv) the entering into this Fourth Amendment does not violate any provision of any other agreement to which said party is bound.

IN WITNESS WHEREOF, the Housing Authority of the County of San Bernardino and Base Hill, Inc dba Jan Point hereby execute this Fourth Amendment.

Base Hill, Inc. dba Jan Point

**HOUSING AUTHORITY OF THE COUNTY OF
SAN BERNARDINO**

By: _____

By: _____

Name: _____

Name: Maria Razo

Title: _____

Title: Executive Director _____

Date: _____

Date: _____

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Exhibit A-1

Schedule Dates:

Effective Date: May 14, 2025
Completion Date: August 31, 2026

Total Agreement Cost: Not to exceed \$737,929.28

| | |
|--|---------------------|
| Original Agreement Amount Not to Exceed | \$500,000.00 |
| Net Change Order – Previously Approved – Amendment #1 | \$0.00 |
| Net Change Order – Previously Approved – Amendment #2 | \$0.00 |
| Net Change Order – Previously Approved – Amendment #3 | \$0.00 |
| Net Change Order – Amendment #4 | \$237,929.28 |
| Agreement Value as Amended Not to Exceed | \$737,929.28 |

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REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Appropriations Increase for On-Call Flooring Services

RECOMMENDATION(S)

1. Approve an increase in appropriations, effective May 14, 2025, for flooring services in the amount \$934,729 for an overall amount split between two vendors not to exceed \$1,184,729.
2. Approve Amendment No. 1 to Contract No. PC1376, effective May 14, 2025, for flooring services with Singer Carpets and CASA Renovations, Inc. to exercise the first option year through October 7, 2026.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The total amount for all on-call flooring services is not expected to exceed \$1,184,729 through October 7, 2026, which is funded by the Housing Authority of the County of San Bernardino's (HACSB) property operations budgets for FYE 2025 and 2026.

BACKGROUND INFORMATION

HACSB owns and manages units throughout San Bernardino County. As units become vacant, renovations must occur in order to complete the unit for future rental. We utilize outside flooring contractors to supply and install several types of flooring on an as-needed basis. These flooring contracts are necessary to continue to complete this work for many of our vacant unit turns.

PROCUREMENT

On August 12, 2024, HACSB issued a Request for Proposal (RFP) PC1376 for On-Call Flooring Services, which resulted in the receipt of six proposals. Outreach efforts included advertisements in local newspapers, email invitations, posting on our electronic bidding website, Planet Bids, and posting on the agency website. The proposals were evaluated per the requirements of the RFP in which Singer Carpets and CASA Renovations were deemed reasonably priced, considered responsive, and determined qualified to provide this service to HACSB.

On October 8, 2024, contracts with Singer Carpets and CASA Renovations for on-call flooring services were executed on a fee schedule for a one-year base term through October 7, 2025, with an option to extend for up to four years through October 7, 2029. HACSB staff recommends that the Board approve the proposed Amendment No. 1 for each vendor to exercise the first option

Appropriations Increase for On-Call Flooring Services
May 13, 2025

year, extending the term of each contract to October 7, 2026, and approve an increase in appropriations to cover expenses related to the first option year.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 21, 2025.



**AMENDMENT #1 TO CONTRACT FOR FLOORING SERVICES
(PC1376)**

BETWEEN

**THE HOUSING AUTHORITY OF THE
COUNTY OF SAN BERNARDINO**

and

SINGER CARPETS

This Amendment No. 1 ("First Amendment"), dated May 14th, 2025 ("Effective Date"), to Agreement for Flooring Services (PC1376), is entered into by and between the Housing Authority of the County of San Bernardino, a California public body, ("Authority") and Singer Carpets. ("Contractor").

RECITALS

WHEREAS, the Authority and Contractor entered into that certain Consulting, Services, and Non-Routine Maintenance Related Services Agreement (Non-Construction), dated October 8th, 2024., relating to Flooring Services ("Agreement") per fee schedule listed in the original Exhibit A;

WHEREAS, the Authority and Contractor now wish to enter into this First Amendment to exercise the first option year through October 7, 2026.

OPERATIVE PROVISIONS

NOW, THEREFORE, the foregoing Recitals being true and correct, and in consideration of the mutual covenants and obligations contained in this First Amendment by the parties and other consideration, the sufficiency of which is hereby expressly acknowledged, the Parties hereto agree as follows:

Section 1. Article 3 of the Agreement is hereby amended to extend the term for an additional one (1) year expiring on October 7, 2026. Except as so amended, the other provisions of Article 3 shall remain unmodified and in full force and effect.

Section 2. Article 4 of the Agreement, entitled "Price" is hereby amended to increase the aggregate amount payable to Contractor for the provision of the Work based on the fee schedule as shown on Exhibit "A-1". Except as so amended, the other provisions of Article 4 shall remain unmodified and in full force and effect.

Section 3. Continuing Effect of Agreement. Except as amended by this First Agreement, all provisions of the Agreement, as amended, shall remain unchanged and in full force and effect. From and after the date of this First Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by this First Amendment.

Section 4. Affirmation of Agreement; Warranty Re Absence of Defaults. Authority and Consultant each ratify and reaffirm each and every one of the respective rights and obligations arising under the Agreement, as amended. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than by way of this First Amendment as provided herein. Each party represents and warrants to the other that the Agreement, as amended by this First Amendment, is currently an effective, valid, and binding obligation.

Consultant represents and warrants to Authority that, as of the date of this First Amendment, Authority is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Authority represents and warrants to consultant that, as of the date of this First Amendment, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Section 5. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this First Amendment.

Section 6. Authorization. The persons executing this First Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this First Amendment on behalf of said party, (iii) by so executing this First Amendment, such party is formally bound to the provisions of this First Amendment, and (iv) the entering into this First Amendment does not violate any provision of any other agreement to which said party is bound.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Housing Authority of the County of San Bernardino and Singer Carpets. hereby execute this First Amendment.

SINGER CARPETS

By: _____

Name: _____

Title: _____

Date: _____

**HOUSING AUTHORITY OF THE COUNTY OF
SAN BERNARDINO**

By: _____

Name: Maria Razo

Title: Executive Director

Date: _____

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit A-1

Schedule Dates:

Effective Date: May 14th, 2025

Completion Date: October 7, 2026

Fee Schedule:

Material and Installation Cost:

| ITEM | DESCRIPTION | 2024-25 (per sq. ft.) | 2025-26 (per sq. ft.) |
|------|--|----------------------------------|----------------------------------|
| 1. | Carpet: Mohawk Collection Name: Revive Style #: 25 OR EQUAL | 1.45 | 1.45 |
| 3. | Pad: Like kind or equivalent to Carpenter 600 spring, standard bonded, ½" 6 lb. Certification; Green Label certified (meets or exceeds the Carpet & Rug Institute's Indoor Air Quality carpet cushion testing program); Warranty 5-year, material only, must be hypo-allergenic. Brand: Carpenter Style 600 spring | .30 | .30 |
| 4. | Vinyl Sheet Flooring: Mohawk Collection Name: Fieldcrest 4010 Style: Rustic Taupe 580 OR EQUAL | 1.45 | 1.45 |
| 5. | Vinyl Composition Tile: Armstrong Style: Imperial Texture, match existing pattern OR EQUAL | 1.45 | 1.45 |
| 6. | Vinyl Planks: LVT: Mohawk Collection Name: TV30 Style: Natural 6 GD OR EQUAL | 1.45 | 1.45 |
| 7. | Rubber Wall Base: Like kind or equivalent to Burke, Color: 502 brown, width: 4" style: TS Brand: Mohawk Style: Rubber 4" | 1.45 | 1.45 |
| 8. | Demolition Only: Removal/Disposal/Recycle | .25 | .25 |
| 9. | Hourly Rate | 56 ⁰⁰ / _{EX} | 59 ³⁰ / _{EX} |



**AMENDMENT #1 TO CONTRACT FOR FLOORING SERVICES
(PC1376)**

BETWEEN

**THE HOUSING AUTHORITY OF THE
COUNTY OF SAN BERNARDINO**

and

CASA RENOVATIONS, INC.

This Amendment No. 1 ("First Amendment"), dated May 14th, 2025 ("Effective Date"), to Agreement for Flooring Services (PC1376), is entered into by and between the Housing Authority of the County of San Bernardino, a California public body, ("Authority") and CASA Renovations, Inc. ("Contractor").

RECITALS

WHEREAS, the Authority and Contractor entered into that certain Consulting, Services, and Non-Routine Maintenance Related Services Agreement (Non-Construction), dated October 8th, 2024., relating to Flooring Services ("Agreement") per fee schedule listed in the original Exhibit A;

WHEREAS, the Authority and Contractor now wish to enter into this First Amendment to exercise the first option year through October 7, 2026.

OPERATIVE PROVISIONS

NOW, THEREFORE, the foregoing Recitals being true and correct, and in consideration of the mutual covenants and obligations contained in this First Amendment by the parties and other consideration, the sufficiency of which is hereby expressly acknowledged, the Parties hereto agree as follows:

Section 1. Article 3 of the Agreement is hereby amended to extend the term for an additional one (1) year expiring on October 7, 2026. Except as so amended, the other provisions of Article 3 shall remain unmodified and in full force and effect.

Section 2. Article 4 of the Agreement, entitled "Price" is hereby amended to increase the aggregate amount payable to Contractor for the provision of the Work based on the fee schedule as shown on Exhibit "A-1". Except as so amended, the other provisions of Article 4 shall remain unmodified and in full force and effect.

Section 3. Continuing Effect of Agreement. Except as amended by this First Agreement, all provisions of the Agreement, as amended, shall remain unchanged and in full force and effect. From and after the date of this First Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by this First Amendment.

Section 4. Affirmation of Agreement; Warranty Re Absence of Defaults. Authority and Consultant each ratify and reaffirm each and every one of the respective rights and obligations arising under the Agreement, as amended. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than by way of this First Amendment as provided herein. Each party represents and warrants to the other that the Agreement, as amended by this First Amendment, is currently an effective, valid, and binding obligation.

Consultant represents and warrants to Authority that, as of the date of this First Amendment, Authority is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Authority represents and warrants to consultant that, as of the date of this First Amendment, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

Section 5. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this First Amendment.

Section 6. Authorization. The persons executing this First Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this First Amendment on behalf of said party, (iii) by so executing this First Amendment, such party is formally bound to the provisions of this First Amendment, and (iv) the entering into this First Amendment does not violate any provision of any other agreement to which said party is bound.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Housing Authority of the County of San Bernardino and CASA Renovations, Inc. hereby execute this First Amendment.

CASA RENOVATIONS, INC.

**HOUSING AUTHORITY OF THE COUNTY OF
SAN BERNARDINO**

By: _____

By: _____

Name: _____

Name: Maria Razo

Title: _____

Title: Executive Director

Date: _____

Date: _____

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit A-1

Schedule Dates:

Effective Date: May 14, 2025

Completion Date: October 7, 2026

Fee Schedule:

Material and Installation Cost:

| ITEM | DESCRIPTION | 2024-25 (per sq. ft.) | 2025-26 (per sq. ft.) |
|------|--|--------------------------|--------------------------|
| 1. | Carpet: Mohawk Collection Name: Revive Style #: 25 OR EQUAL | \$1.06 | \$1.16 |
| | Brand: Engineered Floors Style: SP250 color: TBD | \$.99¢ | \$1.09 |
| 3. | Pad: Like kind or equivalent to Carpenter 600 spring, standard bonded, 1/2" 6 lb. Certification; Green Label certified (meets or exceeds the Carpet & Rug Institute's Indoor Air Quality carpet cushion testing program); Warranty 5-year, material only, must be hypo-allergenic. Brand: Future Fams style Special 6 1/2" 6lb padding | \$.28¢ | \$.32¢ |
| 4. | Vinyl Sheet Flooring: Mohawk Collection Name: Fieldcrest 4010 Style: Rustic Taupe 590 OR EQUAL | \$1.25 | \$1.39 |
| 5. | Vinyl Composition Tile: Armstrong Style: Imperial Texture, match existing pattern OR EQUAL Tarkett VCT II Color: TBD | \$2.35 \$1.90 | \$2.59 \$2.09 |
| 6. | Vinyl Planks: LVT: Mohawk Collection Name: TV30 Style: Natural 6 GD OR EQUAL Engineered Floors Style: Ozark 12 MIL color: TBD | \$1.25 | \$1.38 |
| 7. | Rubber Wall Base: Like kind or equivalent to Burke, Color: 502 brown, width: 4" style: TS Brand Tarkett Style: Rubber 4" | \$.99¢ | \$1.09 |
| 8. | Demolition Only: Removal/Disposal/Recycle | \$.35¢ | \$.35¢ |
| 9. | Hourly Rate | \$100.28 | \$103.32 |

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Long-Term Lease Agreement for Echo Apartments

RECOMMENDATION(S)

Retroactively authorize the Executive Director to execute the lease agreement with Echo SB, LLC for Echo Apartments located at 505 E. Rialto Ave, San Bernardino, CA.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The cost of the lease agreement is projected to be funded through income generated through the property's operations.

BACKGROUND INFORMATION

The Housing Authority of the County of San Bernardino (HACSB) received approval to pursue this lease agreement structure from the board this past December for Echo Apartments. At that time, the acquisition did not materialize; however, the current property ownership has decided to pursue the sale once again with the Aspen Group in partnership with HACSB.

HACSB is asking for recommended approval to enter into a partnership via this lease agreement for Echo Apartments with the Aspen Group, which will be the majority owner of the property. HACSB will take minor ownership through membership in Echo SB, LLC, which will be the ownership entity. HACSB will operate the property via its third-party property management company, Beacon Property Management. Furthermore, HACSB will gain additional ownership interest incrementally for each year of the lease agreement at 2.5% per annum. HACSB may have to contribute up to \$320,000 to help close the transaction. This contribution is not contemplated in the current version of the lease agreement, however, if it is needed, HACSB will receive an additional ownership interest of 3.08% at the inception of the lease.

This agreement allows HACSB to add a recently constructed multi-family property consisting of 38 units to its portfolio with little to no funds contributed towards the purchase. Since the property is new construction and unoccupied, HACSB will receive lease and operating reserve funds in the amount of \$1,025,160 at the inception of the lease term.

PROCUREMENT

Not applicable.

Long-Term Lease Agreement for Echo Apartments
May 13, 2025

ITEM ATTACHMENTS

- Lease – Aspen-San Bernardino Housing Authority (Echo) 2025

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on May 4, 2025.

LEASE

Between

ECHO SB, LLC
as Lessor

and

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
as Lessee

Dated: _____, 2025

Concerning the premises located at:

505 East Rialto Avenue, San Bernardino, California 92408

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EXHIBITS

- A. LEGAL DESCRIPTION
- B. PERMITTED ENCUMBRANCES
- C. FIXED RENT
- D. RESERVES SCHEDULE

THIS LEASE, made and entered into on _____, 2025 (together with all amendments and supplements hereto, this “**Lease**”), is entered into by and between **ECHO SB, LLC** (“**Lessor**”), a Wyoming limited liability company with its address at P.O. Box 2375, Aspen, CO 81612 and the **HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO**, a local government public agency corporate and politic (“**Lessee**”) with its office at 715 East Brier Drive, San Bernardino, CA 92408.

This is a lease of the premises owned by Lessor and located at 505 East Rialto Avenue, San Bernardino, California 92408.

In consideration of all of the mutual promises and covenants set forth herein, Lessor and Lessee agree as follows:

Lessor hereby leases the Premises (as defined below) to Lessee on and subject to the terms and conditions herein set forth and in this Lease.

1. DEFINITIONS, CONSENTS AND CALCULATIONS

1.1 **Defined Terms.** The following terms shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and plural forms of the terms herein defined.

(a) “**Additional Rent**” shall mean all amounts, liabilities and obligations, other than Fixed Rent, which Lessee assumes or agrees to pay under this Lease to Lessor or others.

(b) “**Affiliate**” shall mean a Person controlled by; controlling; or under common control with, the Person in question.

(c) “**Applicable Laws**” shall have the meaning given to such term in Section 11(a).

(d) “**Appraiser**” shall mean an individual having not less than ten (10) years current experience as a leasing broker specializing in commercial properties of a nature and type similar to that of the Premises in the geographic area where the Premises is located.

(e) “**Assignment of Lease**” shall have the meaning given to such term in Section 15.2.

(f) “**Buildings**” shall mean those certain buildings located at 505 East Rialto Avenue, San Bernardino, California 92408.

(g) “**Business Day**” shall mean any day except Saturdays, Sundays and the days observed by state-chartered banks and national banks in the State of California as public holidays.

(h) “**Capital Replacement Annual Deposits**” shall mean deposits to be made by Lessee from operation of the Premises and held by Lessee in the Capital Replacement Reserve Account. Mandatory and non-accruing annual deposits shall be in the amount of \$650.00 per unit per year commencing on the Commencement Date, as shown on Exhibit D. Such Capital Replacement Annual Deposits shall be made to the Capital Replacement Reserve Account and continue throughout the term of this Lease. The per unit per year amount of \$650.00 shall increase by

3.52% annually starting in the first year after the completion of the initial year following the Commencement Date. Notwithstanding the foregoing, if there is an initial shortfall in the Capital Replacement Reserve Account, Lessor shall provide an initial Capital Replacement Annual Deposit in the amount of such shortfall, calculated on a present value basis, to Lessee by the Commencement Date.

(i) “**Capital Replacement Reserve Account**” shall mean the account held by Lessee in the initial amount of \$260,000, which initial amount shall be paid by Lessor to Lessee under this Lease upon the Lease Commencement Date, as shown on Exhibit D. This amount represents the net present value of the difference between: (i) the Capital Replacement Annual Deposits; and (ii) the total amount of capital needs identified in the Capital Needs Assessment Report by JLL Value and Risk Advisory dated _____, 2025 (and provided to Lessor and Lessee under separate cover) over the 25 years of the study. Said amount shall be held in the segregated account by that name held by Lessee and used by Lessee in its sole discretion for the benefit of the capital improvements on the Premises, into which Capital Replacement Annual Deposits shall be deposited.

(j) “**Commencement Date**” shall mean the date of Lessee’s actual possession of the Premises, which is the date on which the terms of this Lease shall commence.

(k) “**Effective Date**” shall mean the later of: (i) the date of execution of this Lease, as set forth on the first page hereof; and (ii) the date of approval of this Lease by Lessee’s Board of Commissioners.

(l) “**Environmental Laws**” shall mean the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. §§6901 et seq. (RCRA), as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§9601 et seq. (CERCLA), as amended, the Toxic Substance Control Act, as amended, 15 U.S.C. §§2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. §§136 et seq., the Clean Air Act, the Hazardous Materials Transportation Act, and all applicable federal, state and local environmental laws, ordinances, rules and regulations, as any of the foregoing may have been or may be from time to time amended, supplemented or supplanted, and any other federal, state or local laws, ordinances, rules and regulations, now or hereafter existing relating to regulations or control of Hazardous Materials.

(m) “**Event of Default**” shall mean any of the events set forth in Section 13.

(n) “**First Mortgage**” shall mean a first priority Mortgage on the Premises given by Lessor to the Mortgagee to secure a loan encumbered by Lessor’s interest in the Premises.

(o) “**Fixed Rent**” shall mean the rental amounts specified on Exhibit C.

(p) “**Hazardous Materials**” shall mean substances defined as “hazardous substances”, “hazardous materials”, “hazardous wastes” or “toxic substances” in any applicable federal, state or local statute, rule, regulation or determination, including but not limited to Environmental Laws; and asbestos, pcb’s, radioactive substances, methane, volatile hydrocarbons, petroleum or petroleum-derived substances or wastes, radon, industrial solvents or any other material as may be specified in Applicable Laws.

- (q) “**Imposition**” shall mean the various tax and other charges referred to in Section 5 herein and the present and future governmental laws and regulations more specifically described in Section 11 herein.
- (r) “**Improvements**” shall mean the Buildings and all of the structures, improvements and all building fixtures therein (including, without limitation, parking areas (as defined in Section 16(b) and Section 16(c)) and driveways) now or hereafter located on the Land.
- (s) “**Land**” shall mean the land described on Exhibit A hereto.
- (t) “**Lease Expiration Date**” shall mean the end of the four hundred eightieth (480th) month following the Commencement Date.
- (u) “**Lease Payment Reserve**” shall mean the amount paid by Lessor to Lessee on the Commencement Date equal to \$310,996 for use by Lessee in its sole discretion, including to cover rent payment shortfalls by sublessees of individual units within the Buildings or for any other purposes determined by Lessee in its sole discretion, as shown on Exhibit D.
- (v) “**Lease Year**” shall mean a 12 month period, with the first Lease Year commencing on the Commencement Date and subsequent Lease Years on the annual anniversary thereof, as may be applicable; provided, however, that, if the Commencement Date is a day other than the first day of a calendar month, then the first Lease Year shall include that period of time from the Commencement Date up to the first day of the next calendar month plus the following 12 month period, and any subsequent Lease Year shall be the 12 month period beginning on the first day of such month.
- (w) “**Lessee**” shall mean The Housing Authority of the County of San Bernardino, as set forth above.
- (x) “**Lessee’s Equity**” shall have the meaning that is set forth in Section 3.1.
- (y) “**Lessee’s Representatives**” shall mean Lessee’s managers, directors, officers, employees or invitees or licensees.
- (z) “**Lessee’s Rights**” shall have the meaning that is set forth in Section 15.1(a).
- (aa) “**Lessee’s Trade Fixtures**” shall mean all personal property of Lessee in or on the Premises which are not necessary for the operation of the Improvements, including without limitation kitchen and cafeteria equipment. Lessee shall have the right, at any time, to substitute customary office fixtures for any unusual fixtures (including chandeliers) previously installed by Lessee.
- (bb) “**Lessor**” shall mean Echo SB, LLC, a Wyoming limited liability company, as set forth above.
- (cc) “**Lessor’s Representatives**” shall mean Lessor’s partners, members, shareholders, agents, contractors, managers, directors, officers, employees or invitees or licensees.

(dd) “**Loan Documents**” shall have the meaning given to such term in Section 15.3.

(ee) “**Mortgage**” shall mean any mortgage on the Premises given by Lessor to a Mortgagee to secure a loan encumbered by Lessor’s interest in the Premises.

(ff) “**Mortgagee**” shall mean any holder of a Mortgage with respect to the Premises or any part thereof.

(gg) “**Option to Call**” shall mean Lessee’s option to call on Lessor to refinance the Premises or to pay off the balance of all Mortgages on the Premises and for Lessee to take ownership of the Premises as set forth in Section 3.2.

(hh) “**Other Taxes**” shall mean all taxes, assessments, excises, levies, fees and charges, including all payments related to the cost of providing facilities or services, whether or not now customary or within the contemplation of Lessor and Lessee, that are levied, assessed, charged, confirmed or imposed by any public or government authority upon, or measured by, or reasonably attributable to: (i) the Premises; (ii) the cost or value of Lessee’s Trade Fixtures or the cost or value of any leasehold improvements made in or to the Premises by or for Lessee, regardless of whether title to such improvements is vested in Lessor or Lessee; (iii) any Rent payable under this Lease, including any gross income tax or excise tax levied by any public or government authority with respect to the receipt of any such Rent; (iv) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Lessee of the Premises; or (v) this transaction or any document to which Lessee is a party creating or transferring an interest or an estate in the Premises. Other Taxes shall not include federal, state or local income, documentary transfer or inheritance taxes of Lessor, unless levied or assessed against Lessor in whole or in part in lieu of, as a substitute for any Other Taxes.

(ii) “**Overdue Rate**” shall mean the rate of interest charged by the Mortgagee from time to time after default under the First Mortgage (being [_____] % per annum with respect to the initial First Mortgage) and/or the debt instruments secured thereby, or if there is no Mortgage, the rate which would have been charged on the last Mortgage encumbering the Premises.

(jj) “**Permitted Encumbrances**” shall mean:

(i) Any liens for taxes, assessments and other governmental charges which are not due and payable;

(ii) The easements, rights-of-way, encroachments, encumbrances, restrictive covenants or other matters affecting the title to the Premises or any part thereof set forth in Schedule B to the policy of owners title insurance (or commitments therefor) delivered to and accepted by Lessor with respect to the Premises in connection with the delivery of this Lease, as shown on Exhibit B hereto, and any Mortgage, subordination and non-disturbance agreement, assignment of Lease or other security agreement encumbering the Premises which Lessor certifies in writing will not affect the intended use of the Premises, interfere with the Lessee’s beneficial use and occupancy of the Premises, result in any abatement of Rental Payments or affect the priority of any Mortgage then in place or the rights of the Mortgagee thereunder;

(iii) This Lease and the rights of Lessor thereunder; and

- (iv) This Lease and the rights of Lessee hereunder.
- (kk) **“Person”** shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.
- (ll) **“Premises”** shall mean the Land and the Improvements, together with any easements, rights and appurtenances in connection therewith or belonging to the Land and Improvements. No easement for light, air or view is included with or appurtenant to the Premises. The foregoing disclaimer has been negotiated by Lessor and Lessee and is intended as a complete negation of any representation or warranty by Lessor, express or implied.
- (mm) **“Proceeds Trustee”** shall mean the Mortgagee, a commercial bank or a trust company so long as the Mortgagee, such commercial bank or such trust company is licensed to do business in the State of California and has a net worth of not less than \$200,000,000.
- (nn) **“Property Taxes”** shall mean all taxes, assessments, excises, levies, fees and charges (and any tax, assessment, excise, levy, fee or charge levied wholly or partly in lieu thereof or as a substitute therefor or as an addition thereto) of every kind and description, general or special, ordinary or extraordinary, foreseen or unforeseen, secured or unsecured, whether or not now customary or within the contemplation of Lessor and Lessee, that are levied, assessed, charged, confirmed or imposed by any public or government authority on or against, or otherwise with respect to, the Premises or any part thereof or any personal property owned or leased by Lessee and used in connection with the Premises. Property Taxes shall not include net income, documentary transfer or inheritance taxes of Lessor, unless levied or assessed against Lessor in whole or in part in lieu of or as a substitute for any Property Taxes. The Premises is anticipated to be tax exempt pursuant to State Board of Equalization ruling (provided to Lessee under separate cover).
- (oo) **“Rent”** shall mean Fixed Rent and Additional Rent.
- (pp) **“Ratio Utility Billing System Reserve Account”** shall mean the account held by Lessee in the initial amount of \$78,600 for use by Lessee in its sole discretion, which initial amount shall be paid by Lessor to Lessee upon the Lease Commencement Date, as shown on Exhibit D.
- (qq) **“Site Assessment”** shall have the meaning given to that term in Section 24(d).
- (rr) **“Site Reviewers”** shall have the meaning given to that term in Section 24(d).
- (ss) **“Superior Mortgage”** shall have the meaning given to that term in Section 15.1(a).
- (tt) **“Subordination Agreement”** shall have the meaning given to that term in Section 15.1(a).
- (uu) **“Term”** shall mean the period beginning on the Effective Date and ending on the Lease Expiration Date or such earlier Termination Date or end date of the Lease, including but not limited to the end date pursuant to Section 3.2.
- (vv) **“Termination Date”** has the meaning given to such term in Section 12.3(a).

(ww) **“Three (3) Bedroom Buydown Reserve”** shall mean the amount paid by Lessor to Lessee on the Commencement Date equal to \$125,542 for use by Lessee in its sole discretion, including towards the unit gap between proforma rents and existing rent, as set forth on Exhibit D.

(xx) **“Working Capital Reserve Account”** shall mean the amount paid by Lessor to Lessee at the Commencement Date, equal to \$250,022. Said amount shall provide for a Working Capital Reserve Account to be used by Lessee in its sole discretion, including for any operating deficits experienced during the term of this Lease, as shown on Exhibit D.

1.2 Consents. Except as otherwise provided herein, whenever in this Lease a party’s approval or consent shall be required, same shall not be unreasonably withheld, conditioned or delayed. If given, such approval or consent shall be given in writing in the manner required for notices under Section 17 herein.

1.3 Rentable Square Foot Calculations. During the Term it will be assumed that the Premises contains 81,621 square feet. Any measurement of rentable square feet for such purpose shall be determined in accordance with ANSI/BOMA Z65.1-1996, or, if such standard is no longer being used, a comparable generally accepted standard of measurement mutually agreeable to Lessor and Lessee.

2. DEMISE OF PREMISES; QUIET ENJOYMENT; USE

(a) Lessor hereby demises and leases to Lessee and Lessee hereby leases and rents from Lessor the Premises, on the terms and conditions set forth in this Lease.

(b) Upon the payment of the Rent and the performance of all of the terms of this Lease, Lessee shall at all times during the Term peaceably and quietly enjoy the Premises without any disturbance from Lessor or from any person claiming by, through or under Lessor, subject to the terms of this Lease and the terms of any Mortgage encumbering the Premises. Exercise by Lessor of its rights to enter upon the Premises as set forth in this Lease shall not constitute a violation of this subsection.

(c) Lessee may use and occupy the Premises only for residential uses and shall have sole and absolute discretion to sublease the units within the Premises in accordance with its authority as a California housing authority. Lessee may further enter into arrangements with other entities, including but not limited to the San Bernardino Community College District, to set aside and sublease a portion of the units within the Premises to provide affordable housing opportunities to such entities’ students, faculty or other persons. Lessee further retains sole discretion to impose rent restrictions on any sublease of the units within the Premises whereby rents are restricted to not more than the moderate-income level maximum of 120% of the area moderate income, adjusted for family size, as defined in federal statutes and Housing and Urban Development Department regulations. In all events, Lessee shall not use or occupy the same, or knowingly permit them to be used or occupied, contrary to any Applicable Laws; or in any manner which would violate any certificate of occupancy affecting the same; or which would cause structural injury or waste to the Premises or cause the value or usefulness of the Premises, or any portion thereof, to diminish; or increase the risk of violation of Environmental Laws; or which would constitute a public or private nuisance or waste. Lessee shall promptly, upon discovery of any

such use, take all necessary steps to compel the discontinuance of such use, subject to Lessee's right to contest same, as provided in Section 25 herein.

(d) In performing its obligations under this Lease, Lessee shall not act contrary to any Applicable Laws; or in any manner which would violate any certificate of occupancy affecting the same; or which would cause structural injury or waste to the Premises or cause the value or usefulness of the Premises, or any portion thereof, to diminish; or increase the risk of violation of Environmental Laws; or which would constitute a public or private nuisance or waste.

(e) Lessee shall not use, suffer or permit the Premises, or any portion thereof, to be used by Lessee, any third party or the public, as such, without restriction or in such manner as might impair Lessor's title to the Premises, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or third Persons, or of implied dedication of the Premises, or any portion thereof. Nothing contained in this Lease and no action by Lessor shall be construed to mean that Lessor has granted to Lessee any authority to do any act or make any agreement that may create any such third party or public right, title, interest, lien, charge or other encumbrance upon the estate of Lessor in the Premises.

3. TERM. The Term shall be for a period beginning on the Effective Date and ending on the Lease Expiration Date, or such earlier or later date as hereinafter provided, including upon Lessee's exercise of the Option to Call.

3.1 Lessee's Equity. It is the intent of Lessor to donate the Premises upon the payoff of Lessor's First Mortgage on or before the expiration of the Term. So long as Lessee is not in default hereunder and has made all required payments under this Lease, Lessee shall have the right to purchase the Premises for an amount necessary to transfer the Premises to the Lessee, including all amounts payable under Lessor's First Mortgage (principal and interest to date), upon which Lessor shall transfer and convey the same to Lessee. The parties agree that Lessee shall be financially responsible for all costs incurred with any such transfer, including, but not limited to, yield maintenance defeasance, Mortgagee fees, reasonable legal fees, refinance, broker fees, title, taxes, closing costs, fees described in Section 4(b), etc. During the Term of this Lease, and contingent upon Lessee's performance thereunder, Lessee shall be granted a non-participating, passive, non-voting equity interest in the Premises which shall have no voting, consent or approval rights whatsoever ("Lessee's Equity") at the rate of 2.5% per annum over the entirety of the Term. Lessee's Equity shall vest on the Commencement Date and thereafter at the beginning of each Lease Year for such period's granted equity at the rate of 2.5% per annum; however, in the event of any uncured Event of Default hereunder after the expiration of all applicable cure periods as set forth in Section 13.1, Lessee shall forfeit its remaining unrealized Lessee's Equity to Lessor, and Lessor's obligation to transfer the Premises under this Lease shall terminate. Lessee shall be entitled to receive proceeds from any subsequent sale of the Premises in proportion to Lessee's Equity at the time of the occurrence of the Event of Default. Lessee's Equity shall be fully vested and debt-free to Lessee at the end of the Term and Lessor shall execute and provide to Lessee a grant deed turning over all right, title and interest in and to the Premises to Lessee at such time without further obligation of Lessee to make any payment or take further action to be fully vested therein other than complete documentation to accomplish such transfer. Lessor shall take all actions to assure full transfer of all of its right, title and interest in and to the Premises debt-free to Lessee is accomplished by the end of the Term. Lessor hereby acknowledges and hereby agrees

that its obligation to accomplish such transfer by the end of the Term is a material inducement to Lessee in entering into this Lease and any breach of such obligation shall entitle Lessee to seek all available remedies at law or equity to compel Lessor to transfer the Premises as required herein and recover all damages, costs and attorneys' fees incurred as a result thereof. Notwithstanding anything herein to the contrary, Lessor shall be entitled to ownership of and claim to all depreciation and tax items related to the Premises regardless of Lessee's Equity. Any acquisition of Lessee's Equity or the Premises shall be without representation or warranty of any kind and without recourse to Lessor.

3.2 Option to Call. Lessee shall have the Option to Call on Lessor to donate/transfer all of Lessor's right, title and interest in and to the Premises debt-free to Lessee concurrently with Lessee's payment of all amounts due under this Lease and First Mortgage as noted in Sections 3.1 and 4(b) and any and all other amounts necessary to complete such transfer. The parties agree that Lessee shall be financially responsible for all costs incurred with any such transfer, including, but not limited to, yield maintenance defeasance, Mortgagee fees, reasonable legal fees, refinance, broker fees, title, taxes, closing costs, fees described in Section 4(b), etc.

3.3 Retention of Sale Proceeds. Notwithstanding anything to the contrary set forth herein: (a) in the event of Lessor's sale of the Premises, Lessee shall retain all sale proceeds in excess of: (1) the amount of Fixed Rent due hereunder and any Additional Rent due at the time of the closing of the sale (including as Additional Rent all costs of transferring title to the Premises, such as, without limitation, all transfer and conveyance taxes and recording fees); and (2) all other amounts due to Mortgagees; and (b) in the event of the refinancing of a Mortgage, Lessee shall retain any cash flow savings distributed as a result of such refinancing; provided that any such refinancing shall require the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed; and provided further that all Rent is timely paid to Lessor and that all amounts due to Mortgagees in connection with such refinancing are timely paid.

4. RENTAL.

(a) Lessee shall pay to Lessor the following amounts as Rent for the Premises:

(i) Beginning on the Commencement Date and thereafter on the first day of each month during the Term, Lessee shall pay to Lessor as annual rent, the Fixed Rent, in the amounts specified on Exhibit C hereto, payable in advance in equal monthly installments (pro-rated for any partial month).

(ii) Beginning on the Commencement Date and throughout the Term, Lessee shall pay all Additional Rent, whether or not such amounts of money or charges are designated Additional Rent.

(b) It is the intention of Lessor and Lessee that the Fixed Rent payable during the entire Term shall be absolutely net of all costs and expenses (i.e., gross rent) incurred in connection with the management, operation, maintenance and repair of the Premises in accordance with this Lease. Lessor shall have no obligations or liabilities whatsoever with respect to the ownership, management, operation, maintenance or repair of the Premises (and except as specified in this Lease, no right to incur expenses reimbursable by Lessee) during the Term of this Lease. Lessee

shall, at its sole cost and expense, manage, operate, maintain and repair the Premises in accordance with this Lease and shall pay all costs and expenses incurred in connection therewith before such costs or expenses become delinquent. Without limiting the generality of the foregoing, beginning on the Commencement Date and throughout the entire Term, Lessee shall pay, as Additional Rent, all Other Taxes that accrue during or are allocable to the Term of this Lease; provided that the parties acknowledge that Lessor shall provide an opinion of counsel to the effect that the Premises are exempt from Property Taxes on or prior to the Commencement Date. Lessee shall pay any prepayment premium or fee, make-whole premium or other fee (however denominated) in connection with any prepayment or defeasance of debt secured by a First Mortgage, for any reason other than: (i) Lessor's voluntary refinancing or sale of the Premises, which shall be permitted only upon the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed; or (ii) a foreclosure triggered by Lessor's default under the Mortgage which does not result directly from Lessee's default under this Lease; provided, however, that Lessee shall pay same in the case of a sale to Lessee or any party designated by or acting for the benefit of Lessee. Without limiting the examples of Lessee's liability under the preceding sentence, if an Event of Default described in Sections 14(a), (c), (d) or (e) shall occur hereunder which remains uncured and Lessor shall fail to make a payment due or fail to otherwise comply with an obligation under the Mortgage (whether or not the Mortgagee shall have formally declared a default), it shall be deemed that Lessor's default under the Mortgage resulted directly from Lessee's default under this Lease, and if any other Event of Default has occurred and is continuing, Lessor's default under the Mortgage shall be deemed to have resulted from Lessee's default under this Lease if Lessee's failure is directly related to Lessee's default hereunder.

(c) Lessee shall pay all Fixed Rent to Lessor, in advance, on or before 2 p.m. prevailing Pacific Time on the first day of each and every calendar month during the Term of this Lease without notice, by wire transfer or other electronic means (or otherwise so there are collected funds available to Lessee on the due date). Interest at the Overdue Rate shall accrue and be payable by Lessee on Fixed Rent not paid by the due date thereof, from the due date thereof to the date of actual payment. Lessee shall pay all Additional Rent when due to the Person entitled thereto. Lessee shall pay all Fixed Rent to Lessor without notice, demand, deduction or offset, in lawful money of the United States of America, to the bank account designated by Lessor, or to such other Person or at such other place as Lessor may from time to time designate by notice to Lessee pursuant to Section 17 herein. At Lessor's direction, all Fixed Rent or Additional Rent may be paid to Mortgagee, with the Proceeds Trustee remitting to Lessor all excess cash flow over the payment due to the Mortgagee.

(d) In the event that Lessee fails to pay any Fixed Rent or Additional Rent payable to Lessor on the due date thereof, in addition to paying interest to Lessor at the Overdue Rate as set forth above, Lessee shall pay Lessor the amount of any late fees, late charges, late interest, or the like, which Lessor may actually incur to the holder of the Mortgage resulting from any late payment by Lessee hereunder. In no event shall such late payment charges be deemed to grant to Lessee a grace period or extension of time within which to pay any Rent or prevent Lessor from exercising any right or enforcing any remedy available to Lessor upon Lessee's failure to pay all Rent due under this Lease in a timely fashion, including the right to terminate this Lease.

(e) If any day on which Fixed Rent is due falls on a day which is not a Business Day, Fixed Rent shall be due and payable on the next succeeding Business Day without interest or penalty if paid on such Business Day.

(f) In the event of any failure by Lessee to pay or discharge any amount of Additional Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or otherwise in the case of nonpayment of Fixed Rent. Lessee shall pay Additional Rent directly to the Person entitled thereto.

5. TAXES.

(a) Lessor has confirmed through its legal counsel that the Premises shall be exempt from all Property Taxes. Should the Premises not receive a tax exemption from the San Bernardino County Assessor's Office, Lessor and Lessee agree to make good faith efforts to re-negotiate the terms of this Lease to, among other things, fully offset the impacts of any such Property Tax obligations on Lessee.

(b) Lessee shall pay, as Additional Rent, all Other Taxes prior to the assessment of any interest or penalty for late payment.

(c) Except for any tax on the net income derived from the Fixed Rent, if at any time during the Term, any method of taxation shall be such that there shall be levied, assessed or imposed on Lessor, or on the Fixed Rent or Additional Rent, or on the Premises, or any portion thereof, a capital levy, gross receipts tax, occupational license tax or other tax on the Rents received therefrom, or a franchise tax, or an assessment, gross receipts levy or charge measured by or based in whole or in part upon such gross Rents, Lessee, to the extent permitted by law, covenants to pay and discharge the same, it being the intention of the parties hereto that the Fixed Rent to be paid hereunder shall be paid to Lessor, absolutely net without deduction or charge of any nature whatsoever, foreseeable or unforeseeable, ordinary or extraordinary, or of any nature, kind, or description, except as otherwise expressly provided in this Lease.

(d) Except as set forth in subsection (c), Lessee shall pay all Other Taxes directly to the appropriate taxing authorities. Lessee shall furnish Lessor, within 15 days after payment of Other Taxes, official receipts of the appropriate taxing authority, if any, or other appropriate proof reasonably satisfactory to Lessor, evidencing the payment of the same. The certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition may be relied upon by Lessor as sufficient evidence that such Imposition is due and unpaid at the time of making or issuance of such certificate, advice or bill.

(e) During the continuance of an Event of Default hereunder, Lessor may deliver to Lessee Lessor's reasonable estimate of the Other Taxes which it anticipates will be paid or incurred for the ensuing calendar year or fiscal year, as Lessor may determine, and Lessee shall pay to Lessor (or if Lessor so directs, to Lessor's Mortgagee) an amount equal to the estimated amount of such Other Taxes for such year in equal monthly installments during such year with the installments of Fixed Rent. Payment by Lessee of estimated amounts of Other Taxes under this subsection shall be considered as performance of such obligation under the provisions of subsections (a) and (b) above. If Lessor shall have elected to bill Lessee for Other Taxes on an estimated basis in

accordance with this provision, Lessor will furnish to Lessee, within 120 days following the end of the applicable calendar or fiscal year, as the case may be, a statement setting forth: (i) the amount of such Other Taxes paid or incurred during the just ended calendar or fiscal year; and (ii) the amount that Lessee has paid to Lessee for credit against such expenses for the stated period. Lessor shall, at its election, either: (1) credit the amount of any overpayment toward the next ensuing payment or payments of Other Taxes that would otherwise be due; or (2) refund in cash to Lessee the amount of such overpayment. If such year-end statement shall show that Lessee did not pay its obligation for such Other Taxes in full, then Lessee shall pay to Lessor the amount of such underpayment within 30 days from Lessor's billing of same to Lessee. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

(f) Subject to the provisions of subsection (a), Lessor and/or Lessee shall have the right to contest the amount or validity, in whole or in part, of any Property Tax or Other Tax or to seek a reduction in the valuation of the Premises as assessed for real estate property tax purposes by appropriate proceedings diligently conducted in good faith pursuant to Section 25 herein. Lessor shall not be required to join in any proceeding referred to in this subsection unless required by law, or unless Lessee reasonably determines that such joinder will be advantageous and bears all costs in connection therewith, in which event Lessor shall, upon written request by Lessee, join in such proceedings or permit the same to be brought in its name. Notwithstanding the foregoing, Lessor shall cooperate with Lessee and execute any document required for Lessee to contest, or seek a reduction of, any Property Tax or Other Tax. Lessee covenants that Lessor shall not suffer or sustain any costs or expenses (including, but not limited to, counsel fees) or any liability in connection with any such proceeding. No such consent shall subject Lessor to any material civil liability or the risk of any criminal liability.

6. NET LEASE; NON-TERMINABILITY.

(a) This is a triple net Lease, and the Rent and all other sums payable hereunder by Lessee shall be paid, except as expressly provided in Section 12.1, without notice (except as expressly provided herein), demand, set-off, counterclaim, abatement, suspension, deduction or defense. It is the intention of the parties hereto that the Fixed Rent shall be an absolutely net return to Lessor throughout the Term of this Lease. In order that such Fixed Rent shall be absolutely net to Lessor, Lessee shall pay when due, and save Lessor harmless from and against, any and all costs, charges and expenses attributable to the Premises and allocable to the Term, including but not limited to, each fine, fee, penalty, charge (including governmental charges), assessments, sewer rent, Impositions, insurance premiums, utility expenses, carrying charges, costs, expenses and obligations of every kind and nature whatsoever, general and special, ordinary and extraordinary, foreseen and unforeseen, the payment for which Lessor is, or shall become liable by reason of any rights or interest of Lessor in, to or under the Premises or this Lease or in any manner relating to the ownership, leasing, operation, management, maintenance, repair, rebuilding use or occupation of the Premises, or of any portion thereof; provided, however, that nothing herein contained shall be construed as imposing upon Lessee any obligation to pay: (i) any of the aforementioned costs, charges or expenses resulting from Lessor's acts or omissions, including but not limited to failure to pay the same when due; or (ii) any income, estate, inheritance, succession or transfer tax of Lessor growing out of, or levied in connection with, this Lease or Lessor's right or interest in the Premises, except as provided in Section 5 herein; and provided further that Lessor shall pay to Lessee the amounts set forth in Exhibit D on the Commencement Date.

(b) Except as set forth in Section 12.3, this Lease shall not terminate, nor shall Lessee have any right to terminate this Lease, nor shall Lessee be entitled to any abatement or reduction of Rent hereunder, nor shall the obligations of Lessee under this Lease be affected, by reason of: (i) any damage to or destruction of all or any part of the Premises from whatever cause; (ii) subject to Section 12 herein, the taking of the Premises or any portion thereof by condemnation, requisition or otherwise; (iii) the prohibition, limitation or restriction of Lessee's use of all or any part of the Premises, or any interference with such use; (iv) any eviction by paramount title or otherwise; (v) Lessee's acquisition or ownership of all or any part of the Premises otherwise than as expressly provided herein; (vi) any default on the part of Lessor under this Lease, or under any other agreement to which Lessor and Lessee may be parties; or (vii) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Lessee hereunder shall be separate and independent covenants and agreements; that the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events; and that the obligations of Lessee hereunder shall continue unaffected unless the requirement to pay or perform the same shall have been terminated pursuant to any express provision of this Lease. Lessee agrees that Lessee will not be relieved of the obligations to pay Fixed Rent or any Additional Rent in case of damage to or destruction of the Premises.

(c) Lessee shall remain obligated under this Lease in accordance with its terms, and will not take any action to terminate, rescind or avoid this Lease, notwithstanding: (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or winding-up or other proceeding affecting Lessor or their respective successors in interest; or (ii) any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or their respective successors in interest or by any court in any such proceeding; provided that the obligations hereunder are subject and subordinate to any order of a court related to any bankruptcy or other applicable proceedings.

(d) Lessee waives all rights which may now or hereafter be conferred by law: (i) to quit, terminate or surrender this Lease or the Premises or any part thereof; or (ii) except as set forth in Section 12.1, to any abatement, suspension, deferment or reduction of the Rent or any other sums payable under this Lease, except as otherwise expressly provided herein.

7. SERVICES. Commencing on the Commencement Date, Lessee shall, at Lessee's sole cost and expense, supply the Premises with electricity, heating, ventilating and air conditioning, water, natural gas, lighting, replacement for all lights, restroom supplies, telephone service, window washing, security service, janitor, scavenger and disposal services (including hazardous and biological waste disposal), and such other services as Lessee determines to furnish to the Premises. Lessor shall not be in default hereunder or be liable for any damage or loss directly or indirectly resulting from, nor shall the Fixed Rent or Additional Rent be abated or a constructive or other eviction be deemed to have occurred by reason of, the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, any failure to furnish or delay in furnishing any such services, whether such failure or delay is caused by accident or any condition beyond the control of Lessor or Lessee or by the making of repairs or improvements to the Premises, or any limitation, curtailment, rationing or restriction on use of water, electricity, gas or any form of energy serving the Premises, whether such results from mandatory governmental restriction or voluntary compliance with governmental guidelines.

Lessee shall pay the full cost of all of the foregoing services and all other utilities and services supplied to the Premises as Additional Rent; and Lessee shall indemnify and hold harmless Lessor and any Mortgagee from any loss, damage or liability to any party supplying such services or utilities, including without limitation reasonable attorneys' fees. The aforementioned Lessee obligations shall not apply should Lessor, through its acts or omissions, cause, any interruption in the aforementioned services.

8. REPAIRS AND MAINTENANCE.

(a) On the Commencement Date, Lessor shall pay the amount set forth in the definition of "Capital Replacement Reserve Account" in Section 1.1. In addition, by no later than each anniversary of the Commencement Date throughout the Term, the Capital Replacement Annual Deposits shall be made as set forth on Exhibit D, such amounts to be used by Lessee in its sole discretion for capital improvements to the Premises and held in the Capital Replacement Reserve Account.

(b) Commencing on the Commencement Date, Lessee shall, at its expense, keep the Premises in good order and condition at all times during the Term of this Lease. Lessee shall promptly and adequately repair the Premises and all of its component parts and replace or repair all damaged or broken fixtures (including Lessee's Trade Fixtures) and appurtenances. In addition, Lessee shall timely and properly maintain, repair and to the extent necessary in Lessor's reasonable judgment, replace all of the Premises, so as to maintain the same in good condition and repair, but in all events so as to preserve the effectiveness of any warranty relating thereto. The parties shall arrange an annual inspection by Lessor's Representatives to review compliance with Lessee's obligations hereunder. If any building system or component shall become obsolete, Lessee shall remove such item from the Premises and, promptly replace it with a new item of comparable value and function. Lessee shall obtain Lessor's prior written consent before making any substantial change in the structure of the Improvements or any building system. Notwithstanding the foregoing, it is intended by the parties that Lessor shall have no obligation to repair or maintain the Premises (or any equipment therein), whether ordinary or extraordinary. Lessee shall deliver to Lessor a statement showing all removals and replacements of such systems or components during the preceding calendar year, and on the date of expiration or termination of this Lease, including manufacturers, model numbers, and serial numbers.

(c) Lessee shall maintain on the Premises and turn over to Lessor upon expiration or termination of this Lease current operating manuals for the equipment now or hereafter located on the Premises. Lessee will also provide Lessor with copies of any operating manuals in Lessee's possession relating to: (i) new equipment added to the Premises by Lessee after the Commencement Date; (ii) replacement equipment added to the Premises after the Commencement Date; and (iii) updates and supplements to any operating manuals relating to equipment located on the Premises. Lessee shall not install any underground storage tank on the Land.

9. DESTRUCTION OF OR DAMAGE TO PREMISES.

(a) If the Premises, or any part thereof, are damaged by fire or other casualty during the Term, Lessee shall diligently repair such damage and restore the Premises to substantially the same or better condition as existed before the occurrence of such fire or other casualty, using materials of

the same or better grade than that of the materials being replaced, and this Lease shall remain in full force and effect, and there shall be no abatement of Rent due under this Lease. Such repair and replacement by Lessee shall be done in accordance with Sections 9 and 21 herein, subject to then Applicable Laws, and Lessee shall, at its expense, obtain all permits required for such work. This Lease shall not terminate by reason of such damage or destruction, it being acknowledged and agreed that the failure of the Lessee to maintain any required insurance or the inadequacy of such insurance shall not result in any abatement of the Fixed Rent or Additional Rent. Provided that no Event of Default has occurred hereunder and is continuing and no default described in Sections 14(a), (c), (d) or (e) has occurred and is continuing, and provided that Lessee has: (i) delivered to Lessor plans and specifications and a budget for such repair and restoration (all of which Lessor shall have approved in its reasonable judgment); and (ii) deposited with Lessor or the Proceeds Trustee cash in an amount equal to the excess, if any, of the total cost set forth in such approved budget over the amount of insurance proceeds received on account of such casualty, then Lessor shall make available to Lessee all insurance proceeds actually received by Lessor and not paid over to the Proceeds Trustee on account of such casualty, for application to the costs of such approved repair and restoration, as set forth below. Lessee's obligations under this Section shall survive the termination or expiration of this Lease. If this Lease shall terminate by its terms prior to completion of Lessee's renovation obligations, Fixed Rent shall continue to be payable hereunder until substantial completion of the restoration, excluding punch list items, at the same rate as the Fixed Rent for the last month of the Term, and Lessee's obligations hereunder, including payment of Additional Rent, shall continue until completion of the restoration, provided that, in such event, Lessee may elect not to restore all or any part of damaged Lessee Improvements and remit any insurance proceeds paid with respect to damages to Lessee Improvements to Lessor.

(b) In the event that the estimated cost of reconstruction is in excess of \$250,000, all insurance proceeds shall be paid to or deposited with the Proceeds Trustee in the name of the Proceeds Trustee as trustee for Lessor and Lessee and disbursed in the manner hereinafter provided. If no First Mortgage is then in effect, the Proceeds Trustee shall be designated by Lessor. Insurance proceeds shall be deposited in an interest-bearing account and interest shall be distributed to Lessee upon completion of portions of said installation, repair, replacement or rebuilding, provided that no Event of Default has occurred and is continuing hereunder. All checks drawn on said account shall be co-signed by the Proceeds Trustee and Lessee. Provided that no Event of Default has occurred and is continuing hereunder, insurance proceeds shall be disbursed to Lessee by the Proceeds Trustee under the following procedure:

(i) No more frequently than once per calendar month, Lessee may request that the Proceeds Trustee reimburse Lessee out of such insurance proceeds for costs incurred by Lessee for work in place to repair and restore the Premises during the immediately preceding calendar month, less customary retainage retained by Lessee from the contractor, as reflected in the contractor's request for payment. Lessee's request shall include a certification by Lessee, Lessee's independent, licensed architect and its general contractor that all work for which reimbursement is requested was performed in compliance with the plans and specifications approved by Lessor pursuant to Section 21 herein and all Applicable Laws, and shall include reasonably satisfactory evidence of the costs incurred by Lessee and unconditional lien releases in form and substance reasonably satisfactory to the Proceeds Trustee executed by all mechanics, materialmen, laborers, suppliers and contractors who performed any portion of the repair work or supplied materials, to the extent that such waivers are permitted under Applicable Laws.

(ii) Within 10 days after receiving Lessee's request, the Proceeds Trustee shall approve or disapprove Lessee's request, which approval shall not be unreasonably withheld, by notice to Lessee. If the Proceeds Trustee approves all or any portion of a request and the Proceeds Trustee has received (and not previously disbursed) insurance proceeds, then the Proceeds Trustee's approval shall include a check in the amount approved by the Proceeds Trustee. If the Proceeds Trustee disapproves all or any portion of a request, then the Proceeds Trustee's notice shall state the reasons for that disapproval. The Proceeds Trustee's failure to deliver a notice approving or disapproving a request within such 10-day period shall be conclusively deemed the Proceeds Trustee's approval of the request. In addition, the Proceeds Trustee shall have the right to impose other conditions upon disbursement so long as they are consistent with customary construction loan disbursement practices.

(iii) In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of restoration, as reasonably determined by the Proceeds Trustee, exceeds the then amount of the proceeds account, the amount of such excess shall be paid by Lessee to the Proceeds Trustee promptly after Lessee's receipt of written notice and be added to the proceeds account. Any sum which remains in the proceeds account upon the completion of restoration shall be paid to Lessee.

10. INSURANCE, HOLD HARMLESS AND INDEMNIFICATION.

10.1 Release and Indemnification.

(a) Lessor shall not be liable to Lessee for any damage to or loss or theft of any property or for any bodily or personal injury, illness or death of any person in, on or about the Premises arising at any time and from any cause whatsoever: (i) except to the extent caused by the gross negligence or willful misconduct of Lessor or Lessor's Representatives; or (ii) except as set forth in Section 29. This subsection shall in no way modify the obligations of Lessee which are set forth in Section 7 herein. Except as specified above, Lessee waives all claims against Lessor arising from any liability described in this subsection.

(b) Lessee shall pay and indemnify and defend Lessor, Lessor's Representatives and any Mortgagee against and hold Lessor, Lessor's Representatives and any Mortgagee harmless from all claims, demands, liabilities, damages, losses, costs and expenses, including reasonable attorneys' fees and disbursements, arising during the Term and arising from or related to: (i) any use or occupancy of the Premises; (ii) any condition of the Premises; (iii) any default in the performance of Lessee's obligations hereunder; and (iv) any damage to any property (including property of employees and invitees of Lessee) or any bodily or personal injury, illness or death of any person (including employees and invitees of Lessee) from any cause whatsoever, occurring in, on or about the Premises or any part thereof or any part of the Improvements or the Land constituting a part of the Premises or occurring outside the Premises when such damage, bodily or personal injury, illness or death is caused by any act or omission of Lessee or Lessee's Representatives, except, in the case of (i) through (iv) above, to the extent caused by: (w) the gross negligence or willful misconduct of Lessor or Lessor's Representatives; (x) the gross negligence or willful misconduct of any Mortgagee or its agents, contractors, employees or invitees; or (y) any act or omission of Lessor, Lessor's Representatives or any Mortgagee or its agents, contractors, employees or invitees, which results in a violation of an Environmental Law. This

subsection shall in no way modify the obligations of Lessee which are set forth in Section 7 herein. This Section shall survive the termination of this Lease with respect to any event arising or occurring during the Term. Except as specified in this Section, the waiver provision in subsection (a) and the indemnity provision in this subsection are intended to exculpate and indemnify Lessor, Lessor's Representatives and the Mortgagee and its agents: (i) from and against the consequences of their own negligence or fault to the extent that such party is negligent or contributorily, partially, jointly, comparatively or concurrently negligent with Lessee or any other person (except for any gross negligence of Lessor); and (ii) from and against any liability of Lessor, Lessor's Representatives or the Mortgagee and its agents based on any applicable doctrine of strict liability.

(c) Lessor shall pay and indemnify and defend Lessee and Lessee's Representatives against and hold Lessee and Lessee's Representatives harmless from all claims, demands, liabilities, damages, losses, costs and expenses, including reasonable attorneys' fees and disbursements, arising during the Term arising from or related to: (i) any use or occupancy of the Premises; (ii) any condition of the Premises; (iii) any default in the performance of Lessor's obligations hereunder; and (iv) any damage to any property (including property of employees and invitees of Lessee) or any bodily or personal injury, illness or death of any person (including employees and invitees of Lessee) occurring in, on or about the Premises or any part thereof or any part of the Improvements or the Land constituting a part of the Premises arising at any time and from any cause whatsoever, when such use, condition, damage, bodily or personal injury, illness or death referred to in any of clauses (i) through (iv) above is caused by any act or omission of Lessor or any of Lessor's Representatives. This Section shall survive the termination of this Lease with respect to any event arising or occurring during the Term.

(d) Should any event occur for which any Person is entitled to indemnification pursuant to subsection (b) above or other provisions of this Lease, such Person shall provide prompt written notice to Lessee describing the nature of such claim (provided, however, that the failure by such Person to so notify Lessee shall not limit or otherwise affect the obligations and liabilities of Lessee hereunder provided that such failure does not prevent Lessee from so indemnifying such Person). Lessee may assume responsibility for any action to be taken to contest the claim, provided that Lessee will notify the indemnified Person in writing of its intention to contest such claim within ten (10) days after receipt of notice of the claim. Lessee, at its sole expense, may control all proceedings relating to such contest, provided that no Event of Default is continuing and that Lessee has acknowledged its obligation to provide indemnification hereunder relating to the applicable claim. The indemnified Person will cooperate with Lessee in contesting such claim, provided that Lessee indemnifies and holds harmless the indemnified Person for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) relating to contesting such claim. Any counsel selected by Lessee hereunder shall be reasonably acceptable to the indemnified Person, and the indemnified Person, at its option, shall have the right to contest such claim through separate counsel in the event that any claims against or defenses of such Person are in conflict under the applicable standards of professional conduct with those of Lessee, and Lessee shall be obligated to pay for all reasonable costs and expenses (including without limitation reasonable attorneys' fees and expenses) actually incurred relating to any such separate contest of such claim.

(e) Should any event occur for which any Person is entitled to indemnification pursuant to subsection (c) above or other provisions of this Lease, such Person shall provide prompt written

notice to Lessor describing the nature of such claim (provided, however, that the failure by such Person to so notify Lessor shall not limit or otherwise affect the obligations and liabilities of Lessor hereunder provided that such failure does not prevent Lessor from so indemnifying such Person). Lessor may assume responsibility for any action to be taken to contest the claim, provided that Lessor will notify the indemnified Person in writing of its intention to contest such claim within ten (10) days after receipt of notice of the claim. Lessor, at its sole expense, may control all proceedings relating to such contest, provided that Lessor has acknowledged its obligation to provide indemnification hereunder relating to the applicable claim. The indemnified Person will cooperate with Lessor in contesting such claim, provided that Lessor indemnifies and holds harmless the indemnified Person for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) relating to contesting such claim. Any counsel selected by Lessor hereunder shall be reasonably acceptable to the indemnified Person, and the indemnified Person, at its option, shall have the right to contest such claim through separate counsel in the event that any claims against or defenses of such Person are in conflict under the applicable standards of professional conduct with those of Lessor, and Lessor shall be obligated to pay for all reasonable costs and expenses (including without limitation reasonable attorneys' fees and expenses) actually incurred relating to any such separate contest of such claim.

10.2 Insurance.

(a) Lessee shall, at all times beginning on the Commencement Date and during the Term, at Lessee's sole expense, obtain and keep in force the following:

(i) comprehensive commercial general liability insurance, including contractual liability (specifically covering this Lease), fire legal liability, and premises operations, all on an "occurrence" policy form, with a minimum combined single limit in the amount of \$2,000,000 per occurrence for bodily or personal injury to, illness of, or death of persons and damage to property occurring in, on or about the Premises, and such insurance shall name Lessor and the Mortgagee as additional insureds. Lessee shall maintain excess or umbrella liability insurance in an amount not less than \$8,000,000 written on an occurrence basis (i.e., not a claims made basis) providing coverage limits in excess of the insurance limits required under this subsection. Such insurance shall follow from the primary insurance and the aggregate and drop down in case of exhaustion of underlying limits and/or damages where insurable under Applicable Laws. Lessee shall, at Lessee's expense, be responsible for insuring Lessee's furniture, equipment, fixtures, computers, office machines and personal property. If Lessee voluntarily carries any greater amount of liability insurance than required hereunder and applicable to the Premises, such insurance shall comply with the requirements of this Section;

(ii) worker's compensation and employer's liability insurance;

(iii) insurance against loss (including earthquake, in the event that the probable maximum loss exceeds 12%, as determined solely by Lessee in its reasonable discretion based on all factors considered, including feasibility, costs and availability, and flood) or damage to the Premises by fire and all other risks of physical loss covered by insurance of the type now known as "all risk," with difference in conditions coverage, in an amount not less than the full replacement cost of the Premises (without deduction for depreciation), including the cost of debris removal and such endorsements as Lessor may reasonably require, including without limitation, insurance in

amounts and against such other risks as the Mortgagee may reasonably require and against such risks as are customarily insured against by operators of similar properties in San Bernardino County, California;

(iv) to the extent that there are boilers, pressure vessels or similar equipment on the Premises, insurance for such boilers, pressure vessels or equipment in a minimum amount of \$2,000,000 per occurrence;

(v) business interruption insurance covering no less than twenty-four (24) months Fixed Rent and Additional Rent;

(vi) condemnation gap lease enhancement insurance which provides, in the event of condemnation of the Premises, for payment to the Mortgagee prior to a final condemnation judgment; such insurance shall be acceptable to the Mortgagee under the First Mortgage in its reasonable discretion; and

(vii) such other insurance, in such amounts and against such risks, as is customarily maintained by owners and operators of similar properties or is reasonably required by any Mortgagee.

(b) All insurance required to be maintained by Lessee under this Section and all renewals thereof shall be issued by good and responsible companies and/or a self-insured risk pool qualified to do and doing business in the State of California and having an S&P Global Ratings claims paying ability rating of at least "A", and shall be satisfactory to Lessor and Mortgagee. In the event that Lessee's insurance company's S&P Global Ratings claims paying ability rating falls below an "A" rating, unless Lessor and Mortgagee consent to an insurance company with a lower rating, Lessee shall diligently, and in all events not more than one hundred eighty (180) days after becoming aware of the insurance company's downgrade, acquire all insurance required to be maintained by Lessee hereunder from a new insurance company having an S&P Global Ratings claims paying ability rating of at least "A"; provided however, that at no time shall Lessee permit any insurance policy to lapse. Deductible amounts in excess of: (i) \$10,000 for "all risk" property insurance required by Section 10.2(a)(iii) and insurance required under Section 10.2(a)(iv); and (ii) \$10,000 for all insurance required by Section 10.2(a)(ii) and (iii) shall be subject to Lessor's and Mortgagee's prior written approval. In the event that payment is made on any policy where a deductible amount is in effect, Lessee shall pay such deductible amount to the recipient of the insurance proceeds at the time that such insurance proceeds are paid to such recipient. Each policy to be maintained by Lessee shall expressly provide that the policy shall not be canceled or altered without thirty (30) days' prior written notice to Lessor and Mortgagee and shall remain in effect notwithstanding any such cancellation or alteration until such notice shall have been given to Lessor and Mortgagee and such period of thirty (30) days shall have expired. All property and casualty insurance shall list Lessor and Mortgagee as an additional insured and as "loss payee", and all other insurance under this Section to be maintained by Lessee shall name Lessor and the Mortgagee as additional insureds. All insurance shall be primary and noncontributing with any insurance which may be carried by Lessor (which insurance is not required to be carried by Lessor and the cost of which insurance shall not be deemed an expense that Lessee is obligated to reimburse Lessor for except as provided in Section 15.2 herein), shall afford coverage for all claims based on any act, omission, event or condition that occurred or arose (or the onset of which

occurred or arose) during the policy period, and shall expressly provide that Lessor, although named as an additional insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Lessor. Lessee may carry such insurance under “blanket” policies, provided that such policies specifically allocate coverage amounts for the Premises equal to the amount required by this Lease. Upon the issuance of each such policy to be maintained by Lessee, Lessee shall deliver a certificate thereof (Acord 27 form) to Lessor for retention by Lessor or the Mortgagee. Lessor and/or Mortgagee shall have the right, upon reasonable notice to Lessee, to inspect, review and make copies of all insurance policies required to be maintained by Lessee at Lessee’s corporate headquarters or such other location where Lessee keeps said policies.

(c) Lessor and (to the extent that Lessor carries any insurance with respect to the Premises, which Lessor is not required to do) Lessee each hereby waives its respective right of recovery against the other and each releases the other from any claim arising out of loss, damage or destruction to the Premises and contents thereon or therein, to the extent of net insurance proceeds actually received by the releasing party or the Proceeds Trustee, whether or not such loss, damage or destruction may be attributable to the fault or negligence of either party, or any of its respective partners, agents, invitees, contractors or employees, or any agents, invitees, contractors or employees of any partner or member of Lessor. Each party shall look first to the proceeds of its respective property insurance policy, if any, and, in the case of Lessee, to Lessee’s own funds to the extent that Lessee is self-insured, to compensate it for any such loss, damage or destruction.

(d) Lessee shall not obtain or carry separate insurance concurrent in form or contributing in the event of loss with that required in this Section to be furnished by Lessee, unless Lessor and Mortgagee are named as loss payee on all property and casualty policies and Lessor and Mortgagee are included therein as additional insureds on all other policies, with loss payable as in this Lease provided. Lessee shall immediately notify Lessor whenever any such separate insurance is obtained and shall deliver to Lessor and Mortgagee the policy or policies or certificates evidencing the same.

(e) Lessee shall comply with all of the terms and conditions of each insurance policy maintained pursuant to the terms of this Lease and shall not use the Premises in any manner which would void or otherwise adversely affect any insurance then in force with respect thereto.

11. COMPLIANCE WITH LAWS, COVENANTS.

(a) Lessee represents and warrants that the Premises and the Improvements are currently in compliance with all applicable land use zoning ordinances. Throughout the Term, Lessee shall, with respect to Lessee’s use, occupancy and maintenance of the Premises, promptly comply with any and all present and future laws, ordinances (zoning or otherwise), orders, rules, regulations and requirements of all Federal, State, municipal and other governmental bodies having jurisdiction over the Premises and the appropriate departments, commissions, boards and officers thereof, and the orders, rules and regulations of the Board of Fire Underwriters where the Premises are situated, or any other body now or hereafter constituted exercising lawful or valid authority over the Premises, or any portion thereof, or exercising authority with respect to the use or manner of use of the Premises. Lessee, at its sole cost and expense, shall comply with all agreements, contracts, easements, restrictions, reservations or covenants, if any, encumbering the Land or the Improvements, or hereafter created by Lessee or consented to, in writing, by Lessee or requested,

in writing, by Lessee. Lessee shall also comply with, observe and perform all provisions and requirements of all policies of insurance maintained by Lessee with respect to the Premises under the terms of Section 10 herein and shall comply with all development permits issued by governmental authorities issued in connection with development of the Premises. The laws, ordinances, rules, regulations and requirements referred to in this Section are collectively referred to as “**Applicable Laws**”. It is the intent of the parties that throughout the Term Lessor shall cooperate as needed to ensure compliance with Applicable Laws which require any physical modifications to the Buildings.

(b) If Lessee shall at any time fail to pay any Imposition in accordance with the provisions of this Lease, or to take out, pay for, maintain and deliver any of the insurance policies or certificates of insurance provided for in Section 10 herein, or shall fail to make any other payment or perform any other act on its part to be made or performed hereunder, then Lessor, after 30 days’ prior notice to Lessee (or without notice in situations where Lessor determines that delay is likely to cause harm to Lessor’s interest in the Premises), and without waiving or releasing Lessee from any obligation of Lessee contained in this Lease, may, but shall be under no obligation to do so, cure such non-performance for the account of Lessee in accordance with the provisions of Section 14.2 herein, and any amount of reasonable costs so incurred by Lessor shall be reimbursed by Lessee to Lessor within 30 days following Lessor’s statement therefor.

(c) Upon two (2) business days’ prior written notice from Lessor to Lessee describing the time and duration of access and areas to be accessed, Lessor may enter upon the Premises for any such purpose described in subsection (b) above and take all such action therein or thereon as may be necessary therefor. All sums, reasonable under the circumstances, actually so paid by Lessor and all costs and expenses, including reasonable attorneys’ fees incurred by Lessor in connection with the performance of any such act, shall be paid by Lessee to Lessor within 30 days after Lessor’s statement therefor and submission of reasonable evidence of such expenditures. Lessor shall not be limited in the proof of any damages which Lessor may claim against Lessee arising out of or by reason of Lessee’s failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Lessee, and which would have been payable upon such insurance, but Lessor shall also be entitled to recover, as damages for such breach, the uninsured amount of any loss, damages, costs and expenses of suit, including reasonable attorneys’ fees, suffered or incurred by reason of damage to or destruction of the Premises, or any portion thereof or other damage or loss which Lessee is required to insure against hereunder, occurring during any period when Lessee shall have failed or neglected to provide insurance as aforesaid.

(d) Lessee covenants to take such action as may be necessary to include all Rent due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rent. Notwithstanding the foregoing or any other provision of this Lease, Lessee’s obligations under this Lease are not subject to any appropriation. The covenants on the part of Lessee herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Lessee to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by Lessee.

(e) Lessee covenants to maintain at all times during the Term of this Lease a rating in any rating category from S&P Global Ratings or any other nationally recognized statistical rating organization. In furtherance of the foregoing, Lessee specifically covenants to ensure that S&P Global Ratings or any other nationally recognized statistical rating organization maintains ongoing rating surveillance of Lessee.

12. CONDEMNATION.

12.1 Partial Taking. Lessee assigns to Lessor, or the Proceeds Trustee, as required hereunder, any award, proceeds or other payment to which Lessee may become entitled in connection with a taking of any portion of the Premises. If less than substantially all of the Premises shall be taken for public or quasi-public purposes, Lessee shall diligently, at its sole cost and expense, restore, repair, replace or rebuild the Improvements so taken in conformity with the requirements of Sections 9 and 21 herein as nearly as practicable to the condition, size, quality of workmanship and market value thereof immediately prior to such taking, without regard to the adequacy of any condemnation award for such purpose, but subject to then Applicable Laws. There shall be no abatement of Rent during such period of restoration and this Lease shall remain in full force and effect. In performing its obligations, Lessee shall be entitled to all condemnation proceeds available to Lessor under the same terms and conditions for disbursement set forth for casualty proceeds in Section 9 herein. Any condemnation proceeds in excess of the amounts as are used by Lessee for restoration or repair of the Premises shall be the sole and exclusive property of Lessor, and Fixed Rent shall not be reduced or abated. Lessee shall have the right to participate in condemnation proceedings with Lessor, and shall be entitled to receive any award made by the condemning authority in respect of Lessee's Trade Fixtures, Lessee Improvements which were paid for by Lessee (but not including any Lessee Improvements paid for by Lessor), business loss or, if available, business relocation and any other claim permitted by law which does not, in any such case, diminish Lessor's recovery.

(a) Lessor shall have sole control of the condemnation proceedings, and Lessor (or the Mortgagee if so designated by Lessor) shall receive the entire condemnation award; provided, however, that Lessee may claim and receive any award made by the condemning authority in respect of Lessee's Trade Fixtures, Lessee Improvements which were paid for by Lessee (but not including any Lessee Improvements paid for by Lessor), business loss or, if available, business relocation and any other claim permitted by law which does not, in any such case, diminish Lessor's recovery.

12.2 Temporary Taking. Notwithstanding any other provision to the contrary contained in this Section, in the event of a temporary condemnation, this Lease shall remain in full force and effect and Lessee shall be entitled to the net award allocable to such temporary condemnation; except that such portion of the net award allocable to the time period after the expiration or termination of the Term of this Lease shall be paid to Lessor.

12.3 Total Taking.

(a) If all or substantially all of the Premises shall be taken for public or quasi-public purposes, or if Lessee, after any taking, reasonably determines that such event has rendered the Premises unavailable for use or unsuitable for restoration for continued use and occupancy in

Lessee's business, then Lessee, in lieu of rebuilding as contemplated by Section 12.1 herein, shall, not later than 90 days after such occurrence, deliver to Lessor: (i) notice of its intention to terminate this Lease on a date occurring not more than 180 days nor less than 120 days after such notice, which date shall be the first Business Day of a month (the "**Termination Date**"); (ii) a certificate by an authorized representative of Lessee describing the event giving rise to such termination, stating that such event has rendered the Premises unavailable for use or unsuitable for restoration for continued use and occupancy in Lessee's business and the detailed reasons therefor; and if the Termination Date occurs during the Term; and (iii) an irrevocable offer to purchase the Premises (and the net amount of any insurance and condemnation proceeds payable in connection with such condemnation) on the Termination Date, at a price equal to the sum of: (x) the remaining unpaid Fixed Rent set forth in Exhibit C which would have been due and payable had the Termination Date not occurred prior to the Lease Expiration Date; and (y) all costs of transferring title to the Premises to Lessee, including without limitation all transfer and conveyance taxes, recording fees and any unwind costs resulting from a prepayment of debt secured by the Premises (including prepayment premiums or make whole amounts). In addition, Lessee shall pay all Fixed Rent and Additional Rent due as of the Termination Date. Lessor shall accept or reject such offer by notice given to Lessee not later than thirty (30) days prior to the Termination Date, and if Lessor fails to act within such period, it shall be deemed to have accepted the offer. If Lessor shall have accepted such offer or is deemed to have accepted such offer, on the Termination Date, Lessor shall convey by special warranty deed to Lessee any remaining portion of the Premises free of liens and encumbrances (except those created by Lessee or with the written consent of Lessee), along with the right to receive any condemnation award and insurance proceeds to which Lessor is entitled. If Lessor rejects such offer, this Lease shall terminate on the Termination Date, except for liabilities which accrued prior thereto and upon payment of all Fixed Rent and Additional Rent payable through the Termination Date.

13. DEFAULT.

13.1 Lessee Default. The occurrence of any one or more of the following events shall constitute a breach of this Lease by Lessee:

- (a) Lessee fails to pay any Rent as and when such Rent becomes due and payable and such failure continues for more than five (5) days after notice thereof to Lessee, in the case of Fixed Rent, or ten (10) days after notice thereof to Lessee, in the case of Additional Rent; or
- (b) Lessee fails to perform or breaches any other agreement or covenant of this Lease to be performed or observed by Lessee as and when performance or observance is due and such failure or breach continues for more than 30 days after notice thereof to Lessee; provided, however, that if, by the nature of such agreement or covenant, such failure or breach is capable of being cured, cannot reasonably be cured by the payment of money and cannot reasonably be cured within such period of 30 days, an Event of Default shall not exist as long as Lessee commences with due diligence and dispatch the curing of such failure or breach within such period of 30 days and, having so commenced, thereafter prosecutes with diligence and dispatch and completes the curing of such failure or breach within a reasonable time, to be not later than one hundred twenty (120) days following receipt of such notice; or

- (c) Lessee: (i) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (ii) makes an assignment for the benefit of its creditors; or (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers, with respect to Lessee or of any substantial part of Lessee's property; or
- (d) Without consent by Lessee, as applicable, a court or government authority enters an order, and such order is not vacated within 90 days: (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to or with respect to any substantial part of Lessee's property; or (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy, insolvency or other debtors' relief law of any jurisdiction; or (iii) ordering the dissolution, winding-up or liquidation of Lessee; or
- (e) This Lease or any estate of Lessee hereunder is levied upon under any attachment or execution and such attachment or execution is not vacated within 60 days; or
- (f) Any of Lessee's representations or warranties contained in this Lease or in any certificate or other writing delivered pursuant hereto or thereto shall have been incorrect in any material adverse respect when made; or
- (g) Lessee fails to maintain insurance in accordance with Section 10.2 hereof.

Lessor may treat the occurrence of any one or more of the foregoing Events of Default as a breach of this Lease. For so long as such Event of Default continues, Lessor, at its option and with or without notice or demand of any kind to Lessee or any other person, may have any one or more of the remedies provided in this Lease, in addition to all other remedies and rights provided at law or in equity.

13.2 Lessor Default. The occurrence of any one or more of the following events shall constitute a breach of this Lease by Lessor:

- (a) Lessor fails to abide by material terms of this Lease, including but not limited to Lessor's obligations under Section 3.1; or
- (b) Any of Lessee's representations or warranties contained in this Lease or in any certificate or other writing delivered pursuant hereto or thereto shall have been incorrect in any material adverse respect when made.

Lessee may treat the occurrence of any one or more of the foregoing Events of Default as a breach of this Lease. For so long as such Event of Default continues, Lessee, at its option and with or without notice or demand of any kind to Lessor or any other person, may have any one or more of the remedies provided in this Lease, in addition to all other remedies and rights provided at law or in equity.

14. RESULTS OF DEFAULT.

14.1 Remedies. In the event of any Event of Default by Lessor, Lessee may exercise any remedies available at law or equity. In the event of any Event of Default by Lessee, Lessor may, in addition to, and not in derogation of any remedies for any preceding breach, with or without notice of demand (except as otherwise expressly provided herein) and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Event of Default, exercise any one or more of the following remedies:

(a) Lessor shall have the right at any time to give a written termination notice to Lessee and, on the date specified in such notice, Lessee's right to possession shall terminate and this Lease shall terminate and Lessee shall immediately quit and surrender possession of the Premises, without let or hindrance. Subject to Lessor's obligations under subsection (b) below, upon such termination, Lessor shall have the right to recover from Lessee:

(i) The worth at the time of determination of all unpaid Rent which had been earned at the date of termination;

(ii) The worth at the time of determination of the amount by which all unpaid Rent which would have been earned after termination until the time of determination exceeds Lessor's net income from the Premises, as determined pursuant to subsection (b) below;

(iii) The worth at the time of determination of the amount by which all unpaid Rent for the balance of the Term of this Lease after the time of determination exceeds the rent actually received by Lessor from reletting the Premises, as determined pursuant to subsection (b) below; and

(iv) All other amounts reasonably necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform all of Lessee's obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including without limitation any prepayment premium, make-whole premium or fee (however denominated) payable under the First Mortgage and any costs, loss or damage whatsoever arising out of, or in connection with, or incident to Lessor's re-entry upon the Premises, removal of any persons in possession thereof (whether in a proceeding in unlawful detainer or otherwise), subject to any rights of unit sublessees under applicable federal or state law, and removal and storage in any warehouse or other suitable place of Lessee's Trade Fixtures and Lessee's other property by Lessor. The "worth at the time of determination" of the amounts referred to in clause (i) above shall be computed by allowing interest at the Overdue Rate. The "worth at the time of determination" of the amount referred to in clauses (ii) and (iii) above and subsection (b) below shall be computed by discounting such amount at the discount rate of the New York Federal Reserve Bank at the time of award plus three percent (3%). For the purpose of determining unpaid Rent under clause (i), (ii) and (iii) above, the Rent reserved in this Lease shall be deemed to be the total Rent payable by Lessee under this Lease, and it shall be presumed that Additional Rent for the balance of the Term shall increase a certain percentage per annum, which shall be the same percentage as the average of the Additional Rents for the last full five (5) Lease Years prior to the Termination Date exceeded Additional Rent for the immediately preceding Lease Year.

(b) [Reserved].

(c) Even though Lessee has breached this Lease, this Lease shall continue in effect for so long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Lessor to protect Lessor's interest under this Lease shall not constitute a termination of Lessee's right to possession unless notice of termination is given by Lessor to Lessee. If Lessor elects to relet the Premises, any net income (after reasonable costs of preparing the Premises for reletting, including marketing costs, the cost of alterations and improvements paid by Lessor, brokerage commissions, attorneys' fees and other costs incurred in connection with reletting) shall be deducted from the amount that Lessee is obligated to pay under this Section.

(d) If Lessee abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any movable furniture, equipment, trade fixtures or personal property belonging to Lessee and left in the Premises shall be deemed to be abandoned, at the option of Lessor, and Lessor shall have the right to sell or otherwise dispose of such personal property in any commercially reasonable manner at Lessee's expense. If Lessee abandons the Premises, Lessor shall have the right, but not the obligation, to let the Premises on reasonable terms for the account of Lessee, and Lessee shall be liable for all costs of such letting, including without limitation the cost of preparing the Premises for subtenants and leasing commissions paid to brokers.

(e) To the extent permitted by, and subject to the requirements of, Applicable Laws, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute. Each and every right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. No delay or omission by Lessor or Lessee in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Lessor or Lessee, respectively, or to be an acquiescence therein. Lessor's or Lessee's consent to any request made by Lessee or Lessor, as applicable, shall not be deemed to constitute or preclude the necessity for obtaining Lessor's or Lessee's consent, respectively, in the future, to all similar requests. No express or implied waiver by Lessor or Lessee of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. Lessor and Lessee shall use reasonable efforts to mitigate any damages suffered by Lessor or Lessee, as applicable, that result from an Event of Default.

(f) If an action shall be brought for the enforcement of any provision of this Lease in which it shall be determined that an Event of Default has occurred, the defaulting party shall pay to the non-defaulting party all costs and other expenses which may become payable as a result thereof, including reasonable attorneys' fees and expenses. If the non-defaulting party shall, without fault on its part, be made a party to any litigation commenced against the defaulting party, such defaulting party shall pay all costs and reasonable attorneys' fees actually incurred or paid by the non-defaulting in connection with such litigation.

14.2 Cure by Lessor. All agreements and covenants to be performed or observed by a defaulting party under this Lease shall be at the defaulting party's sole cost and expense and (if Lessee is the defaulting party) without any abatement of Fixed Rent or Additional Rent. If the defaulting party fails to pay any sum of money to be paid by such defaulting party or to perform any other act to be performed by such defaulting party under this Lease as and when due or required to be performed, and such failure continues beyond 30 days' written notice to such defaulting party, except in the event of emergencies (when only immediate notice shall be required), the non-defaulting shall have the right, but shall not be obligated, and without waiving or releasing the defaulting from any obligations of such defaulting party, to make any such payment or to perform any such other act on behalf of such defaulting party in accordance with this Lease. Upon an Event of Default by Lessee, all reasonable sums so paid by Lessor and all necessary incidental costs shall be deemed Additional Rent hereunder and shall be payable by Lessee to Lessor within 30 days following Lessor's statement therefor and submission of reasonable evidence of such expenditures, together with interest thereon at the Overdue Rate. Upon an Event of Default by Lessor, all reasonable sums so paid by Lessee and all necessary incidental costs shall be payable by Lessor to Lessee within 30 days following Lessee's statement therefor and submission of reasonable evidence of such expenditures, together with interest thereon at the Overdue Rate. The non-defaulting party shall have the same rights and remedies in the event of the nonpayment of such sums plus interest by the defaulting party as in the case of default by Lessee in the payment of Rent.

15. SUBORDINATION AND TITLE.

15.1 Nondisturbance and Notice.

(a) Lessee shall at any time hereafter, and from time to time within 30 days of written request of Lessor, execute and deliver to Lessor an instrument in the form customarily used by any Mortgagee subjecting and subordinating this Lease to the lien of any mortgage, deed of trust, security instrument, ground or underlying lease or other document of like nature (hereinafter collectively referred to as "Superior Mortgage") which at any time may be placed upon the Premises, or any portion thereof, by Lessor, and to any replacements, renewals, amendments, consolidations, modifications, extensions or refinancings thereof, and to each and every advance made under any Superior Mortgage. Any such refinancings shall require the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed. It is agreed, nevertheless, that so long as there exists no Event of Default, such subordination agreement or other instrument, release or document (herein, "Subordination Agreement") shall not interfere with, hinder or reduce Lessee's Equity, the Option to Call, Lessee's right to quiet enjoyment under this Lease or the right of Lessee to continue to occupy the Premises, and all portions thereof, and to conduct its business thereon in accordance with the covenants, conditions, provisions, terms and agreements of this Lease (collectively, "**Lessee's Rights**"). The costs of preparing and recording such document shall be borne by Lessee.

(b) If any Mortgagee shall succeed to the rights of Lessor under this Lease or to ownership of the Premises, whether through possession or foreclosure or the delivery of a deed to the Premises in lieu of foreclosure, then such Mortgagee shall automatically be deemed to have recognized this Lease and Lessee's Rights and to assume the obligations of Lessor hereunder accruing on and after the date that such Mortgagee acquired title to the Premises, and Lessee shall attorn to and recognize such Mortgagee as Lessee's landlord under this Lease and shall promptly execute and deliver any

instrument that such Mortgagee may reasonably request to evidence such attornment (whether before or after the making of the Mortgage). In the event of any other transfer of Lessor's interest hereunder, such transferee shall automatically be deemed to have recognized this Lease and to assume the obligations of Lessor hereunder accruing on and after the date of such transfer, Lessee shall attorn to and recognize such transferee as Lessee's landlord under this Lease and shall promptly execute and deliver any instrument that such transferee and landlord may reasonably request to evidence such attornment.

(c) Notwithstanding the provisions of subsection (a), the holder of any Mortgage to which this Lease is subject and subordinate shall have the right, at its sole option, at any time, to subordinate and subject the Mortgage, in whole or in part, to this Lease and Lessee's Rights by recording a unilateral declaration to such effect.

(d) Upon fifteen (15) days' advance notice, Lessee shall execute, acknowledge and deliver a document consenting to the assignment by Lessor of this Lease to a Mortgagee, in a form then in use among institutional lenders, with such changes herein as may be reasonably requested by the Mortgagee.

15.2 Lessee's Consent to Assignment for Indebtedness.

Lessee acknowledges that in order to secure Lessor's obligations under any Mortgage debt documents, Lessor will be required to agree in an assignment of lease and/or in the Mortgage (an "**Assignment of Lease**"), among other things, to the assignment (to the extent provided therein) to the Mortgagee of Lessor's right, title and interest to this Lease and to the undertakings of Lessee in this Section. While the Assignment of Lease and the Mortgage are in effect, Lessee hereby:

(a) consents to such assignment;

(b) upon notice from the Mortgagee of Lessor's default under the Mortgage, covenants to make in full to Mortgagee, in Mortgagee's name, when due (without offset, deduction, defense, deferment, abatement or diminution, except as provided in this Lease), by wire transfer of immediately available funds in accordance with the terms of this Lease:

(i) each payment of Fixed Rent and, to the extent not directly payable by Lessee to third parties or governmental authorities, all Additional Rent; and

(ii) all termination amounts, and other sums payable to Lessor under this Lease; and

(c) agrees:

(i) to deliver to the Mortgagee all notices and other communications which Lessee is required to deliver to the Mortgagee pursuant to this Lease;

(ii) that all consents to be delivered by Lessor pursuant to this Lease shall not be effective unless consent is also given by the Mortgagee, to the extent that Mortgagee consent is required by the Mortgage documents;

(iii) to deliver to the Mortgagee duplicate originals of all written notices and other communications delivered to Lessor pursuant to this Lease, in accordance with this Lease, of the occurrence of any Event of Default, the making of any election, the exercise of any right to terminate all or any portion of this Lease, and the exercise of any option;

(iv) to deliver to the Mortgagee, at such address as the Mortgagee shall designate, all such payments and sums and all such notices and other communications;

(v) that it shall not, except as provided in this Lease or under applicable law, seek to recover from the Mortgagee any moneys paid to the Mortgagee by virtue of the Assignment of Lease and the foregoing provisions; provided, however, that neither the Assignment of Lease nor the foregoing provisions shall limit Lessee's right to recover: (x) any duplicate payment made to the Mortgagee, whether due to computational or administrative error or otherwise, if the Mortgagee has received such payment; (y) all or any portion of a payment in excess of the amount then due under this Lease or otherwise owed by Lessee to Lessor under this Lease, if the Mortgagee has received such payment or amount; and (z) any amounts that have been paid to or are actually held by the Mortgagee that are required to be refunded to, repaid, or otherwise released to or for the benefit of Lessee under this Lease;

(vi) that no payment of Rent (other than payments required by this Lease to be paid to third parties) or delivery of such notices or other communications by Lessee shall be of any force or effect unless paid to the Mortgagee or delivered to the Mortgagee as provided above;

(vii) that Lessee shall not pay any Rent more than thirty 30 days prior to such payment's scheduled due date except as provided in this Lease;

(viii) that Lessee shall not enter into any agreement subordinating or (except as expressly permitted by the terms of this Lease as in effect on the date hereof) terminating this Lease without the prior written consent of the Mortgagee, and that any such attempted subordination or termination without such consent shall be void;

(ix) that Lessee shall not enter into any amendment or modification of this Lease without the prior written consent of the Mortgagee, and any such attempted amendment or modification without such consent shall be void;

(x) that if this Lease shall be amended, it shall continue to constitute collateral under the Mortgage without the necessity of any further act by Lessor, Lessee or the Mortgagee;

(xi) that except as expressly provided in this Lease, Lessee shall not take any action to terminate, rescind or avoid this Lease, notwithstanding, to the fullest extent permitted by law, the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or other proceeding affecting Lessor or any assignee of thereof and notwithstanding any action with respect to this Lease which may be taken by an assignee, trustee or receiver of Lessor or of any such assignee or by any court in any such proceedings; and

(xii) that the Mortgagee is entitled to all rights and benefits, including without limitation rights to indemnification, specifically referencing the Mortgagee as set forth in this Lease, notwithstanding the fact that the Mortgagee is not a party to this Lease.

The parties acknowledge and agree that the Mortgagee shall be a third party beneficiary of the provisions contained in this Section.

15.3 Lessee Non-Recourse Obligations.

Lessee understands and agrees that Lessor, simultaneously with the execution of this Lease, shall enter into a loan agreement (such agreement, together with an associated First Mortgage and all other loan documents related thereto, are referred to herein as the “**Loan Documents**”) with CTL Lending Group, LLC, together with its successors and assigns, as the Mortgagee under the First Mortgage, which shall hold a first-position lien against the Premises.

As the primary occupant and manager of the Premises under the terms of this Lease, and in order to ensure Lessee’s continuous occupation of the Premises, Lessee further agrees to satisfy and perform all of the non-recourse obligations for the benefit of Lessor and each Mortgagee as contained in this Section as its own obligations. Lessee shall be primarily responsible to Lessor and each Mortgagee for the same as set forth in this Section and shall indemnify and defend Lessor against any and all losses related to any failure to perform the same. Accordingly, Lessee agrees not to cause or allow the following during the term of the Lease:

- (a) the retention of any insurance proceeds or condemnation awards in respect of the Premises, its rents or other pledged collateral to any Mortgagee, which are received by Lessee and not applied as provided herein;
- (b) any breach of a Hazardous Materials indemnity agreement which may be part of the Loan Documents or documents entered into in connection with a Mortgage other than the First Mortgage;
- (c) any amendment, termination or surrender of this Lease without the prior written consent of Lessor and each Mortgagee, other than a cancellation or termination under an express cancellation or termination right set forth in this Lease as of the date hereof or in an amendment consented to in writing by Lessor and each Mortgagee;
- (d) the filing of a voluntary petition under the United States Bankruptcy Code or any other federal or state bankruptcy or insolvency law;
- (e) any party related to Lessee consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee or examiner for the Premises; or
- (f) an assignment for the benefit of creditors (other than for the benefit of a Mortgagee), or admission in writing (other than to a Mortgagee) of Lessee and/or Lessee’s insolvency or inability to pay its debts as they become due.

16. LESSOR’S RIGHT OF ENTRY; PARKING; ROOF RIGHTS.

- (a) Lessor and its designees shall have the right to enter the Premises at any time during normal business hours in order to perform its obligations under this Lease, and any part of the Premises for any other reason on two (2) Business Days’ advance notice and to inspect the same, post notices of non-responsibility, post notices required by Applicable Laws, exhibit the Premises to

prospective purchasers and mortgagees, and examine Lessee's books and records pertaining to the Premises (including statements of cash flows and rent rolls), insurance policies, certificates of occupancy and other documents, records and permits in Lessee's possession with respect to the Premises, all of which shall be customary and adequate and reasonably satisfactory to Lessor; provided that Lessor's access hereunder shall not unreasonably interfere with Lessee's operations or any sublessee of a unit at the Premises.

(b) Except as provided for in subsection (c) below, commencing on the Commencement Date Lessee shall have the exclusive use of all parking spaces related to the Premises at no extra charge to Lessee. The location of Lessee's parking spaces shall be designated in the Plans and Specifications. Subject to zoning approval, Lessee may designate all or any portion of the parking areas as reserved.

(c) Lessee shall have the exclusive right, at Lessee's expense, to install, access and maintain an antenna, satellite dish or other communications devices on the roof of the Buildings, subject to compliance with Applicable Laws, in a manner reasonably acceptable to Lessor and so as to not adversely affect the character of the Buildings. Lessee shall take all actions necessary to prevent any such installations from adversely affecting applicable warranties with respect to the roof, and will indemnify and hold harmless Lessor with respect to any actions which adversely affect such warranties.

17. NOTICES. Notices, statements, demands, or other communications required or permitted to be given, rendered or made by either party to the other pursuant to this Lease or pursuant to any applicable law or requirement of public authority, shall be in writing (whether or not so stated elsewhere in this Lease) and shall be deemed to have been properly given, rendered or made, when received by registered mail with return receipt or overnight courier delivery with receipt of delivery, or facsimile transmission with a confirmation copy sent by overnight courier delivery addressed to the other parties, as follows:

To Lessor:

Echo SB, LLC
P.O. Box 2375
Aspen, CO 81612

With copies to:

Messner Reeves LLP
c/o Torben M. Welch (UT)
650 Town Center Drive, Suite 700
Costa Mesa, California 92626

To Lessee:

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408
Attn: Executive Director

With copies to:

Thomas E. Lewis
Law Office of Thomas E. Lewis
806 West 19th Street
Merced, CA 95340

18. ESTOPPEL CERTIFICATE; FINANCIAL DATA.

(a) At any time and from time to time, Lessee shall, within fifteen (15) days after written request by Lessor or a Mortgagee, execute, acknowledge and deliver to Lessor and/or such Mortgagee a certificate certifying: (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification); (ii) the Commencement Date, the Lease Expiration Date and the date, if any, to which all Rent and other sums payable hereunder have been paid; (iii) the amount of Fixed Rent currently payable monthly; (iv) that no notice has been received by Lessee of any default by Lessee hereunder which has not been cured, except as to defaults specified in such certificate; (v) to Lessee's knowledge that Lessor is not in default under this Lease, except as to defaults specified in such certificate; and (vi) as to such other matters as may be reasonably requested by Lessor or any current or prospective purchaser or mortgage lender. Any such certificate may be relied upon by Lessor and any current or prospective purchaser or mortgage lender of the Premises or any part thereof.

(b) At any time and from time to time, Lessor shall, within fifteen (15) days after written request by Lessee, execute, acknowledge and deliver to Lessee a certificate certifying: (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification); (ii) the Commencement Date, the Lease Expiration Date and the date, if any, to which all Rent and other sums payable hereunder have been paid; (iii) the amount of Fixed Rent currently payable monthly; (iv) that no notice has been received by Lessor of any default by Lessee hereunder which has not been cured, except as to defaults specified in such certificate; (v) to Lessor's knowledge that Lessee is not in default under this Lease, except as to defaults specified in such certificate; and (vi) as to such other matters as may be reasonably requested by Lessee, any prospective assignee of this Lease or any other party then dealing with Lessee. Any such certificate may be relied upon by Lessee, any prospective assignee of this Lease or any other party then dealing with Lessee.

(c) Lessee shall provide to Lessor: (i) within 270 days after the end of each fiscal year of Lessee, annual audited financial statements of Lessee, prepared by an independent certified public accountant in accordance with generally accepted accounting principles; and (ii) if prepared by Lessee, within 45 days after the end of each calendar quarter, unaudited quarterly financial statements of Lessee, certified by Lessee's chief financial officer, treasurer, controller or equivalent officer.

19. LIENS.

(a) Lessee shall not suffer or permit any mechanic's lien or other lien, security interest or encumbrance to be filed or recorded against the Premises, the Rent, equipment or materials supplied or claimed to have been supplied to the Premises, other than Permitted Encumbrances. If any such mechanic's lien or other lien or encumbrance shall at any time be filed or recorded against the Premises, or any portion thereof, Lessee shall cause the same to be discharged of record (by bonding off or otherwise) within forty-five (45) days after the date of filing or recording of the same or such longer period (not to exceed ninety (90) days as may be reasonably required, provided that Lessee is diligently proceeding to address the same. However, in the event that Lessee desires to contest the validity of any lien, it shall: (i) on or before 60 days prior to the due date thereof (but in no event later than 30 days after the filing or recording thereof), notify Lessor in writing, that Lessee intends to so contest same; (ii) on or before the due date thereof, if such lien involves an amount in excess of \$50,000 or if any Mortgagee so requires, deposit with Lessor a bond or other security (in form and content reasonably satisfactory to Lessor and the Mortgagee) for the payment of the full amount of such lien, and from time to time deposit additional security so that, at all times, adequate security will be available for the payment of the full amount of the lien together with all interest, penalties, costs and other charges in respect thereof.

(b) If Lessee complies with the foregoing, and Lessee continues, in good faith, to contest the validity of such lien in accordance with the requirements of Section 25, Lessee shall be under no obligation to pay such lien until such time as the same has been decreed, by court order, to be a valid lien on the Premises. Any surplus deposit retained by Lessor after the payment or discharge of the lien shall be repaid to Lessee. Lessee shall indemnify and defend Lessor and any Mortgagee against and save Lessor and any Mortgagee and the Premises, and any portion thereof, harmless from and against all losses, costs, damages, expenses, liabilities, suits, penalties, claims, demands and obligations, including without limitation, reasonable attorneys' fees, resulting from the assertion, filing, foreclosure or other legal proceedings with respect to any such mechanic's lien or other lien or the attempt by Lessee to discharge same as above provided.

(c) All materialmen, contractors, artisans, engineers, mechanics, laborers and any other Person now or hereafter furnishing any labor, services, materials, supplies or equipment to Lessor or Lessee with respect to the Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Lessee to obtain payment for the same. Notice is hereby given that Lessor shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Lessee upon credit, and that no mechanic's lien or other lien for any such labor, services, materials, supplies, machinery, fixtures or equipment shall attach to or affect the estate or interest of Lessor in and to the Premises, or any portion thereof.

(d) In the event of the failure of Lessee to discharge any charge, lien, security interest or encumbrance as aforesaid, Lessor may, if not discharged by Lessee within three (3) Business Days after notice to Lessee, discharge such items by payment or bond or both, and Lessee will repay to Lessor upon demand, any and all amounts paid by Lessor therefor, or by reason of any liability on such bond, and also any and all incidental expenses, including reasonable attorneys' fees, actually incurred by Lessor in connection therewith, together with interest at the Overdue Rate.

20. END OF TERM.

20.1 Surrender.

(a) Upon the expiration or earlier termination of the Term of this Lease which shall not result in Lessee taking possession of the Premises as provided in Section 3, Lessee shall surrender the Premises to Lessor in the same condition and suitable for the same use in which the Premises were on the Commencement Date, except as repaired, rebuilt or altered as required or permitted by this Lease (or, in the case of termination pursuant to Section 12 herein, as condemned), and in all cases except for ordinary wear and tear, and shall surrender keys to the Premises to Lessor at the place then fixed for notices to Lessor and shall inform Lessor of all combinations on locks, safes and vaults, if any. Except as otherwise provided herein, Lessee shall at such time remove all of its property (including Lessee's Trade Fixtures). All property of Lessee not removed on or before the last day of the Term of this Lease shall be deemed abandoned. Lessor may remove all property of Lessee, including Lessee's Trade Fixtures, from the Premises upon termination of this Lease and cause its transportation and storage, at the sole risk of Lessee, and Lessor shall not be liable for damage, theft, misappropriation or loss thereof in any manner in respect thereto and Lessor shall be entitled to dispose of such property, as Lessor deems fit, without the requirement of an accounting.

(b) If the Premises are not surrendered as above set forth, and such holdover continues for a period in excess of ninety (90) days, Lessee shall indemnify, defend and hold Lessor and any Mortgagee harmless from and against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claim made by any succeeding occupant founded on such delay. Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease. If Lessee holds possession of the Premises after expiration of the Term of this Lease, Lessee shall become a Lessee from month to month upon the terms herein specified. Such month to month tenancy may be terminated by either Lessor or Lessee by giving 30 days' notice of termination to the other at any time. In addition to the foregoing, and in addition to the Additional Rent, Lessee shall pay to Lessor a sum equal to 125% of the Fixed Rent for the first month and 150% of the Fixed Rent payable hereunder immediately prior to the termination thereafter, during each month or portion thereof for which Lessee shall remain in possession of the Premises or any part thereof after the termination of the Term or of Lessee's rights of possession, whether by lapse of time or otherwise. The provisions of this subsection shall not be deemed to limit or constitute a waiver of any other rights or remedies of Lessor provided herein, at law or at equity.

(c) Except for surrender upon the expiration or earlier termination of the Term of this Lease which shall not result in Lessee taking possession of the Premises as provided in Section 3, no surrender to Lessor of this Lease or of the Premises shall be valid or effective unless agreed to and accepted in writing by Lessor and Mortgagee.

20.2 Return of Premises.

Lessee shall, upon the expiration or termination of this Lease which shall not result in Lessee taking possession of the Premises as provided in Section 3, and at its own expense, return the Premises to Lessor by surrendering the same into the possession of Lessor:

- (a) free and clear of all liens, except Permitted Encumbrances and liens created or caused by Lessor or Lessor's Representatives; and
- (b) in compliance with all Applicable Laws and in compliance with the maintenance conditions required by this Lease.
- (c) Upon the return of the Premises, Lessee shall deliver therewith:
 - (i) all transferable licenses, permits and the like by general assignment, without warranty as to the transferability or otherwise and without recourse;
 - (ii) as-built drawings including plans for heating, ventilation and air conditioning, mechanical and electrical systems, to the extent in Lessee's possession or control;
 - (iii) keys to the Premises; and
 - (iv) an assignment of maintenance contracts designated by Lessor and existing warranties by general assignment, without warranty as to assignability or otherwise and without recourse.
- (d) Lessee shall not be obligated to restore the Premises at the end of the Term. Lessee shall have the right, but not the obligation, to remove any of its trade or specialty fixtures, cabling, security system, phone equipment or other telecommunication equipment after the expiration of the Term or any earlier termination.

21. ALTERATIONS.

- (a) Lessee shall not make any alterations, additions or improvements in or to the Premises or any part thereof, or attach any fixtures or equipment thereto, without Lessor's prior written consent. Notwithstanding the preceding sentence, Lessee may make such alterations, additions or improvements without Lessor's consent only if: (i) such alterations, additions or improvements will be in compliance with all Applicable Laws; (ii) such alterations, additions or improvements will not reduce the fair market value of the Premises, considered as unencumbered by this Lease or change the character or reduce the useful life of the Buildings or materially or adversely change the Buildings; (iii) such alterations, additions or improvements will not affect in any way the structural, exterior or roof elements of the Premises or mechanical, electrical, plumbing, utility or life safety systems of the Premises or require any material demolition, or cause an increase in the costs or obligations of Lessor; and (iv) such alterations are reasonably estimated to have a cost (with respect to any particular project) of less than \$100,000. Lessee shall give prior notice of any such alterations, additions or improvements (regardless of whether consent is required) to Lessor. In no event shall Lessee be permitted to install underground storage tanks or fuel systems on the Premises.
- (b) All alterations, additions or improvements having a value of \$100,000 or greater proposed by Lessee and requiring Lessor's consent shall be made at Lessee's sole cost and expense as follows:

(i) Lessee shall submit to Lessor complete plans and specifications for all work to be done by Lessee. Such plans and specifications shall be prepared by the licensed architect(s) and engineer(s), shall comply with all Applicable Laws, shall not adversely affect the structural elements of the Buildings and shall be in a form sufficient to secure the approval of all government authorities with jurisdiction over the Premises.

(ii) With respect to alterations for which Lessor's approval is required, within ten (10) Business Days after receipt of the complete plans and specifications described above, Lessor shall notify Lessee in writing whether Lessor approves or disapproves such plans and specifications; and Lessor shall describe the reasons for any such disapproval. Lessor's failure to deliver a notice within the time period specified above approving or disapproving such plans and specifications shall be conclusively deemed Lessor's approval of such plans and specifications. Lessee may submit to Lessor revised plans and specifications for Lessor's prior written approval, which approval shall be granted if: (y) the work to be done would not, in Lessor's reasonable judgment, adversely affect the value, character, rentability or usefulness of the Premises or any part thereof; or (z) the work to be done shall be required by any Applicable Law. Lessee shall pay all costs, including the fees and expenses of the licensed architect(s) and engineer(s), in preparing such plans and specifications.

(iii) All material changes in the plans and specifications required to be approved by Lessor shall be subject to Lessor's prior written approval, and changes not requiring Lessor's approval will be provided to Lessor prior to commencement of the construction described therein. For the purpose of this subsection a "material change" shall be one which: (y) exceeds \$100,000; and/or (z) adversely affects the structure or the building systems of the Buildings. If Lessee wishes to make a change in approved plans and specifications, Lessee shall have such architect(s) and engineer(s) prepare plans and specifications for such change and submit them to Lessor. For alterations requiring Lessor's approval, Lessor shall notify Lessee in writing promptly whether Lessor approves or disapproves such change; and, if Lessor disapproves such change, Lessor shall describe the reasons for disapproval. Lessee may submit to Lessor revised plans and specifications for such change for Lessor's written approval. Lessor's failure to respond within ten (10) days shall be deemed approval of the proposed change. After Lessor's written approval or deemed approval of such change, such change shall become part of the plans and specifications approved by Lessor.

(iv) Lessee shall obtain and comply with all building permits and other government permits and approvals required in connection with the work. Lessee shall, through Lessee's licensed contractor, perform the work in a good and workmanlike manner substantially in accordance with the plans and specifications prepared as set forth above. Lessee shall pay, as Additional Rent, the entire cost of all work (including the cost of all utilities, permits, fees, taxes, and property, worker's compensation and liability insurance premiums in connection therewith) required to make the alterations, additions or improvements. Under no circumstances shall Lessor be liable to Lessee for any damage, loss, cost or expenses incurred by Lessee on account of any plans and specifications, contractors or subcontractors, design of any work, construction of any work, or delay in completion of any work, whether or not Lessor had approved the plans and specifications.

(v) No Event of Default shall have occurred and be continuing prior to commencement of any such alterations.

(c) Lessee shall give written notice to Lessor of the date on which construction of any work to be done by outside contractors will be commenced at least ten (10) days prior to such date. Lessee shall keep the Premises free from mechanic's and materialmen's liens arising out of any work performed, labor supplied, materials furnished or other obligations incurred by Lessee in accordance with the requirements of Section 19.

(d) All alterations, additions, fixtures and improvements, whether temporary or permanent in character, made in or to the Premises by Lessee, shall become part of the Premises and Lessor's property. Termination of this Lease shall not affect the obligations of Lessor pursuant to this Section to be performed after such termination. Under no circumstances shall Lessee be required to remove any Lessee Improvements, alterations, additions or other improvements to the Premises made by Lessee.

22. MEMORANDUM OF LEASE. Following approval of this Lease by Lessee's Board of Commissioners, the parties shall promptly execute a Memorandum of Lease in recordable form, specifically identifying Lessee's Equity interest, and either of the parties shall have the right, without notice to the other party, to record such Memorandum of Lease.

23. SUBLETTING/ASSIGNMENT.

23.1 Rights and Obligations of Lessee.

(a) Lessee may not mortgage, pledge or otherwise encumber its interest in this Lease or in any sublease of the Premises or any part thereof or the rentals payable thereunder. Any such mortgage, pledge or encumbrance made in violation of this Section shall be void. Provided that no Event of Default has occurred and is continuing, Lessee may sublease individual units within the Premises in Lessee's complete and sole discretion and without Lessor's consent, and such interest of Lessee in this Lease may be assigned without Lessor's consent, provided that any such sublease or assignment shall expressly be subject and subordinate to the provisions of this Lease and no such sublease shall permit the tenant thereunder to pay rent in advance for a period of more than one (1) month, and provided, further, that no such sublease or assignment shall affect or reduce any obligations of Lessee or any rights of Lessor hereunder, and all obligations of the then current Lessee hereunder shall continue in full effect as the obligations of a principal and not of a guarantor or surety, to the same extent as though no assignment or sublease had been made. Notwithstanding the foregoing, nothing in this Lease shall be deemed as a restriction or requirement by Lessor of any sublease terms and conditions and, provided that all Rent is timely paid to Lessor and that no Event of Default has occurred and is continuing hereunder, Lessee shall be entitled to retain all proceeds of such subleases or assignments. If Lessee assigns its interest in this Lease, the assignee shall, in an instrument delivered to Lessor at the time of such assignment expressly assume all of the obligations of Lessee hereunder. Lessee shall, within ten (10) days after the execution of any such sublease or assignment, other than any sublease of individual units which is required to be maintained confidential under federal or state law, deliver an executed copy thereof to Lessor. This Lease shall not, nor shall any interest herein, be assignable as to the interest of Lessee involuntarily or by operation of law without the prior written consent of Lessor, and any such

assignment without the prior written consent of Lessor shall be void and shall, at the option of Lessor, constitute a default that entitles Lessor to terminate this Lease, provided that a merger, consolidation or similar reorganization of Lessee where Lessee's obligations are assumed by the successor entity by operation of law shall not be deemed to be an assignment hereunder.

(b) No assignment or sublease whatsoever shall release Lessee from Lessee's obligations and liabilities under this Lease (which shall continue as the obligations of a principal and not of a guarantor or surety) or alter the primary liability of Lessee to pay all Rent and to perform all obligations to be paid and performed by Lessee, except in the event that such assignment or sublease is approved by Lessor. The acceptance of Rent by Lessor from any other person or entity shall not be deemed to be a waiver by Lessor of any provision of this Lease. If any assignee, subtenant or successor of Lessee defaults in the performance of any obligation to be performed by Lessee under this Lease, except in the event that such assignment or sublease is approved by Lessor, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against such assignee, subtenant or successor.

(c) Lessee will be entitled to retain the profits, if any, of any sublease of part or all of the Premises and of any assignment of this Lease.

23.2 Assignment of Rents. Lessee hereby assigns to Lessor all security deposits and rents due or to become due from any subtenant, effective as of the date of the happening of an Event of Default under the provisions of this Lease. Thereupon, Lessor shall apply any net amount collected by it from subtenants to the Rent due under this Lease. No collection of Rent by Lessor from an assignee of this Lease or from a subtenant shall constitute a waiver of any of the provisions of this Section or an acceptance of the assignee or subtenant as a tenant or a release of Lessee from performance by Lessee of its obligations under this Lease. Lessee shall not directly or indirectly collect or accept any payment of subrent under any sublease more than one (1) month in advance of the date when the same shall become due. Each sublease shall require the subtenants to attorn to Lessor, at Lessor's request, in the event that Lessee shall default under this Lease. Upon default by Lessee under this Lease, Lessor shall have the right to require subtenants to make their rent payments directly to Lessor.

24. HAZARDOUS MATERIAL.

(a) Lessee shall, with respect to any environmental issue first occurring on and after the punch list date (or in the case of any environmental issue caused by the acts or omissions of Lessor or Lessor's Representatives, at any time during the Term): (i) comply, and cause the Premises to comply, with all Environmental Laws applicable to the Premises (including the making of all submissions to governmental authorities required by Environmental Laws and the carrying out of any remediation program specified by such authority); (ii) prohibit the use of the Premises for the generation, manufacture, refinement, production, or processing of any Hazardous Material (as hereinafter defined) or for the storage, handling, transfer or transportation of any Hazardous Material (other than in connection with the operation, business and maintenance of the Premises and in commercially reasonable quantities as a consumer thereof and in compliance with Environmental Laws); (iii) not install or permit the installation on the Premises of any surface impoundments, underground storage tanks, pcb-containing transformers or asbestos-containing materials; and (iv) cause any alterations of the Premises to be done in a way so as to not expose in

an unsafe manner the persons working in or visiting the Premises to Hazardous Materials, and in connection with any such alterations shall remove any Hazardous Materials present upon the Premises which are not in compliance with Environmental Laws or which present a danger to persons working in or visiting the Premises.

(b) Lessee shall protect, defend, indemnify and hold harmless Lessor, its direct and indirect members, partners, shareholders, beneficiaries, managers, Mortgagees, directors, officers, employees and agents, and any successors and assigns from and against any and all liability, including all foreseeable and all unforeseeable damages including but not limited to attorneys' and consultants' fees, fines, penalties and civil or criminal damages, and including loss of value, directly or indirectly arising out of the use, generation, storage, treatment, release, threatened release, discharge, spill, presence or disposal of Hazardous Materials by Lessee or its employees, officers, agents or contractors from, on, at, to or under the Premises during the Term of this Lease and first occurring on and after the Commencement Date, including without limitation, the cost of any required or necessary repair, response action, remediation, investigation, cleanup or detoxification and the preparation of any closure or other required plans, whether such action is required or necessary prior to or following transfer of title to the Premises, except to the extent caused by: (i) Hazardous Materials migrating from property adjacent to the Premises (and such migration is not resulting from Lessee's or Lessee's Representatives' acts or omissions); (ii) the negligence or misconduct of Lessor or Lessor's Representatives; or (iii) any act or omission of Lessor or Lessor's Representatives which results in a violation of any Environmental Law. This agreement to indemnify and hold harmless shall be in addition to any other obligations or liabilities Lessee may have to Lessor at common law, under all Applicable Laws or otherwise, and shall survive, with respect to liability that accrues during the Term of this Lease, without limit of time. The representations, warranties and covenants made and the indemnities stated in this Lease are not personal to Lessor, and the benefits under this Lease shall be automatically assigned to subsequent parties in interest to the chain of title to the Premises and Mortgagees, which subsequent parties in interest may proceed directly against Lessee to recover pursuant to this Lease. Lessee, at its expense, may institute appropriate legal proceedings with respect to environmental matters of the type specified in this Section or any lien for such environmental matters, not involving Lessor or its Mortgagee as a defendant (unless Lessor or its Mortgagee is the alleged cause of the damage), conducted in good faith and with due diligence, provided that such proceedings shall not in any way impair the interests of Lessor or Mortgagee under this Lease or contravene the provisions of any First Mortgage. Counsel to Lessee in such proceedings shall be reasonably approved by Lessor if Lessor is a defendant in the same proceeding. Lessor shall have the right to appoint co-counsel, which co-counsel will cooperate with Lessee's counsel in such proceedings. The fees and expenses of such co-counsel shall be paid by Lessor unless such co-counsel are appointed because the interests of Lessor and Lessee in such proceedings, in such counsel's opinion, are or have become adverse, or Lessee or Lessee's counsel, in Lessor's reasonable judgment, is not conducting such proceedings in good faith or with due diligence, in which events the fees and expenses of such co-counsel shall be paid by Lessee.

(c) Lessee, upon not less than two (2) days' prior notice, shall permit such persons as Lessor or Mortgagee may designate and (unless an Event of Default has occurred and is continuing) approved by Lessee ("**Site Reviewers**") to visit the Premises from time to time and perform an environmental site investigation and assessment ("**Site Assessment**") on the Premises for the purpose of determining whether there exists on the Premises any environmental condition which

may result in any liability, cost or expense to Lessor or any other owner or occupier of the Premises. Such Site Assessments may include both above and below the ground testing for environmental damage or the presence of Hazardous Materials on the Premises and such other tests on the Premises as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Lessee shall supply to the Site Reviewers such historical and operational information regarding the Premises as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and shall make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. Any such access or inspection by Lessor shall not unreasonably interfere with Lessee's operations or any unit sublessee or their respective uses of the Premises. Provided that, at the time that it orders a Site Assessment, Lessor has reasonable cause to believe that there may be a violation of Environmental Laws with respect to the Premises for which Lessee is responsible under this Section, or if an Event of Default has occurred and is continuing, the cost of performing and reporting such Site Assessment shall be paid by Lessee within 30 days after demand by Lessor. Lessor, promptly after written request by Lessee and payment by Lessee to the extent required as aforesaid, shall deliver to Lessee copies of reports, summaries or other compilations of the results of such Site Assessments.

(d) Lessee shall notify Lessor in writing, promptly upon Lessee's learning thereof, of any:

(i) notice or claim to the effect that Lessee or any other Person is or may be liable to any Person as a result of the release or threatened release of any Hazardous Material into the environment from the Premises;

(ii) notice that Lessee or any other Person is subject to investigation by any governmental authority evaluating whether any remedial action is needed to respond to the release or threatened release of any Hazardous Material into the environment from the Premises;

(iii) notice that the Premises are subject to an environmental lien;

(iv) notice of violation to Lessee or awareness by Lessee of a condition which might reasonably result in a notice of violation of any applicable Environmental Law that could have a material adverse effect upon the Premises or the value of the Premises; or

(v) Release of Hazardous Materials on the Premises or presence of Hazardous Materials on the Premises in violation of Environmental Laws.

25. PERMITTED CONTESTS. Lessee shall not be required to: (i) pay any Imposition; (ii) comply with any Applicable Law; (iii) remove any lien or encumbrance; (iv) take any action with respect to any encroachment, hindrance, obstruction, violation or impairment referred to in this Lease; or (v) discontinue a particular use under Section 2(c) herein, so long as Lessee shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent: (w) the collection of, or other realization upon, the tax, assessment, levy, fee, rent or charge or lien, encumbrance or charge so contested; (x) the sale, forfeiture or loss of the Premises, or any part thereof, or the Fixed Rent or any Additional Rent, or any portion thereof; (y) any interference with the use or occupancy of the

Premises or any part thereof; and (z) any interference with the payment of the Fixed Rent or any Additional Rent, or any portion thereof. While any such proceedings are pending, Lessor shall not have the right to pay, remove or cause to be discharged the tax, assessment, levy, fee, rent or charge or encumbrance or charge thereby being contested. Each such contest shall be promptly prosecuted by Lessee to a final conclusion. Lessee shall pay, and save Lessor and the Mortgagee harmless against, any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final settlement, compromise or determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereof or in connection therewith, and perform all acts, the performance of which shall be ordered or decreed as a result thereof; provided, however, that nothing herein contained shall be construed to require Lessee to pay or discharge any lien, encumbrance or other charge created by any act or failure to act of Lessor or the payment of which by Lessee is not otherwise required hereunder, or to perform any act which Lessee is not otherwise required to perform hereunder. No such contest may subject Lessor or the Mortgagee to the risk of any criminal or civil liability.

26. ENVIRONMENTAL.

26.1 Environmental Indemnification.

(a) Lessor represents, warrants and covenants to Lessee that the Premises will be free of Hazardous Materials in violation of Environmental Laws on the Commencement Date. Lessor agrees to indemnify Lessee and Lessee's Representatives and hold Lessee and Lessee's Representatives harmless with respect to all liabilities, costs and expenses (including reasonable attorney's fees) arising from: (a) the presence of Hazardous Materials on the Premises in violation of Environmental Laws on the Commencement Date; and (b) any violation of Environmental Laws with respect to the Premises at any time during the Term caused by Lessor or any of Lessor's Representatives. Lessor agrees to promptly remediate any condition for which Lessor is providing indemnification under this Section.

(b) Lessor shall notify Lessee in writing, promptly upon Lessor's learning thereof, of any:

(i) notice or claim to the effect that Lessor or any other Person is or may be liable to any Person as a result of the release or threatened release of any Hazardous Material into the environment from the Premises;

(ii) notice that Lessor or any other Person is subject to investigation by any governmental authority evaluating whether any remedial action is needed to respond to the release or threatened release of any Hazardous Material into the environment from the Premises;

(iii) notice that the Premises are subject to an environmental lien;

(iv) notice of violation to Lessor or awareness by Lessor of a condition which might reasonably result in a notice of violation of any applicable Environmental Law that could have a material adverse effect upon the Premises or the value of the Premises; or

(v) Release of Hazardous Materials on the Premises or presence of Hazardous Materials on the Premises in violation of Environmental Laws.

26.2 Contest Rights. Lessor may contest its obligations to cause the Buildings to comply with Applicable Laws and its obligations to provide environmental indemnification hereunder, provided that any such contest complies with the same requirements as are applicable to a contest by Lessee pursuant to Section 25.

27. MANAGEMENT.

(a) Lessor acknowledges that Lessee will act as manager of the Premises. Lessee may manage the Premises either through employees of Lessee or through “contract” or “out-sourced” employees who are employed by an independent employee outsourcing or management company but work at the Premises exclusively for Lessee. Lessee agrees to provide Lessor, to the extent prepared by Lessee, the following: (i) each manager’s report of repairs and maintenance activity; and (ii) each detailed operating statement for the Premises setting forth all items of operating income, expenses, insurance costs, utility changes and Taxes. At Lessor’s request, Lessee shall also provide copies of service contracts, access to maintenance logs and utility usage charts and other material as reasonably requested by Lessor.

(b) In the event that Lessor reasonably determines that Lessee is not managing the Premises to a standard equivalent to similar apartment complexes in the San Bernardino County, California, Lessor may give Lessee notice to that effect, which notice will specify the items which Lessor believes are not being properly managed. Lessee will have thirty (30) days from receipt of such notice to correct any such deficiencies. In the event that Lessee fails to reasonably correct such deficiencies within such thirty (30) day period, Lessor may direct that Lessee cease managing the Premises, in which event either Lessor or another third party manager mutually agreeable to Lessor and Lessee will be engaged to manage the Premises. If Lessor is engaged to manage the Premises, it shall perform such services for the compensation set forth in the preceding paragraph.

28. ARBITRATION. Any dispute between Lessor and Lessee relating to this Lease shall be settled by arbitration, and any arbitration hereunder shall be conducted in accordance with the then prevailing rules of the American Arbitration Association, or the successor party thereto from time to time in existence. The fees and expenses of the arbitrator shall be divided equally between Lessor and Lessee. Lessor and Lessee shall each bear their own expenses (including, but not limited to, attorney’s fees and expenses of witnesses) in any arbitration proceedings. The arbitration proceeding shall be held in San Bernardino, California.

If a dispute shall arise between the parties hereto, and the same is not resolved between the parties, such dispute shall be settled by arbitration pursuant to this Section. In such event, either party hereto may serve upon the other party a written notice demanding that the dispute be resolved pursuant to this Section. Within fifteen (15) days after the giving of such notice, the parties shall mutually agree to an arbitrator or, failing such agreement, an arbitrator shall be appointed by the American Arbitration Association under the expedited rules of the American Arbitration Association. The arbitrator selected must have substantial experience with respect to the general subject matter of the issue under dispute. The arbitrator shall afford to Lessor and Lessee a hearing and the right to submit evidence, with the privilege of cross-examination and the right to compel

testimony by applying for subpoena powers to appropriate judicial authority, on the question at issue, and shall, with all possible speed, make a determination in writing and shall give notice to the parties hereto of such determination. The determination of the arbitrator shall be binding upon the parties hereto and shall be enforceable in any court having jurisdiction, without right of appeal.

29. MISCELLANEOUS PROVISIONS.

(a) This Lease and all of the covenants and provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and the heirs, personal representatives, successors and permitted assigns of the parties.

(b) The titles and headings appearing in this Lease are for reference only and shall not be considered a part of this Lease or in any way to modify, amend or affect the provisions thereof.

(c) This Lease contains the complete agreement of the parties with reference to the leasing of the Premises and may not be amended except by an instrument in writing signed by Lessor and Lessee and consented to by Mortgagee (if any). Any amendment not consented to by Mortgagee (if any) shall be void and have no force and effect.

(d) Any provision or provisions of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) This Lease may be executed in one or more counterparts and may be signed by each party on a separate counterpart, each of which, taken together, shall be an original, and all of which shall constitute one and same instrument; provided that Lessor understands and acknowledges that this Lease shall not be authorized by Lessee unless and until Lessee's Board of Commissioners approves this Lease.

(f) The term "Lessor" as used in this Lease shall mean only the owner or owners at the time in question of the leasehold estate to the Premises under this Lease. In the event of any transfer of such title or interest, Lessor named in this Lease (and in case of any subsequent transfers, the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed hereunder, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

(g) This Lease shall be governed by, and construed in accordance with, the laws of the State of California. Any action at law or in equity arising under this Lease or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Bernardino, State of California, or any other court in that County, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court.

LESSOR AND LESSEE HEREBY SUBMIT TO NON-EXCLUSIVE PERSONAL JURISDICTION IN THE STATE OF CALIFORNIA AND THE FEDERAL COURTS OF THE

UNITED STATES OF AMERICA LOCATED IN THE STATE OF CALIFORNIA (AND ANY APPELLATE COURTS TAKING APPEALS THEREFROM) FOR THE ENFORCEMENT OF SUCH PERSON'S OBLIGATIONS HEREUNDER AND WAIVE ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY OTHER STATE TO OBJECT TO JURISDICTION WITHIN SUCH STATE FOR THE PURPOSES OF SUCH ACTION, SUIT, PROCEEDING OR LITIGATION TO ENFORCE SUCH OBLIGATIONS OF LESSEE OR LESSOR. WITH RESPECT TO A SUIT COMMENCED IN A COURT LOCATED IN THE STATE OF CALIFORNIA, LESSOR AND LESSEE HEREBY WAIVE AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LEASE: (i) THAT IT IS NOT SUBJECT TO SUCH JURISDICTION OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN THOSE COURTS OR THAT IT IS EXEMPT OR IMMUNE FROM EXECUTION; (ii) THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM; OR (iii) THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER. IN THE EVENT THAT ANY SUCH ACTION, SUIT, PROCEEDING OR LITIGATION IS COMMENCED, LESSOR AND LESSEE AGREE THAT SERVICE OF PROCESS MAY BE MADE, AND PERSONAL JURISDICTION OVER LESSOR AND LESSEE OBTAINED, BY SERVICE OF A COPY OF THE SUMMONS, COMPLAINT AND OTHER PLEADINGS REQUIRED TO COMMENCE SUCH LITIGATION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED UPON LESSOR AND LESSEE AT THE ADDRESS FOR NOTICE TO SUCH PERSON IN THIS LEASE.

(h) Any claim based on or in respect of any liability of Lessor under this Lease shall be enforced only against the Premises and not against any other assets, properties or funds of: (i) Lessor or Lessee or any manager, director, officer, shareholder, general partner, limited partner, or direct or indirect partners, employee or agent of Lessor or Lessee, respectively, or its managers (or any legal representative, heir, estate, successor or assign of any thereof); (ii) any predecessor or successor Person of Lessor or Lessee or its managers, either directly or through Lessor or its predecessor or successor Person of Lessor or its general partners; and (iii) any other Person.

(i) Without the written approval of Lessor and Lessee, no Person other than Lessor (including its direct and indirect partners), Mortgagee, Lessee and their respective successors and assigns shall have any rights under this Lease.

(j) There shall be no merger of the leasehold estate created hereby by reason of the fact that the same Person may own directly or indirectly: (i) the leasehold estate created hereby or any interest in this Lease or such leasehold estate; and (ii) the fee estate in the Premises. Notwithstanding any such combined ownership, this Lease shall continue in full force and effect until terminated by an instrument executed by both Lessor and Lessee.

(k) Without the prior written consent of the other party, neither Lessor nor Lessee will directly or indirectly, consolidate with or merge into any corporation, association, partnership or other business organization or permit any corporation, association, partnership or other business organization to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its properties and assets, or acquire all or substantially all of the assets of any corporation, association, partnership or other business organization or individual (collectively, "**Consolidation**"), unless: (i) the party that is subject to Consolidation shall be the entity surviving

such Consolidation, or the surviving entity or transferee shall enter into an assumption of this Lease and the other agreements contemplated by this transaction in form and substance reasonably satisfactory to the other party; (ii) immediately prior to such action, no Event of Default shall have occurred and be continuing; and (iii) immediately after giving effect to such action, no Event of Default shall exist under this Lease as a consequence of such action.

(l) In the event of the termination of this Lease as herein provided, the obligations and liabilities of Lessor and Lessee, as the case may be, actual or contingent, under this Lease which arose at or prior to such termination shall survive such termination.

(m) This Lease is intended as, and shall constitute, a true lease, and Lessor and Lessee shall report their interests herein of accounting, tax and all other purposes as a true lease and shall not take any action or position inconsistent therewith.

(n) Lessor and Lessee agree to reasonably cooperate with each other, at Lessee's expense, in order to permit Lessee to attempt to obtain a sales tax exemption with respect to materials used in construction of the Improvements. Any sales tax savings resulting from such exemption shall be paid to (or retained by) Lessee at the time that the applicable sales taxes would otherwise have been payable.

(o) In the event that any Mortgagee reasonably requests changes, modifications or amendments to this Lease or otherwise requires additional documentation from Lessee as a condition to providing a loan to Lessor secured by a Mortgage on the Premises, Lessee agrees to make any such changes, modifications or amendments so long as they do not have a material adverse effect on the rights or obligations of Lessee hereunder or in any way increase the financial obligations of the Lessee hereunder.

(p) Lessor may grant easements, licenses, rights of way or similar rights, or release or amend any such easements or rights with respect to the Premises, so long that such actions do not interfere with the benefits or increase the duties of Lessee hereunder. Lessee agrees to reasonably cooperate with Lessor in connection therewith, at no cost to Lessee.

(q) From and after the Commencement Date, if performance of any obligation of Lessee or Lessor required hereunder, other than an obligation which can be accomplished by the payment of money, is prevented or substantially impeded by a strike, labor troubles, material shortages, riots, acts of God, including without limitation governmental preemption in connection with a national emergency, any rule, order or regulation of any department or subdivision of any government agency, conditions of supply and demand which are affected by war, an act of terrorism or any other emergency, the time given to a party to comply with such obligation shall be extended for the period of time equal to the period of delay resulting from any of the foregoing causes or events, provided that such party gives notice to the other party of the occurrence of such event describing the nature thereof, as promptly as is reasonably possible following discovery of the existence of such event.

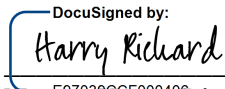
(r) On or before the Commencement Date, Lessor shall pay the Three (3) Bedroom Buydown Reserve, the Lease Payment Reserve and the amounts set forth in the definitions of "Capital

Replacement Reserve Account,” “Ratio Utility Billing Reserve Account” and “Working Capital Reserve Account” in Section 1.1 to Lessee.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

LESSOR:

ECHO SB, LLC, a Wyoming limited liability company

By: 
Name: Harry Richard
Title: Authorized Partner

LESSEE:

HOUSING AUTHORITY OF THE COUNTY
OF SAN BERNARDINO

By: _____
Name: Maria Razo
Title: Executive Director

EXHIBIT A
Legal Description

505 East Rialto Avenue, San Bernardino, California 92408

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

THE NORTH 640.00 FEET OF THE EAST HALF OF THE WEST HALF OF LOT 20, BLOCK 45, RANCHO SAN BERNARDINO, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7, PAGE 2 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA.

EXCEPTING THEREFROM THE NORTHERLY 20.00 FEET CONVEYED TO THE COUNTY OF SAN BERNARDINO FOR ROAD PURPOSES.

ALSO EXCEPTING THEREFROM THOSE PORTIONS AS DESCRIBED IN THAT DEED TO THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT AS RECORDED OCTOBER 7, 1959 IN BOOK 4949, PAGE 377, OF OFFICIAL RECORDS OF SAID COUNTY.

APN: 0136-302-56-0-000

EXHIBIT B
Permitted Encumbrances

1. Water rights, claims or title to water, whether or not disclosed by the public records.
2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Southern California Edison Company
Purpose: Public utilities
Recording No.: Book 2816, Page 421 of Official Records
Affects: A portion of said land as more particularly described in said document

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Association Telephone Company, Ltd., a corporation
Purpose: Public utilities
Recording No.: Book 2953, Page 15 of Official Records
Affects: A portion of said land as more particularly described in said document

4. [Reserved]

5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters shown on

Map: Record of Survey
Recording No.: Book 38, Page 76, of Record of Surveys

6. [Reserved]

7. [Reserved]

8. [Reserved]

9. Matters contained in that certain document Entitled: Certificate of Compliance for Lot Merger

Executed by: Development Services Department Public Works Division City of San Bernardino
Recording Date: November 19, 2007
Recording No.: 2007-0659174 of Official Records

Reference is hereby made to said document for full particulars.

10. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters shown on

Map: Record of Survey 17-0094

Recording No.: Book 160, Page 83, of Record of Surveys

11. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Southern California Gas Company, a California corporation, its successors and/or assigns

Purpose: Pole lines and conduits and pipelines

Recording Date: September 18, 2020

Recording No.: 2020-351162 of Official Records

Affects: A portion of said land as more particularly described in said document

12. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Southern California Edison Company, a corporation, its successors and/or assigns

Purpose: Underground electrical supply systems and communication systems

Recording Date: November 30, 2021

Recording No.: 2021-0535364 of Official Records

Affects: A portion of said land as more particularly described in said document

13. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

EXHIBIT C

Fixed Rent

Fixed Rent during the Term shall be payable monthly in advance on the Commencement Date and thereafter on the first Business Day of each month. Each amount shown below other than the balloon payment shall be payable in twelve equal monthly installments:

| Year | Rent Per Year* | Monthly Amount |
|-------------|-----------------------|-----------------------|
| 1 | \$ 696,085.00 | \$ 58,007.08 |
| 2 | 720,588.00 | 60,049.00 |
| 3 | 745,952.00 | 62,162.67 |
| 4 | 772,210.00 | 64,350.83 |
| 5 | 799,392.00 | 66,616.00 |
| 6 | 827,530.00 | 68,960.83 |
| 7 | 856,659.00 | 71,388.25 |
| 8 | 886,814.00 | 73,901.17 |
| 9 | 918,030.00 | 76,502.50 |
| 10 | 950,344.00 | 79,195.33 |
| 11 | 983,796.00 | 81,983.00 |
| 12 | 1,018,426.00 | 84,868.83 |
| 13 | 1,054,275.00 | 87,856.25 |
| 14 | 1,091,385.00 | 90,948.75 |
| 15 | 1,129,802.00 | 94,150.17 |
| 16 | 1,169,571.00 | 97,464.25 |
| 17 | 1,210,740.00 | 100,895.00 |
| 18 | 1,253,358.00 | 104,446.50 |
| 19 | 1,297,476.00 | 108,123.00 |
| 20 | 1,343,147.00 | 111,928.92 |
| 21 | 1,390,426.00 | 115,868.83 |
| 22 | 1,439,369.00 | 119,947.42 |
| 23 | 1,490,035.00 | 124,169.58 |
| 24 | 1,542,484.00 | 128,540.33 |
| 25 | 1,596,779.00 | 133,064.92 |
| 26 | 1,652,986.00 | 137,748.83 |
| 27 | 1,711,171.00 | 142,597.58 |
| 28 | 1,771,404.00 | 147,617.00 |
| 29 | 1,833,758.00 | 152,813.17 |
| 30 | 1,898,306.00 | 158,192.17 |
| 31 | 1,965,126.00 | 163,760.50 |
| 32 | 2,034,299.00 | 169,524.92 |
| 33 | 2,105,906.00 | 175,492.17 |
| 34 | 2,180,034.00 | 181,669.50 |
| 35 | 2,256,771.00 | 188,064.25 |

| | | |
|----|--------------|------------|
| 36 | 2,336,209.00 | 194,684.08 |
| 37 | 2,418,444.00 | 201,537.00 |
| 38 | 2,503,573.00 | 208,631.08 |
| 39 | 2,591,699.00 | 215,974.92 |
| 40 | 2,682,927.00 | 223,577.25 |

*Rent is paid monthly in advance as per the lease terms. Each payment shown above shall be payable in twelve equal monthly installments, as shown in the "Monthly Amount" column.

EXHIBIT D

Reserves Schedule

1. Capital Replacement Reserve – \$260,000 on the Commencement Date, paid by Lessor to Lessee, to be replenished by Capital Replacement Annual Deposits made by Lessee of \$650.00 per unit per year, increasing by 3.52% annually, for capital replacements.
2. Lease Payment Reserve – \$310,996 on the Commencement Date, paid by Lessor to Lessee, for rent payment shortfalls by sublessees or other purposes.
3. Ratio Utility Billing System Reserve – \$78,600 on the Commencement Date, paid by Lessor to Lessee for completion of a Ratio Utility Billing System program or other purposes.
4. Three (3) Bedroom Buydown Reserve – \$125,542, paid by Lessor to Lessee, for use by Lessee towards the unit gap between proforma rents and existing rent.
5. Working Capital Reserve – \$250,022 on the Commencement Date, paid by Lessor to Lessee, for operating deficits.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for No Child Left Unsheltered Program

RECOMMENDATION(S)

1. Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for nine No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
2. Ratify the March 17, 2025 authorization and direct the Executive Director to execute and deliver the contract extension to HACSB Andalusia Apartments, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of the proposed extension to the Project-Based Voucher (PBV) Program Housing Assistance Payments (HAP) Contract will have no direct financial impact to the Housing Authority of the County of San Bernardino's (HACSB) annual budget as the payments coinciding with this contract are included in the Fiscal Year 2025 budget and will be included in the proposed FY 2026 budget. The PBV HAP contract is funded under the Housing Choice Voucher (HCV) program, which is administered by HACSB on behalf of the United States Department of Housing and Urban Development (HUD).

BACKGROUND INFORMATION

On April 1, 2015, HACSB entered into PBV HAP contracts for several properties with the purpose of housing families with children that were homeless under the No Child Left Unsheltered (NCLU) program. The NCLU program was approved by the United States Department of Housing and Urban Development as Activity 23 within the Fiscal Year 2024 Moving to Work Annual Plan. The NCLU program aims to end homelessness of unsheltered families with children in San Bernardino County, with special attention to the education and well-being of the children and overall stabilization of the family. NCLU provides housing assistance administered by HACSB along with supportive services that are provided in-kind through a partnership with the County of San

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for No Child Left Unsheltered Program
May 13, 2025

Bernardino's Department of Behavioral Health. Third party research is being conducted by Loma Linda University. The MTW activity specified that up to 40 PBV units would be designated for the NCLU program. 10 HACSB properties, including Andalusia Apartments, were identified and placed under PBV HAP contracts. 20 tenant-based vouchers were later added to the activity.

After evaluating the effectiveness of the program, in 2018 the MTW activity was amended to specify that the 60 NCLU units could be any combination of PBV or tenant-based voucher units. This change was made to address the timing difficulties related to matching program referrals to vacant units. Often a referral was received but no PBV unit was available, or a vacancy would occur but there was no referral to fill it. Additionally, homeless families, who had already experienced significant disruption, were having to move to unfamiliar communities and change schools based on PBV unit availability. As PBV contracts expire, staff are transitioning this program from PBVs to tenant-based to expand housing opportunities for program participants.

The Andalusia Apartments PBV HAP contract is set to expire March 31, 2025. Allowing the contract to expire provides an opportunity to address the challenges identified with the use of PBVs. Thus, staff determined that the PBV HAP contract should not be renewed. All NCLU households were provided 12-month notices that they would be transitioned to tenant-based vouchers on April 1, 2025. Further, the participants were informed that they would not be required to move and could use the rental assistance in their current units.

However, under the terms of the property's loan agreement, HACSB must receive Freddie Mac approval for non-renewal of the PBV HAP contract. Approval is pending and may take several more months. An extension of the proposed contract for an additional one-year period effective April 1, 2025 through March 31, 2026 is needed to accommodate Freddie Mac's review process.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for the No Child Left Unsheltered Program

RECOMMENDATION(S)

1. Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
2. Ratify the March 17, 2025 authorization to direct the Executive Director to execute and deliver the contract extension to HACSB Hampton Court, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing out resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of the proposed extension to the Project-Based Voucher (PBV) Program Housing Assistance Payments (HAP) Contract will have no direct financial impact to the Housing Authority of the County of San Bernardino's (HACSB) annual budget as the payments coinciding with this contract are included in the Fiscal Year 2025 budget and will be included in the proposed FY 2026 budget. The PBV HAP contract is funded under the Housing Choice Voucher (HCV) program, which is administered by HACSB on behalf of the United States Department of Housing and Urban Development (HUD).

BACKGROUND INFORMATION

On April 1, 2015, HACSB entered into PBV HAP contracts for several properties with the purpose of housing families with children that were homeless under the No Child Left Unsheltered (NCLU) program. The NCLU program was approved by the United States Department of Housing and Urban Development as Activity 23 within the Fiscal Year 2024 Moving to Work Annual Plan. The NCLU program aims to end homelessness of unsheltered families with children in San Bernardino County, with special attention to the education and well-being of the children and overall stabilization of the family. NCLU provides housing assistance administered by HACSB along with supportive services that are provided in-kind through a partnership with the County of San Bernardino's Department of Behavioral Health. Third party research is being conducted by Loma

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for the No Child Left Unsheltered Program
May 13, 2025

Linda University. The MTW activity specified that up to 40PBV units would be designated for the NCLU program. 10 HACSB properties, including Hampton Court, were identified and placed under PBV HAP contracts. 20 tenant-based vouchers were later added to the activity.

After evaluating the effectiveness of the program, in 2018 the MTW activity was amended to specify that the 60 NCLU units could be any combination of PBV or tenant-based voucher units. This change was made to address the timing difficulties related to matching program referrals to vacant units. Often a referral was received but no PBV unit was available, or a vacancy would occur but there was no referral to fill it. Additionally, homeless families, who had already experienced significant disruption, had to move to unfamiliar communities and change schools based on PBV unit availability. As PBV contracts expire, staff are transitioning this program from PBVs to tenant-based to expand housing opportunities for program participants.

The Hampton Court PBV HAP contract is set to expire March 31, 2025. Allowing the contract to expire provides an opportunity to address the challenges identified with the use of PBVs. Thus, staff determined that the PBV HAP contract should not be renewed. All NCLU households were provided 12-month notices that they would be transitioned to tenant-based vouchers on April 1, 2025. Further, the participants were informed that they would not be required to move and could use the rental assistance in their current units.

However, under the terms of the property's loan agreement, HACSB must receive Freddie Mac approval for non-renewal of the PBV HAP contract. Approval is pending and may take several more months. An extension of the proposed contract for an additional one-year period effective April 1, 2025 through March 31, 2026 is needed to accommodate Freddie Mac's review process.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for the No Child Left Unsheltered Program

RECOMMENDATION(S)

1. Ratify the March 17, 2025 approval of a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026.
2. Ratify the March 17, 2025 authorization to direct the Executive Director to execute and deliver the contract extension to HACSB Sunset Gardens Apartments, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing out resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of the proposed extension to the Project-Based Voucher (PBV) Program Housing Assistance Payments (HAP) Contract will have no direct financial impact to the Housing Authority of the County of San Bernardino's (HACSB) annual budget as the payments coinciding with this contract are included in the Fiscal Year 2025 budget and will be included in the proposed FY 2026 budget. The PBV HAP contract is funded under the Housing Choice Voucher (HCV) program, which is administered by HACSB on behalf of the United States Department of Housing and Urban Development (HUD).

BACKGROUND INFORMATION

On April 1, 2015, HACSB entered into PBV HAP contracts for several properties with the purpose of housing families with children that were homeless under the No Child Left Unsheltered (NCLU) program. The NCLU program was approved by the United States Department of Housing and Urban Development as Activity 23 within the Fiscal Year 2024 Moving to Work Annual Plan. The NCLU program aims to end homelessness of unsheltered families with children in San Bernardino County, with special attention to the education and well-being of the children and overall stabilization of the family. NCLU provides housing assistance administered by HACSB along with

Ratification of the Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for the No Child Left Unsheltered Program
May 13, 2025

supportive services that are provided in-kind through a partnership with the County of San Bernardino's Department of Behavioral Health. Third party research is being conducted by Loma Linda University. The MTW activity specified that up to 40 PBV units would be designated for the NCLU program. 10 HACSB properties, including Sunset Gardens Apartments, were identified and placed under PBV HAP contracts. 20 tenant-based vouchers were later added to the activity.

After evaluating the effectiveness of the program, in 2018 the MTW activity was amended to specify that the 60 NCLU units could be any combination of PBV or tenant-based voucher units. This change was made to address the timing difficulties related to matching program referrals to vacant units. Often a referral was received but no PBV unit was available, or a vacancy would occur but there was no referral to fill it. Additionally, homeless families, who had already experienced significant disruption, were having to move to unfamiliar communities and change schools based on PBV unit availability. As PBV contracts expire, staff are transitioning this program from PBVs to tenant-based to expand housing opportunities for program participants.

The Sunset Gardens Apartments PBV HAP contract is set to expire March 31, 2025. Allowing the contract to expire provides an opportunity to address the challenges identified with the use of PBVs. Thus, staff determined that the PBV HAP contract should not be renewed. All NCLU households were provided 12-month notices that they would be transitioned to tenant-based vouchers on April 1, 2025. Further, the participants were informed that they would not be required to move and could use the rental assistance in their current units.

However, under the terms of the property's loan agreement, HACSB must receive Freddie Mac approval for non-renewal of the PBV HAP contract. Approval is pending and may take several more months. An extension of the proposed contract for an additional one-year period effective April 1, 2025 through March 31, 2026 is needed to accommodate Freddie Mac's review process.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of Agency-wide Financial Statements through December 2024

RECOMMENDATION(S)

Ratify the April 8, 2025 approval and filing of agency-wide financial statements through December 2024.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The Housing Authority of the County of San Bernardino's (HACSB) year-to-date agency-wide net loss through December 2024 for Federal Fiscal Year (FFY) 2024-25 is (\$738,729). This net loss is currently lower than the budgeted net loss of (\$1,156,965) with a variance of \$418,236. A draw from HACSB HUD Held Reserves (HHR) will be used to cover the budgeted loss of \$1.2 million. The actual draw amount will be based on actuals but is estimated to be the budgeted amount of \$1.2 million. Further explanation on HHR is listed in the section below.

The \$418,236 variance between the budgeted and the actual net income is due to the variance of gains and losses to the budget, such as:

- The HCV program received \$3.3 million more in Housing Assistance Payment (HAP) funding from HUD when compared to the budgeted amount. HACSB expects to receive all HAP funds that were awarded, but the actual funds that are received are based on prior months' HAP expenses. This causes a variance between the amount of funding budgeted, and the amount received.
 - An annual reconciliation between the amount of HAP funding received and the amount that should have been received is performed by HUD and HACSB. This reconciliation determines the difference between the authorized funding amount and the actual funding received.
 - If the authorized funding exceeds the amount that HACSB received, the difference is deposited into a restricted HUD Held Reserve (HHR) account which can be used for future eligible expenses, with HUD's approval.
 - If the funds HACSB receives more than the authorized funding amount, a withdrawal is made from HHR.
- Conversely, the HCV program experienced an increase in HAP costs in the amount of \$2 million. This was mainly due to rising rents. Unlike the funding in the HCV program, HAP is not budgeted at a 100% lease rate. It is budgeted based on an estimated lease rate for

the year, estimated available funding per federally approved appropriations, and on approved use of restricted HAP HUD held reserves.

- Physical needs work was \$1.1 million less than budgeted. This amount is reflected in the extraordinary maintenance line on the financial statements and the variance is due to delays in projects due to higher than expected costs and the need to value engineer or rebid said projects.
- The total amount of Other Income revenue is \$1.5 lower than the budgeted \$3.3 million. This is due to a delay in the residual receipts calculation for 2024. We expect that this calculation will be done by the end of the fiscal year.
- Depreciation expenses are not budgeted and amount to \$1.2 million. This is not a cash transaction and is based on the accrual accounting procedures required by GAAP that reduce the value of fixed assets over time. Non-cash transactions like depreciation are important and required as they impact an agency's financial statements, but not its cash flow.

The information provided is based on unaudited information. During the audit process, revenue and expenses are typically adjusted and we expect a material amount of expenses related to the pension and Other Post Employment Benefit (OPEB) plans to be recognized during this process. This will lead to a decrease in the operating net income. The audited financial report will be provided to the Board of Commissioners once the audit process has been completed. The audit process will be completed in late June 2025 for the prior fiscal year which is when the audited financial statements are submitted to HUD.

| Financial Summary | FY 2025 YTD |
|---|--------------------|
| Revenues | \$63,779,939 |
| Expenses | \$(63,359,080) |
| Operating Net Income/(Loss) | \$420,859 |
| Operating Transfers/Non-Operating Items | \$(1,159,588) |
| Net Income/(Loss) | \$(738,729) |

BACKGROUND INFORMATION

HACSB administers multiple housing programs and is the largest provider of affordable housing in the County of San Bernardino. The FFY 2024-25 budget and financial operations continue to support the vision and mission of HACSB and are in line with its Strategic Plan and Moving to Work Annual Plans. Overall, HACSB has demonstrated fiscal stability even through the challenges presented by delays in the federal budget process.

We continue to focus on maintaining the agency's fiscal stability, customer service, innovation, best practices, partnerships that will assist our staff and families, and show a continued passion for our agency's mission.

Based on HUD's guidance to routinely present key information to HACSB's Board of Commissioners, HACSB is presenting the financial statements monthly.

PROCUREMENT

Not applicable.

Ratification of Agency-wide Financial Statements through December 2024
May 13, 2025

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as Collection Loss for the Month of January 2025

RECOMMENDATION(S)

Ratify the April 8, 2025 approval of vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of January 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The accounts receivable loss for the month ending January 31, 2025, is \$73,422.97. The Housing Authority of the County of San Bernardino (HACSB) projects and anticipates collection losses in its annual budget.

BACKGROUND INFORMATION

On a monthly basis, HACSB records vacated tenant accounts for the Authority Owned Portfolio for the purpose of being written off to collection losses. Authority Owned Portfolio units are owned by HACSB and were either acquired or developed through a variety of partnerships with local governments and/or HACSB's non-profit affiliate Housing Partners I, Inc., and include public housing developments converted through the United States Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program.

Despite HACSB's efforts to collect the debts listed in the attached reports, it has been determined that such debts are uncollectible. As part of HACSB's standard property management business practices, Board of Commissioners approval is requested to write off these accounts as accounts receivable losses to the Authority Owned Portfolio. Losses during this time period (January 1 – January 31, 2025) are primarily for voluntary move-outs and evictions. The total write-off for the month of January 2025 is \$73,422.97, as delineated in the following table. Attached is a worksheet that itemizes the individual accounts.

Ratification of Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as
Collection Loss for the Month of January 2025
May 13, 2025

SUMMARY FOR HACSB- Authority Owned Properties

| PROPERTY | NO. VACATED | TOTAL |
|-----------------------------|--------------------|--------------|
| 481130- Maplewood | 1 | 258.00 |
| 481172- Bighorn | 1 | 7,721.00 |
| 481174- Yosemite | 1 | 7,911.00 |
| 402 - Summit Place | 1 | 303.00 |
| 403 - Summit Walk | 1 | 14,758.00 |
| 407 - Sunset Pointe | 2 | 810.00 |
| 408 - Sunrise Vista | 4 | 17,896.65 |
| 409 - Andalusia | 2 | 9,146.78 |
| 416 - Arrowhead | 4 | 3,314.00 |
| 428 - Charlemagne | 0 | - |
| 437 - Sunset Gardens | 0 | - |
| 467 - Hillcrest | 1 | 793.81 |
| 490 - Northport | 0 | - |
| Concessions Write Off | | - |
| TOTAL RENT WRITE OFF | 18 | 62,912.24 |
| Miscellaneous Charges | | 2,316.37 |
| Maintenance Charges | | 9,519.36 |
| Legal Charges | | 8,840.00 |
| Security Deposits Applied | | (10,165.00) |
| NET TOTAL WRITE OFF | | 73,422.97 |

Ratification of Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as
Collection Loss for the Month of January 2025
May 13, 2025

PROCUREMENT

Not applicable

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification of Delinquent Landlord Accounts for the Housing Services Programs to be Written Off as Collection Loss.

RECOMMENDATION(S)

Ratify the April 8, 2025 approval of delinquent landlord accounts for the Housing Services Programs to be written off as collection losses.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The write-off of these accounts receivable is \$56,123.00. Each year, the Housing Authority budgets for these types of write-offs as a provision for bad debt.

BACKGROUND INFORMATION

The Housing Authority of the County of San Bernardino maintains collections efforts with landlords. The landlord collections are typically due to Housing Assistance Payments being paid after an assisted tenant vacated the premises without notice. When a landlord leaves program participation owing money to the agency, the department continues collection efforts. Collection efforts include attempting to recoup outstanding debt from other tenant accounts when the debt is not paid in full after 30 days. In the event there are no other tenant accounts to recover the debt from, the landlord will be disqualified from participating in the Housing Choice Voucher program until the debt is fully satisfied. If collection efforts fail, the debt is referred to the collection agency.

All the debts listed are from former landlords where the Housing Authority's efforts to collect the remaining balances were unsuccessful. The total amount does not include former landlord account balances that the Housing Authority is currently working to collect. The total write-off for landlords is \$56,123.00. These landlord debts span several previous years as we are conducting a cleanup process of removing landlord debts owed to HACSB. The dates of the debts may vary for this reason. This is part of a new recurring process to address and resolve outstanding landlord debts. These accounts will be referred to a collection agency for further action. Attached is a report that itemizes the individual accounts.

PROCUREMENT

Not applicable

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Ratification and Approval of Corrected Meeting Minutes for the Special Meeting Held on March 17, 2025

RECOMMENDATION(S)

1. Approve the corrected meeting minutes for the special meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on March 17, 2025.
2. Ratify the April 8, 2025 approval of the meeting minutes for the special meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on March 17, 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

Approval of this item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there are no financial impacts associated with this item.

BACKGROUND INFORMATION

The HACSB Board of Commissioners (Board) Special Meeting took place on March 17, 2025, and attached are the corrected meeting minutes for review and recommended approval by the Board. The meeting minutes were corrected to remove references to votes and participation by Sid Jain, who, as a result of a clerical error, had not been properly appointed as a board member of the Housing Authority.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
March 17, 2025**

**These meeting minutes have been revised. Items #11, 12, and 13 will be reconsidered at the
May Board of Commissioners meeting.**

The Board of Commissioners of the Housing Authority of the County of San Bernardino met for a special meeting at the Administration Office, at 715 East Brier Drive, San Bernardino, California at 3:06 p.m. on March 17, 2025.

Details of the meeting discussion can be obtained through the recording of the Board of Commissioners meeting through a Public Records Request submitted in person or through the HACSB website: <https://hacsb.com/public-records-request/>

1) Call to Order and Roll Call

The meeting was called to order, and upon roll call, the following were present:

Chair-Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Thomas
Commissioner Johnson

Also in attendance were Maria Razo, Executive Director; Kristin Maithonis, Director of Housing Services; Nicole Beydler, Director of Policy and Communications; Jesse Diaz, Director of Business Services; Jennifer Dawson, Director of Administrative Services; Lucy Leslie, Director of Housing Communities; Angie Lardapide, Procurement and Contracts Supervisor; John Moore, Director of Development; Renee Kangas, Sr. Management Analyst; Armando Salazar, Management Analyst; Eduardo Martinez, Asset Management Supervisor and Rebekah Castellanos, Talent Acquisition Specialist.

Also present, was Fred Galante, Legal Counsel to the Housing Authority.

2) Additions or Deletions to the Agenda

Chair Cooper called for additions or deletions to the March 17, 2025, agenda. The Executive Director requested for item #8 to be tabled to the next board meeting because the attachments were missing from the board packet.

3) General Public Comment

Chair Cooper provided an opportunity for members of the public to address the Board of Commissioners. There were none.

4) Introduction and welcome of new board member

Item not included in minutes as appointment of new board member was not properly effected.

5) Executive Director's Report

The Executive Director's Report was requested.

Executive Director provided the Executive Director's Report.

Discussion amongst the Board of Commissioners took place regarding the Executive Director's Report for March 17, 2025.

6) Board Building Presentation for March 17, 2025

Discussion calendar item number 6, to receive the board building presentation for March 17, 2025, a recap of the Housing Authority of the County of San Bernardino's legislative Capitol Hill visits, was requested

Executive Director explained the item.

Director of Policy and Communications, Nicole Beydler, further explained the item and presented the board building presentation.

Discussion amongst the Board of Commissioners took place regarding the discussion calendar item number 6.

7) Revision of the Administrative Plan Governing the Housing Authority of the County of San Bernardino's Rental Assistance Programs

Discussion calendar item number 7, to adopt Resolution No. 207 approving revisions to the Administrative Plan governing the Housing Authority of the County of San Bernardino's rental assistance programs, was requested.

Executive Director explained the item.

Commissioner Miller moved to approve discussion calendar item number 7, as recommended by staff and Commissioner Johnson seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Commissioner Johnson

Nays

8) Revisions to the Admissions and Continued Occupancy Policy of the Housing Authority of the County of San Bernardino

Discussion calendar item number 8, to adopt Resolution No. 208 approving revisions to the Admissions and Continued Occupancy Policy governing the Housing Authority of the County of San Bernardino, to approve any non-substantive revisions necessary to complete the transaction, was requested.

Due to the absence of the attachment, which was not included in the board packet provided to the team, this item was tabled. The matter will be addressed at the next prescheduled Board of Commissioners meeting.

9) Collection Losses for Delinquent Accounts of Housing Services Programs for the month of December 2024

Discussion calendar item number 9, to approve the write-off of delinquent accounts for the Housing Services Program as collection losses for the month of December 2024, was requested.

Discussion amongst the Board of Commissioners took place regarding the discussion calendar item number 9.

Commissioner Miller moved to approve discussion calendar item number 9, as recommended by staff and Commissioner MacDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

| <u>Ayes</u> | <u>Nays</u> | <u>Abstained</u> |
|----------------------|-------------|------------------|
| Chair-Cooper | | |
| Vice-Chair MacDuff | | |
| Commissioner Miller | | |
| Commissioner Thomas | | |
| Commissioner Johnson | | |

10) Appropriations Increase for Temporary Employment Services – Maintenance

Discussion calendar item number 10, to 1) Approve an increase in appropriations, effective March 18, 2025, for temporary employment services – maintenance in the amount of \$200,000 for an overall amount not to exceed \$600,000, 2) Approve Amendment No. 1 to Contract No. PC1314, effective March 18, 2025, for temporary employment services – maintenance with AtWork Personnel Services and HB Staffing to exercise the first option year through June 30, 2026 was requested.

Commissioner Johnson moved to approve discussion calendar item number 10, as recommended by staff and Commissioner Thomas seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

| <u>Ayes</u> | <u>Nays</u> | <u>Abstained</u> |
|----------------------|-------------|------------------|
| Chair-Cooper | | |
| Vice-Chair MacDuff | | |
| Commissioner Miller | | |
| Commissioner Thomas | | |
| Commissioner Johnson | | |

11) Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for No Child Left Unsheltered Program

Discussion calendar item number 11, to 1) Approve a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Andalusia Apartments, LLC for nine No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026, 2) Authorize and direct the Executive Director to execute and deliver the contract extension to HACSB Andalusia Apartments, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction, was requested.

The matter will be re-considered as the voting was not properly effected.

12) Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for the No Child Left Unsheltered Program

Discussion calendar item number 12, to 1) Approve a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Hampton Court, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026, 2) Authorize and direct the Executive Director to execute and deliver the contract extension to HACSB Hampton Court, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction, was requested.

The matter will be re-considered as the voting was not properly effected.

13) Extension of Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for the No Child Left Unsheltered Program

Discussion calendar item number 13, to 1) Approve a contract extension of the Project-Based Voucher Program Housing Assistance Payments Contract with HACSB Sunset Gardens Apartments, LLC for four No Child Left Unsheltered Program units, for an additional one-year period from April 1, 2025 through March 31, 2026, 2) Authorize and direct the Executive Director to execute and deliver the contract extension to HACSB Sunset Gardens Apartments, LLC, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction, was requested.

The matter will be re-considered as the voting was not properly effected.

14) Contract for Fuel and Fleet Maintenance of Agency Vehicles with San Bernardino County Fleet Management Department

Discussion calendar item number 14, to 1) Approve Contract PC1393, effective April 29, 2025, with San Bernardino County's Fleet Management Department in an amount not to exceed \$495,000, for a three-year base period through April 29, 2028, with options to extend the contract for up to two single-year extensions through April 29, 2030, 2) Authorize and direct the Executive Director to execute and deliver any related documents, and upon consultation with Legal Counsel, to approve any non-substantive revisions necessary to complete the transaction, was requested.

Commissioner Johnson moved to approve discussion calendar item number 14, as recommended by staff and Commissioner Miller seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Commissioner Johnson

Nays

15, 16, and 17) Consent Calendar

Approval of the consent calendar including agenda item numbers 15-17 was requested.

Commissioner Johnson moved to approve consent calendar agenda item numbers 15-17, 15) Approve the meeting minutes for the special meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on February 18, 2025.

16) Approve and file Agency-wide Financial Statements through November 2024.

17) Approve vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of December 2024.

The motion was duly seconded by Commissioner Miller.

Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Commissioner Johnson

Nays

Chair Cooper provided an opportunity for individual board member comments. There were none.

Minutes of the Special Meeting of the Board of Commissioners of the Housing Authority of the
County of San Bernardino for March 17, 2025

Page 6

There being no other business, Commissioner Miller moved for the annual meeting of Monday, March 17, 2025, to be adjourned, and which motion was duly seconded by Commissioner Thomas. There being no objection to the call for adjournment, the meeting was adjourned by unanimous consent at 4:41 p.m.

Beau Cooper, Chair

Cassie MacDuff, Vice Chair

Tim Johnson

Sylvia Miller

Michael Thomas

Attest:

Secretary

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Corrected Meeting Minutes for the Regular Meeting Held on April 8, 2025

RECOMMENDATION(S)

Approve the corrected meeting minutes for the regular meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on April 8, 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

Approval of this item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there are no financial impacts associated with this item.

BACKGROUND INFORMATION

The HACSB Board of Commissioners (Board) Regular Meeting took place on April 8, 2025, and attached are the corrected meeting minutes for review and recommended approval by the Board. The meeting minutes were corrected to remove references to votes and participation by Sid Jain, who, as a result of a clerical error, had not been properly appointed as a board member of the Housing Authority.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 30, 2025.

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
April 8, 2025**

These meeting minutes have been revised. Items #9, 10, 11, and 12 will be reconsidered at the May Board of Commissioners meeting.

The Board of Commissioners of the Housing Authority of the County of San Bernardino met for a regular meeting at the Administration Office, at 715 East Brier Drive, San Bernardino, California at 3:01 p.m. on April 8, 2025.

Details of the meeting discussion can be obtained through the recording of the Board of Commissioners meeting through a Public Records Request submitted in person or through the HACSB website: <https://hacsb.com/public-records-request/>

1) Call to Order and Roll Call

The meeting was called to order, and upon roll call, the following were present:

Chair-Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Thomas

Also in attendance were Maria Razo, Executive Director; Rishad Mitha, Deputy Executive Director; Kristin Maithonis, Director of Housing Services; Nicole Beydler, Director of Policy and Communications; Jesse Diaz, Director of Business Services; Jennifer Dawson, Director of Administrative Services; Lucy Leslie, Director of Housing Communities; Angie Lardapide, Procurement and Contracts Supervisor; John Moore, Director of Development; Christine Guevara, Homeownership Specialist; Renee Kangas, Sr. Management Analyst; Armando Salazar, Management Analyst; Shamira Shirley, Management Analyst and Claudia Hurtado, Executive Assistant.

Also present, was Fred Galante, Legal Counsel to the Housing Authority.

Commissioner Johnson was reported as absent.

2) Additions or Deletions to the Agenda

Chair Cooper called for additions or deletions to the April 8, 2025, agenda. There were none.

3) General Public Comment

Chair Cooper provided an opportunity for members of the public to address the Board of Commissioners. There were none.

4) Executive Director's Report

The Executive Director's Report was requested.

Executive Director provided the Executive Director's Report. Discussion amongst the Board of Commissioners took place regarding the Executive Director's Report for April 8, 2025.

5) Board Building Presentation for April 8, 2025

Discussion calendar item number 5, to receive the board building presentation for April 8, 2025, an update of the Housing Authority of the County of San Bernardino's Development projects, was requested

Executive Director explained the item.

Deputy Executive Director, Rishad Mitha and Director of Development, John Moore, presented the board building presentation.

Discussion amongst the Board of Commissioners took place regarding the discussion calendar item number 5.

6) Revision to the Admissions and Continued Occupancy Policy of the Housing Authority of the County of San Bernardino

Discussion calendar item number 6, to adopt Resolution No. 208 approving revisions to the Admissions and Continued Occupancy Policy governing the Housing Authority of the County of San Bernardino's Public Housing program, was requested.

Executive Director explained the item.

Commissioner Miller moved to approve discussion calendar item number 6, as recommended by staff and Commissioner MacDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Nays

7) Policy for the sale of single-family homes within the ownership structure of Housing Authority of the County of San Bernardino

Discussion calendar item number 7, to adopt Resolution No. 209 approving the policy for the sale of single-family homes within the ownership structure of Housing Authority of the County of San Bernardino, was requested.

Executive Director explained the item.

Discussion amongst the Board of Commissioners took place regarding the discussion calendar item number 7.

Commissioner Miller moved to approve discussion calendar item number 7, as recommended by staff and Commissioner MacDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Nays

8) Long-Term Lease Agreement for Sterling Apartments located at 3164 North Sterling Ave, San Bernardino, CA

Discussion calendar item number 8, to retroactively authorize the Executive Director to execute the lease agreement for Sterling Apartments with Sterling HACSB, LLC., was requested.

Commissioner Miller moved to approve discussion calendar item number 8, as recommended by staff and Commissioner MacDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

Nays

Abstained

9, 10, 11 and 12) Consent Calendar

Approval of the consent calendar including agenda item numbers 9-12 was requested.

The matter will be re-considered as the voting was not properly effected.

13) Closed Session Item

General Counsel Fred Galante announced that the board was convening in closed session to discuss the closed session item as described in the closed session portion of the agenda and copied below.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to Paragraph (4) of subdivision (d) of Government Code Section 54956.9.

Number of Cases: One Case

Following the closed session board item number 13, General Counsel Fred Galante reported that the board members held a closed session to discuss the item listed on the agenda, and received an update, directed the initiation of legal action against the responsible parties, as necessary, to enforce the Homekey Standard Agreement dated November 18, 2020.

Commissioner Cooper moved to approve closed session item number 13, as recommended by staff and Commissioner MacDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Nays

Abstained

Chair-Cooper

Vice-Chair MacDuff

Commissioner Miller

Commissioner Thomas

14) Closed Session Item

CONFERENCE WITH LABOR NEGOTIATOR

Pursuant to Government Code Section 54957.6

Agency designated representatives: Jennifer Dawson, Director of Administrative Services

Employee Organization: Teamsters Local 1932

Following closed session board item number 14, General Counsel Fred Galante reported that the board members held a closed session to discuss the item listed on the agenda, and the board unanimously provided direction to staff, with no further reportable action.

Chair Cooper provided an opportunity for individual board member comments. There were none.

There being no other business, Commissioner MacDuff moved for the regular meeting of Tuesday, April 8, 2025, to be adjourned, and which motion was duly seconded by Commissioner Miller. There being no objection to the call for adjournment, the meeting was adjourned by unanimous consent at 5:58 p.m.

Beau Cooper, Chair

Cassie MacDuff, Vice Chair

Tim Johnson

Sylvia Miller

Michael Thomas

Attest:

Secretary

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Agency-Wide Financial Statements Through January 2025

RECOMMENDATION(S)

Approve and file agency-wide financial statements through January 2025.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The Housing Authority of the County of San Bernardino's (HACSB) year-to-date agency-wide net loss through January 2025 for Federal Fiscal Year (FFY) 2024-25 is (\$681,838). This net loss is currently lower than the budgeted net loss of (\$1,673,049) with a variance of \$991,211. A draw from HACSB HUD Held Reserves (HHR) will be used to cover the budgeted loss of \$1.7 million. Further explanation on HHR is listed in the section below.

The \$991,211 variance between the budgeted and the actual net income is due to the variance of gains and losses to the budget, such as:

- The HCV program received \$4 million more in Housing Assistance Payment (HAP) funding from HUD when compared to the budgeted amount. HACSB expects to receive all HAP funds that were awarded, but the actual funds that are received are based on prior months' HAP expenses. This causes a variance between the amount of funding budgeted, and the amount received.
 - An annual reconciliation between the amount of HAP funding received and the amount that should have been received is performed by HUD and HACSB. This reconciliation determines the difference between the authorized funding amount and the actual funding received.
 - If the authorized funding exceeds the amount that HACSB received, the difference is deposited into a restricted HUD Held Reserve (HHR) account which can be used for future eligible expenses, with HUD's approval.
 - If the funds HACSB receives are more than the authorized funding amount, a withdrawal is made from HHR.
- Conversely, the HCV program experienced an increase in HAP costs in the amount of \$2.4 million. This was mainly due to rising rents. Unlike the funding in the HCV program, HAP is not budgeted at a 100% lease rate. It is budgeted based on an estimated lease rate for the year, estimated available funding per federally approved appropriations, and on approved use of restricted HAP HUD held reserves.

- Physical needs work was \$1.4 million less than budgeted. This amount is reflected in the extraordinary maintenance line on the financial statements and the variance is due to delays in projects due to higher-than-expected costs and the need to value engineer or rebid said projects.
- The total amount of Other Income revenue is \$1.5 lower than the budgeted \$3.9 million. This is due to a delay in the residual receipts calculation for 2024. We expect that this calculation will be done by the end of the fiscal year.
- Depreciation expenses are not budgeted and amount to \$1.6 million. This is not a cash transaction and is based on the accrual accounting procedures required by GAAP that reduce the value of fixed assets over time. Non-cash transactions like depreciation are important and required as they impact an agency's financial statements, but not its cash flow.

The information provided is based on unaudited information. During the audit process, revenue and expenses are typically adjusted and we expect a material amount of expenses related to the pension and Other Post Employment Benefit (OPEB) plans to be recognized during this process. This will lead to a decrease in the operating net income. The audited financial report will be provided to the Board of Commissioners once the audit process has been completed. The audit process will be completed in late June 2025 for the prior fiscal year which is when the audited financial statements are submitted to HUD.

| Financial Summary | FY 2025 YTD |
|---|--------------------|
| Revenues | \$85,051,724 |
| Expenses | \$(84,159,894) |
| Operating Net Income/(Loss) | \$891,840 |
| Operating Transfers/Non-Operating Items | \$(1,573,678) |
| Net Income/(Loss) | \$(681,838) |

BACKGROUND INFORMATION

HACSB administers multiple housing programs and is the largest provider of affordable housing in the County of San Bernardino. The FFY 2024-25 budget and financial operations continue to support the vision and mission of HACSB and are in line with its Strategic Plan and Moving to Work Annual Plans. Overall, HACSB has demonstrated fiscal stability even through the challenges presented by delays in the federal budget process.

We continue to focus on maintaining the agency's fiscal stability, customer service, innovation, best practices, partnerships that will assist our staff and families, and show a continued passion for our agency's mission.

Based on HUD's guidance to routinely present key information to HACSB's Board of Commissioners, HACSB is presenting the financial statements monthly.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 19, 2025.

HACSB Budget Comparison

Period = Oct 2024-Jan 2025

| | YTD Actual | YTD Budget | Variance | % Var | Annual |
|--|----------------|-------------------|------------------|---------------|-------------------|
| INCOME | | | | | |
| TENANT INCOME | | | | | |
| Total Rental Income | 12,055,937 | 11,249,594 | 806,342 | 7.17 | 33,745,895 |
| Total Other Tenant Income | 272,775 | 199,171 | 73,603 | 36.95 | 595,147 |
| NET TENANT INCOME | 12,328,711 | 11,448,766 | 879,946 | 7.69 | 34,341,043 |
| GRANT INCOME | | | | | |
| TOTAL GRANT INCOME | 70,376,580 | 65,637,060 | 4,739,520 | 7.22 | 196,976,041 |
| OTHER INCOME | | | | | |
| TOTAL OTHER INCOME | 2,346,432 | 3,889,176 | -1,542,744 | -39.67 | 9,007,913 |
| TOTAL INCOME | 85,051,724 | 80,975,002 | 4,076,722 | 5.03 | 240,324,996 |
| EXPENSES | | | | | |
| GRANT EXPENSES | | | | | |
| TOTAL GRANT EXPENSES | 4,003,791 | 3,326,660 | -677,131 | -20.35 | 10,044,842 |
| ADMINISTRATIVE | | | | | |
| Total Administrative Salaries | 5,598,826 | 5,972,917 | 374,090 | 6.26 | 18,659,130 |
| Total Legal Expense | 175,112 | 216,250 | 41,138 | 19.02 | 648,657 |
| Total Other Admin Expenses | 2,405,860 | 2,854,531 | 448,671 | 15.72 | 8,444,201 |
| Total Miscellaneous Admin Expenses | 1,261,467 | 1,211,554 | -49,914 | -4.12 | 3,097,127 |
| TOTAL ADMINISTRATIVE EXPENSES | 9,441,266 | 10,255,251 | 813,985 | 7.94 | 30,849,115 |
| TENANT SERVICES | | | | | |
| TOTAL TENANT SERVICES EXPENSES | 23,726 | 63,314 | 39,588 | 62.53 | 179,867 |
| UTILITIES | | | | | |
| TOTAL UTILITY EXPENSES | 1,517,912 | 1,609,399 | 91,487 | 5.68 | 4,839,943 |
| MAINTENANCE AND OPERATIONS | | | | | |
| Total General Maint Expense | 1,433,667 | 1,292,146 | -141,520 | -10.95 | 3,982,483 |
| Total Materials | 487,850 | 385,101 | -102,749 | -26.68 | 1,152,934 |
| Total Contract Costs | 1,816,213 | 1,521,599 | -294,614 | -19.36 | 4,558,556 |
| TOTAL MAINTENANCE EXPENSES | 3,737,729 | 3,198,847 | -538,882 | -16.85 | 9,693,972 |
| GENERAL EXPENSES | | | | | |
| TOTAL GENERAL EXPENSES | 1,091,019 | 847,421 | -243,598 | -28.75 | 2,394,281 |
| EXTRAORDINARY MAINTENANCE EXPENSES | | | | | |
| TOTAL EXTRAORDINARY MAINTENANCE EXPENSES | 1,181,625 | 2,601,999 | 1,420,374 | 54.59 | 6,583,396 |
| HOUSING ASSISTANCE PAYMENTS | | | | | |
| TOTAL HOUSING ASSISTANCE PAYMENTS | 62,470,892 | 60,052,002 | -2,418,890 | -4.03 | 180,156,007 |
| FINANCING EXPENSE | | | | | |
| TOTAL FINANCING EXPENSES | 691,924 | 693,157 | 1,233 | 0.18 | 2,087,990 |
| TOTAL OPERATING EXPENSES | 84,159,884 | 82,648,051 | -1,511,833 | -1.83 | 246,829,414 |
| OPERATING NET INCOME | 891,840 | -1,673,049 | 2,564,889 | 153.31 | -6,504,418 |
| NET OPERATING TRANSFER IN/OUT | 0 | 0 | 0 | N/A | 0 |
| NON-OPERATING ITEMS | | | | | |
| TOTAL NON-OPERATING ITEMS | 1,573,678 | 0 | -1,573,678 | N/A | 0 |
| NET INCOME | -681,838 | -1,673,049 | 991,211 | 59.25 | -6,504,418 |

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as Collection Loss for the Month of February 2025

RECOMMENDATION(S)

Approve vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of February 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The accounts receivable loss for the month ending February 28, 2025, is \$57,329.94. The Housing Authority of the County of San Bernardino (HACSB) projects and anticipates collection losses in its annual budget.

BACKGROUND INFORMATION

On a monthly basis, HACSB records vacated tenant accounts for the Authority Owned Portfolio for the purpose of being written off to collection losses. Authority Owned Portfolio units are owned by HACSB and were either acquired or developed through a variety of partnerships with local governments and/or HACSB's non-profit affiliate Housing Partners I, Inc., and include public housing developments converted through the United States Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program.

Despite HACSB's efforts to collect the debts listed in the attached reports, it has been determined that such debts are uncollectible. As part of HACSB's standard property management business practices, Board of Commissioners approval is requested to write off these accounts as accounts receivable losses to the Authority Owned Portfolio. Losses during this time period (February 1 – February 28, 2025) are primarily for voluntary move-outs and evictions. The total write-off for the month of February 2025 is \$57,329.94, as delineated in the following table. Attached is a worksheet that itemizes the individual accounts.

Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as Collection Loss
for the Month of February 2025
May 13, 2025

SUMMARY FOR HACSB- Authority Owned Properties

| PROPERTY | NO. VACATED | TOTAL |
|-----------------------------|--------------------|------------------|
| 481130 - Maplewood | 3 | 5,433.00 |
| 481161 - Colton | 1 | 6,107.00 |
| 407 - Sunset Pointe | 1 | 1,535.00 |
| 408 - Sunrise Vista | 5 | 9,494.98 |
| 409 - Andalusia | 3 | 6,564.00 |
| 414 - Redwood | 1 | (24.00) |
| 417 - Yucca | 1 | 291.00 |
| 437 - Sunset Gardens | 1 | 7,262.00 |
| 467 - Hillcrest | 1 | 2,403.00 |
| Concessions Write Off | 0 | - |
| TOTAL RENT WRITE OFF | 17 | 39,065.98 |
| Miscellaneous Charges | | 2,800.90 |
| Maintenance Charges | | 14,867.88 |
| Legal Charges | | 14,054.18 |
| Security Deposits Applied | | (13,459.00) |
| NET TOTAL WRITE OFF | | 57,329.94 |

PROCUREMENT

Not applicable

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 18, 2025.

Housing Authority County of San Bernardino

COLLECTION WRITE-OFFS - Authority Owned Portfolio

Month End: 02/28/25

| Item # | Last Name | First Name | ID No. | REASON | MONTHLY RENT | UNPAID RENT (*) | CONC. REVERSAL | UNPAID MISC (*) | MAINT. FEES | LEGAL FEES | TOTAL OWED | LESS DEPOSIT | NET DUE |
|---------------------------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 481130 - Maplewood | | | | | | | | | | | | | |
| 1 | R | M | | T | 468.00 | 93.00 | | | 657.93 | - | 750.93 | 500.00 | 250.93 |
| 2 | H | O | | E | 1,001.00 | 400.00 | | 50.00 | 557.93 | 600.00 | 1,607.93 | 723.00 | 884.93 |
| 3 | S | S | | E | 515.00 | 4,940.00 | | | 824.85 | 1,019.35 | 6,784.20 | 1,045.00 | 5,739.20 |
| 4 | | | | | | | | | | | | | |
| TOTALS: | | | | | | 5,433.00 | - | 50.00 | 2,040.71 | 1,619.35 | 9,143.06 | 2,268.00 | 6,875.06 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | Vacate Date | | |
| 1 | 60-day notice | 12/11/24 | Posted | N/A | N/A | N/A | | N/A | N/A | | 02/06/25 | | |
| 2 | 60-day notice | 12/05/24 | Posted | 02/11/25 | N/A | N/A | | N/A | N/A | | 02/12/25 | | |
| 3 | Notice to pay or quit | 05/07/24 | Posted | 07/17/24 | 08/20/24 | Yes | | N/A | 02/12/25 | | 02/12/25 | | |
| 4 | | | | | | | | | | | | | |

| 481161 - Colton | | | | | | | | | | | | | |
|------------------------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|-----------------|-----------------|------------------|-----------------|-----------------|
| 1 | O | J | | E | \$541 | 6,107.00 | | | 3,361.00 | 1,384.83 | 10,852.83 | 1,000.00 | 9,852.83 |
| 2 | | | | | | | | | | | | | |
| TOTALS: | | | | | | 6,107.00 | - | - | 3,361.00 | 1,384.83 | 10,852.83 | 1,000.00 | 9,852.83 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | Vacate Date | | |
| 1 | Notice to pay or quit | 04/08/24 | Posted | 05/15/24 | 07/25/24 | N | | n/a | 01/29/25 | | 01/29/25 | | |
| 2 | | | | | | | | | | | | | |

| 407 - Sunset Pointe | | | | | | | | | | | | | |
|----------------------------|------------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|-----------------|-----------------|-----------------|---------------|-----------------|
| 1 | B | C | | | | | | | (1,277.45) | | (1,277.45) | | (1,277.45) |
| 2 | A | N | | E | 1,100.00 | 1,535.00 | | | 3,041.00 | 1,500.00 | 6,076.00 | 300.00 | 5,776.00 |
| TOTALS: | | | | | | 1,535.00 | - | - | 1,763.55 | 1,500.00 | 4,798.55 | 300.00 | 4,498.55 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | Vacate Date | | |
| 1 | Collection on bad debt | | | | | | | | | | | | |
| 2 | Notice to pay or quit | 09/11/24 | Posted | 08/30/24 | 09/16/24 | Y | | 12/19/24 | 02/11/25 | | 02/11/25 | | |

*Reasons: E=Eviction S=Skip V=Voluntary T=Terminated Tenancy **Unpaid Misc.: D=Deceased Stipulated agreements for rent, maintenance charges, late charges, etc.

Housing Authority County of San Bernardino

COLLECTION WRITE-OFFS - Authority Owned Portfolio

Month End: 02/28/25

| 408 - Sunrise Vista | | | | | | | | | | | | | |
|---------------------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|-------------------------------|----------|-----------|-------------|-----------|
| 3 | G | J | | S | 1,050.00 | 245.00 | | 150.00 | 302.00 | | 697.00 | 600.00 | 97.00 |
| 4 | M | C | | E | 1,400.00 | 2,713.06 | | 555.01 | | 1,230.00 | 4,498.07 | 1,000.00 | 3,498.07 |
| 5 | B | B | | E | 941.00 | 4,454.50 | | 75.00 | 445.00 | 1,500.00 | 6,474.50 | 100.00 | 6,374.50 |
| 6 | D | M | | S | 1,400.00 | 940.42 | | 60.42 | 1,592.62 | | 2,593.46 | 600.00 | 1,993.46 |
| 7 | P | M | | E | 1,400.00 | 1,142.00 | | 613.47 | 1,103.00 | 1,500.00 | 4,358.47 | 600.00 | 3,758.47 |
| | | | | | | | - | | | - | - | | - |
| TOTALS: | | | | | 9,494.98 | | - | 1,453.90 | 3,442.62 | 4,230.00 | 18,621.50 | 2,900.00 | 15,721.50 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | | Vacate Date | |
| 3 | Skip | | | | | | | | | | | 02/07/25 | |
| 4 | Notice to pay or quit | 10/11/24 | Posted | 11/05/24 | 12/04/24 | N | | NA | 02/11/25 | | | 02/11/25 | |
| 5 | Notice to pay or quit | 10/11/24 | Posted | 10/11/24 | 11/04/24 | Y | | 12/19/24 | 02/11/25 | | | 02/11/25 | |
| 6 | Skip | | | | | | | | | | | 02/18/25 | |
| 7 | Notice to pay or quit | 12/10/24 | Posted | 01/09/25 | 02/03/25 | N | | NA | turned in keys to avoid court | | | 02/11/25 | |

| 409 - Andalusia | | | | | | | | | | | | | |
|-----------------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|----------------|----------|-------------|----------|----------|
| 8 | J | R | | V | 1,850.00 | (123.00) | | | 2,263.00 | | 2,140.00 | 1,850.00 | 290.00 |
| 9 | M | S | | E | 1,305.00 | 2,850.00 | | 308.00 | 257.00 | 1,090.00 | 4,505.00 | 1,390.00 | 3,115.00 |
| 10 | R | K | | E | 1,795.00 | 3,837.00 | | 150.00 | 177.00 | 1,230.00 | 5,394.00 | 1,795.00 | 3,599.00 |
| TOTALS: | | | | | 6,564.00 | | - | 458.00 | 2,697.00 | 2,320.00 | 12,039.00 | 5,035.00 | 7,004.00 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | Vacate Date | | |
| 8 | | | | | | | | | | | 01/28/25 | | |
| 9 | Notice to pay or quit | 01/06/25 | Posted | 01/24/25 | 01/24/25 | N | | | turned in keys | | 02/10/25 | | |
| 10 | Notice to pay or quit | 01/06/25 | Posted | 01/24/25 | 01/24/25 | N | | | turned in keys | | 02/07/25 | | |

| 414 - Redwood | | | | | | | | | | | | | |
|---------------|----------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|---------------|---|-------------|--------|--------|
| 11 | H | T | | D | 1,650.00 | (24.00) | - | | 1,189.00 | | 1,165.00 | 230.00 | 935.00 |
| | | | | | | | | | | | - | | - |
| TOTALS: | | | | | | (24.00) | - | - | 1,189.00 | - | 1,165.00 | 230.00 | 935.00 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | Vacate Date | | |
| 11 | | | | | | | | | | | 01/27/25 | | |

| 417 - Yucca | | | | | | | | | | | | | |
|-------------|----------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|---|------------|---------------|---|--------|-------------|-------|
| 12 | S | A | | V | 1,246.00 | 291.00 | - | | 249.00 | | 540.00 | 450.00 | 90.00 |
| TOTALS: | | | | | 291.00 | - | - | | 249.00 | - | 540.00 | 450.00 | 90.00 |
| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | | | Vacate Date | |
| 12 | | | | | | | | | | | | 02/07/25 | |

*Reasons: E=Eviction S=Skip V=Voluntary T=Terminated Tenancy **Unpaid Misc.: D=Deceased Stipulated agreements for rent, maintenance charges, late charges, etc.

Housing Authority County of San Bernardino

COLLECTION WRITE-OFFS - Authority Owned Portfolio

Month End: 02/28/25

| 437 - Sunset Gardens | | | | | | | | | | | | | |
|----------------------|---|---|--|---|----------------|-----------------|---|---|-----------------|-----------------|-----------------|---------------|-----------------|
| 13 | S | G | | | | | - | | (200.00) | | (200.00) | | (200.00) |
| 14 | S | D | | | | | | | (500.00) | | (500.00) | | (500.00) |
| 15 | G | N | | E | 1,434.00 | 7,262.00 | - | | 585.00 | 1,500.00 | 9,347.00 | 851.00 | 8,496.00 |
| | | | | | TOTALS: | 7,262.00 | - | - | (115.00) | 1,500.00 | 8,647.00 | 851.00 | 7,796.00 |

| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | Vacate Date |
|--------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|--|------------|---------------|-------------|
| 13 | Payment on Bad Debt | | | | | | | | | |
| 14 | Payment on Bad Debt | | | | | | | | | |
| 15 | 30-day notice to quit | 09/06/24 | Hand | 10/09/24 | 10/09/24 | Y | | 12/03/24 | 01/16/25 | 01/16/25 |

| 467 - Hillcrest | | | | | | | | | | | | | |
|-----------------|---|---|--|---|----------------|-----------------|---|---------------|---------------|-----------------|-----------------|---------------|-----------------|
| 16 | A | T | | E | 801.00 | 2,403.00 | | 839.00 | 240.00 | 1,500.00 | 4,982.00 | 425.00 | 4,557.00 |
| | | | | | TOTALS: | 2,403.00 | - | 839.00 | 240.00 | 1,500.00 | 4,982.00 | 425.00 | 4,557.00 |

| Item # | Type of Notice | Date Notice Served | Posted or Hand Delivered | Date File Sent to Attorney | Date Attorney Filed in Court | Response Filed by Tenant (Y or N) | | Court Date | Lock Out Date | Vacate Date |
|--------|-----------------------|--------------------|--------------------------|----------------------------|------------------------------|-----------------------------------|--|------------|---------------|-------------|
| 16 | Notice to pay or quit | 11/07/24 | Posted | 11/20/24 | 11/27/24 | N | | N/A | 01/30/25 | 01/30/25 |

| | | | | | | | | | | | | | |
|-----------------------------|--|--|--|--|--|------------------|----------|-----------------|------------------|------------------|------------------|------------------|------------------|
| ALL PROPERTY TOTALS: | | | | | | 39,065.98 | - | 2,800.90 | 14,867.88 | 14,054.18 | 70,788.94 | 13,459.00 | 57,329.94 |
|-----------------------------|--|--|--|--|--|------------------|----------|-----------------|------------------|------------------|------------------|------------------|------------------|

Submitted by: _____ Date: _____

Reviewed by: _____ Date: _____

*Reasons: E=Eviction S=Skip V=Voluntary T=Terminated Tenancy **Unpaid Misc.: D=Deceased Stipulated agreements for rent, maintenance charges, late charges, etc.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

May 13, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Collection Losses for Delinquent Accounts of Housing Services Programs through the month of March 2025.

RECOMMENDATION(S)

Approve the write-off of delinquent accounts for the Housing Services Programs as collection losses for the month of March 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The write-off of these accounts receivable for March 2025 is \$3,113.00. Each year, the Housing Authority budgets for these types of write-offs as a provision for bad debt.

BACKGROUND INFORMATION

The Housing Authority of the County of San Bernardino (HACSB or Housing Authority) maintains repayment agreements with participating tenants and conducts collections efforts with landlords. The tenant repayment agreements are the result of unreported income or unauthorized household members, and the landlord collections are typically due to Housing Assistance Payments being paid after an assisted tenant vacated the premises without notice. When a tenant or landlord leaves program participation owing money to HACSB, the Housing Authority continues collection efforts. If collection efforts fail, the debt is referred to the collection agency, and tenant debts are reported to the U.S. Department of Housing and Urban Development's (HUD's) debts owed system. Housing authorities have access to HUD's debts owed system to identify applicants who owe money to other housing authorities. Repayment of the debt is a condition of re-admission to the program.

As a part of the collection process, Board of Commissioners (Board) approval is needed prior to submitting delinquent accounts to the collection agency on an as needed basis. This is consistent with the procedures followed for vacated tenant accounts for the Authority Owned Portfolio.

All the debts listed are from former program participants where the Housing Authority's efforts to collect the remaining balances were unsuccessful. The total write-off for tenant participants as of March 2025 is \$3,113.00. This figure represents past tenants who entered into repayment agreements but whose balances remain uncollected. These accounts will be referred to a collection agency for further action. Attached is a report that itemizes the individual accounts.

PROCUREMENT

Not applicable

Collection Losses for Delinquent Accounts of Housing Services Programs for the month of
March 2025
May 13, 2025

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on April 18, 2025.

Housing Authority of the County of San Bernardino
COLLECTION WRITE-OFFS: HOUSING SERVICES PROGRAMS

Former Program Participants

| Program | Tenant Code | Last Name | First Name | TPA# | Start Month | Total Repayment Amount | Total Amount Received | Total Remaining | Status | Delinquency Date | Tenant Status |
|----------------------|-------------|-----------|------------|------|-------------|------------------------|-----------------------|-----------------|------------|------------------|---------------|
| 310300 - MTW Program | | | | | | | | | | | |
| 310300 | | A | C | 570 | Apr-18 | \$ 3,747.00 | \$ 2,340.00 | \$ 1,407.00 | Delinquent | 12/2019 | Past |
| 310300 | | B | T | 669 | Sep-18 | \$ 3,046.00 | \$ 1,340.00 | \$ 1,706.00 | Delinquent | 12/2019 | Past |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| TOTAL: | | | | | | \$ 6,793.00 | \$ 3,680.00 | \$ 3,113.00 | | | |