

FACILITIES LEASE AND OPERATING AGREEMENT  
FOR THE  
LAST CHANCE MERCANTILE

THIS FACILITIES LEASE AND OPERATING AGREEMENT (the "Agreement") is made and entered into on June \_\_\_\_, 2021, by and between the MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT, a public entity duly organized pursuant to the provisions of California Health and Safety Code §§4170 *et seq.*, (the "District"), and the VETERANS TRANSITION CENTER OF MONTEREY COUNTY, a California non-profit corporation, (the "VTC"), as follows:

**Recitals**

This Agreement is entered into with reference to the following facts and circumstances, which are hereby found and determined by the parties:

- A. The District owns and operates under a Use Permit from the County of Monterey a one hundred twenty-five (125) acre Class III sanitary landfill for the disposal of municipal solid waste and other acceptable waste streams. A portion of the landfill site has included, since 1996, a facility known as the Last Chance Mercantile ("LCM"), a re-use retail store on behalf of the District's mission of "Turning Waste into Resources."
- B. The VTC is a 501c3 non-profit corporation which since 1996 has operated on the former Ft Ord complex to provide homeless veterans and their families with food, clothing, case management, life skills, substance abuse counseling, benefit enrollment, medical referrals, employment training, and housing, all in furtherance of its mission "to empower Veterans to transition from crisis to self-sufficiency."
- C. A primary purpose and intent of the District and VTC in entering into this Agreement is to facilitate their joint implementation for the use of the District's facilities and reusable materials donated to and/or salvaged by the District, and certain operating commitments to accomplish the expectations of both parties regarding key elements of the LCM operations
- D. As a lease of an existing public facility this Agreement is categorically exempt from the California Environmental Quality Act ("CEQA") in accordance with CEQA Categorical Exemptions 15301.
- E. It is mutually agreed by the parties hereto that this Agreement is based upon and subject to the following terms, covenants, conditions and provisions, and the VTC covenants, as a material part of the consideration of this Agreement, to keep, perform and comply with each and all of said terms, covenants, conditions and provisions to

be kept, performed and complied with, and this Agreement is made and entered into upon the condition of such performance and compliance.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises hereinafter set forth, District and VTC agree to the following terms and conditions:

## **Terms and Conditions**

### **ARTICLE I. PREMISES AND TERM**

1.02 Leased Premises. District, for and in consideration of the covenants and conditions herein contained to be kept, performed and observed by the VTC, does hereby lease to the VTC, and VTC does hereby lease and accept from the District, a parcel of improved real property, hereinafter referred to as either the "Premises," the "LCM" or the "LCM Facility," consisting of the approximately 6,000 square-foot LCM building and an adjacent paved two-acre yard and 68 customer parking spaces (including two handicap spaces).

1.03 Term. The term of this Agreement shall be four (4) years, commencing on the date first written above. This Agreement may be extended, at the option or request of either party, for two extended terms of not more than three (3) years each, upon provisions and conditions as provided herein and any additional provisions, conditions or revisions as may be proposed by either party and as may be mutually agreed upon in writing by the parties. A request by either party for an extension of the term of this Agreement shall be provided in writing to the other party not later than 180 days prior to the conclusion of the initial or any extended term.

### **ARTICLE 2. CONSIDERATION FOR AGREEMENT**

2.01 Consideration. The District selected VTC to operate the LCM to minimize the District's financial risk of its operation of the LCM, increase the diversion and reuse of donated/salvaged items, increase community awareness of the LCM reuse activities, and potentially develop pickup service in the communities. Therefore, in lieu of a facilities lease payment, VTC shall accept all financial risks related to the LCM store operations, including financial operating losses and employment obligations and risks. In addition, after the first year of operations, VTC agrees to set aside and fund a separate joint financial reserve account equal to not less than 10% of net operating revenues, which will be administered jointly by the VTC and the District for the benefit of LCM operations and the maintenance of the facilities. "Net operating revenues" shall mean net revenue from operations after payment of all direct operating expenses and all VTC overhead allocable to such operations. Said allocations will be subject to review by the District as part of the reporting and audit functions set forth in Article 4 hereinbelow, with the District having the right to request further information and justification of allocations claimed by the VTC.

### **ARTICLE 3. UTILITIES AND TAXES**

3.01 Utilities. Electricity, natural gas, water, wastewater services and access to internet service providers not separately metered for the LCM, and contingent upon utility Company

supply, shall be provide to VTC by the District at no charge. There will be no charge to VTC for surplus solid waste disposal provided VTC staff performs the following: 1) separating recyclable materials from all discarded LCM waste and making those recyclables available to the District, 2) tracking by weight the diversion of material sold through the LCM store, and 3) transferring unsold but usable items to resale facilities in other markets (excluding Household Waste (HHW) re-use materials).

3.02 VTC to Pay Taxes. VTC shall pay and discharge any and all taxes, general and special assessments and other charges of every description, including possessory interest taxes, which during the term of this Lease may be levied upon or assessed against the Premises and all interests therein and all improvements, inventory, furnishings and other property thereon. Provided, however, that Tenant shall not be responsible or liable for any permanent improvement bonds or assessments which are not based upon or do not relate to the use made of the Premises by VTC. VTC is hereby specifically notified that although the District is a public entity not normally subject to property taxes upon its real property, the Premises leased hereby to VTC and VTC's possessory interest therein may well be subject to the payment of property taxes levied thereon, for which VTC shall be liable.

#### ARTICLE 4. USE AND OCCUPANCY

4.01 Use of Premises. VTC shall use the Premises solely for the purpose of conducting and carrying on the business of a used and salvaged goods thrift retail store, and collecting, receiving, selling, hauling and distributing such goods and materials. Both parties may additionally agree to further discuss and consider implementing operation initiatives supporting maximum waste reduction, zero waste living, repair of materials and the like.

4.02 Maintenance and Restoration. VTC shall, at its own cost and expense, have responsibility for and keep and maintain the interior of the building Premises and all improvements and facilities therein, including care and maintenance of the electrical fixtures located on the demand side of the electrical control panels (the breaker boxes), in good order and repair and in as safe and clean a condition as they were when received from the District, reasonable wear and tear excepted, and upon termination of this Agreement VTC shall restore the interior of the LCM building to a reasonably similar condition as existed prior to VTC's entry thereon. VTC will be responsible for repairing all damage to the LCM facility, beyond normal wear and tear, caused by VTC, its employees, volunteers, customers and other agents. The District will have responsibility for the maintenance of the LCM building structure, including its roof, foundation, exterior and interior walls, doors, windows, gutters and all utility lines and facilities serving the property, including all heating, plumbing and sewage systems, and the yard paving and site drainage.

4.03 Facility Improvements. Prior to the occupancy of the Premises by the VTC, the District will upgrade the LCM heating system and improve the operation and appearance of the two bathrooms inside the building. The parties will discuss any other LCM improvements, and assign the responsibility for same between the parties, as the need might arise.

4.04 Shared Bathrooms. The use of the bathrooms at the LCM will be shared by the VTC with the District's employees working at an adjacent District facility.

4.05 Licenses, Health and Safety. VTC will operate the LCM at all times in a manner that is compliant with current best practice safety protocols and any public health guidance or directives, and will comply with all necessary business licensing, legal and health and safety requirements related to its operation of the LCM Facility.

4.06 LCM Operating Times. The VTC will operate the LCM store for a minimum of five days and thirty-five hours per week, including on Saturday, and during the normal District operating hours (including closed on Sundays and certain holidays observed by the District)

4.07 LCM Store Operating Standards. Hiring: VTC will extend hiring preference eligibility for any job applicant formerly employed by the District and laid off in July 2020, provided that their separation from employment with the District was under favorable conditions, or not for cause. VTC will develop and extend a 5-point hiring preference for this category of job applicants. VTC shall have the right to offer employment to potential hires on such terms as VTC shall determine in its sole discretion.

Employee Apparel: VTC staff will wear apparel and when required appropriate personal protective equipment that differentiates them from District personnel.

4.08 Integrating Operations. Each party hereto will designate positions or persons of contact to ensure smooth and coordinated integration of District-VTC operations where necessary (e.g., transferring materials harvested from the District's tip floor, handling recyclable materials, safety and facilities maintenance.

4.09 Security and Safety. VTC will maintain secure cash management practices, and follow District guidelines on facility security practices. The parties will coordinate in the development of an LCM emergency management plan that integrates with the District's emergency management plan.

4.10 Signage. The District will be responsible for all exterior signage, including way-finding signs. VTC will be responsible for interior signage and any temporary exterior promotional signs.

4.11 Merchandising and Marketing. VTC will have sole responsibility for all LCM store merchandising. The parties will coordinate marketing activities to ensure optimization of the LCM. The general conditions of such coordination are outlined in "Exhibit 1," which is attached hereto.

4.12 Governance; Joint Oversight. The parties will establish a joint LCM Oversight Committee to address issues of the business relationship, operations and disputes. The LCM Oversight Committee will review material changes to the operations, administer utilization of joint reserve funds, and address contract issues or disputes that may arise that are not clearly addressed by the formal dispute resolution provisions in this Agreement. Immediately following the execution of this Agreement, the parties will commence actions to jointly develop a charter for the LCM Oversight Committee.

4.13 Reporting. Quarterly Reports: VTC will provide a quarterly report on LCM operations that includes commentary on store operations and financial performance. Annual Reports: VTC will provide an annual report on LCM operations that includes information on store operations, staffing and compensation, program impact and financial performance. The LCM Oversight Committee will define the content of all reports.

4.14 Audit Rights. The District shall have the right to audit VTC's operational practices and its financial records relating to LCM operations only.

4.15 Inspection by District. VTC, upon reasonable advance notice, shall permit the District or District's representatives or employees to enter the LCM Premises at all reasonable times for the purpose of inspecting the Premises to determine whether VTC is complying with the terms of this Agreement and for the purpose of doing other lawful acts that may be necessary to protect District's interest in the Premises under this Agreement.

4.16 Liens and Claims. VTC shall promptly pay when due all amounts payable for labor and materials furnished to the VTC, so as to prevent any lien or other claim under any provision of law from arising against the District or the Premises, and shall pay all amounts due under the Unemployment Insurance Act with respect to any such labor.

## ARTICLE 5. INDEMNITY AND INSURANCE

5.01 a) No Liability of District for VTC's Acts. The District, its Board of Directors, officers, employees and agents shall not be liable at any time for any loss, damage, injury to the property or person or any person whomsoever, claims, lawsuits, costs, expenses, attorney's fees, court costs or any other cost at any time occasioned by or arising out of any act or omission of the VTC, or any employee or agent of VTC, or of anyone holding under VTC or from the occupancy or use of the Premises or any part thereof by or under the VTC, or directly or indirectly from any state or condition of the Premises or any part thereof during the term of this Agreement.

b) Mutual Indemnification. Each party shall indemnify, defend, protect, hold harmless and release the other, its board of directors, officers, agents and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs and expenses (including attorneys' fees and witness costs) arising from or in connection with, or caused by any act, omission or negligence of such indemnifying party or its agents, employees, contractors, subcontractors or invitees. This indemnification obligation shall not be limited in any way by any limitation on the amount of damages of compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts or other employee benefit acts. This indemnity provision shall survive this Agreement.

5.02 Insurance Requirements. Without limiting the VTC's duty to indemnify, the VTC shall maintain in effect throughout the initial and any extended term of this Agreement the insurance coverage set forth in "Exhibit 2," attached hereto and incorporated herein by this reference. VTC will have the District, its board, officers, employees and agents named as additional insureds or covered parties with respect to claims arising out of the performance of

VTC's operations under this Agreement, including ongoing and completed operations, and shall further provide that its coverage is primary to any insurance or self-insurance maintained by the District, and that the insurance of an additional insured or covered party shall not be called upon to contribute to a loss covered by the VTC's primary coverage.

5.03 Certificate of Coverage. A certificate of coverage, certifying the VTC's coverage which shall meet all requirements of this Lease, shall be provided to the District prior to the execution of this Agreement. Acceptance of the certificate of coverage shall in no way modify or change the indemnification provisions of this Agreement, which shall remain in full force and effect. District shall be provided with thirty (30) days' prior written notice of any reduction in coverage or limit, cancellation or intended cancellations.

5.04 Compliance with Insurance Policies. VTC shall comply with all of the terms and conditions of each insurance policy maintained pursuant to the terms of this Agreement to the extent necessary to avoid invalidating such insurance policy of impairing the coverage available thereunder.

5.05 Limits. The limits of insurance maintained by the VTC shall not be construed as limits on its indemnification obligations set forth in this Agreement.

## ARTICLE 6. DEFAULT AND REMEDIES

6.01 Default. District may, at its option and without limiting District in the exercise of any other right or remedy it may have on account of a default or breach by VTC, exercise the rights and remedies specified in paragraph 6.02 if VTC defaults in the performance of any of its agreements, conditions or covenants under this Agreements and such default continues for ten days, plus such period of delay as VTC may encounter in the performance of its agreements by reason of matters beyond the control of VTC.

6.02 Remedies. On any breach or default District may exercise any of the following rights after the periods of time stated in paragraph 6.01:

a) Re-entry and Removal and Storage of Property and Repairs. Immediately re-enter and remove all persons and property of VTC from the Premises, storing the personal property in a public warehouse or elsewhere at the cost of, for the account of, and at the risk of VTC.

b) Termination of Agreement and Damages. Terminate this Agreement, in which event VTC agrees to immediately surrender possession of the Premises, and to pay to District, in addition to any other remedy District may have, all damages District may incur by reason of VTC's defaults, including the cost of recovering the Premises.

6.03 No Waiver of Default. District's failure to take advantage of any default or breach of covenant on the part of the VTC shall not be, or be construed as, a waiver hereof, nor shall any custom or practice which may grow up between the parties in the course of administering

this Agreement be construed to waive or to lessen the right of District to insist upon the performance by VTC of any term, covenant, or condition hereof, or to exercise any rights given it on account of any such default. A waiver of a particular breach, or default, shall not be deemed to be a waiver of the same or any other subsequent breach or default.

6.04 Remedies Cumulative. The rights, powers, elections, and remedies of the District contained in this Agreement shall be construed as cumulative and no one of them is or shall be considered exclusive of the other or exclusive of any rights or remedies allowed by law, and the exercise of one or more rights, powers, elections, or remedies shall not impair District's right to exercise any other.

## ARTICLE 7. GENERAL PROVISIONS

### 7.01 Dispute Resolution.

a) Duty to Meet and Confer. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. Representatives of each party will personally meet and attempt in good faith to resolve the dispute.

b) Mediation. If their representatives are unable to resolve the dispute within 15 days thereafter, the parties agree to first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of the Judicial Arbitration and Mediation Service ("JAMS"). The expenses of witnesses for either side shall be paid for the party producing such witnesses. All other expenses of the mediation shall be borne equally by the parties, unless they agree otherwise. Any resultant agreements from mediation shall be documented in writing. All mediation proceedings, results, and documentation shall be inadmissible for any purpose in any legal proceeding (pursuant to California Evidence Codes sections 1115 through 1128), unless otherwise agreed upon in writing by both parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery. Mediation shall be completed within 30 days after request for the mediation by either party or such additional time as may be mutually agreed upon in writing by both parties.

c) Arbitration. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted under the rules of JAMS. The decision of the arbitrator shall be binding, unless within 30 days after issuance of the arbitrator's written decision a party files an action in a court of law. Venue and jurisdiction for any legal proceeding between the parties shall lie in the Superior Court for the County of Monterey.

7.02 Conditions and Covenants. All of the provisions of this Agreement shall be deemed as running with the land, and construed to be "conditions" as well as "covenants" as though the

words specifically expressing or imparting covenants and conditions were used in each separate provision.

7.03 No Waiver of Breach. No failure by either District or VTC to insist upon the strict performance by the other of any covenant, agreement, term, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term, or condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement, and term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach.

7.04 Time of Essence. Time is of the essence of this Agreement, and of each provision hereof.

7.05 Subleasing and Assigning. Except as otherwise provided herein, VTC shall not encumber, assign or otherwise transfer this Agreement or any right or interest in this Agreement, or any right or interest in the Premises, without the express written consent of the District first had and obtained. Neither shall VTC sublet the Premises or any part thereof or allow any other persons, other than VTC's agents, employees, volunteers and customers to occupy or use the premises or any part thereof without the prior written consent of District. A consent by District to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any encumbrance, assignment, transfer or subletting without the prior written consent of the District, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of District, terminate this Agreement. Notwithstanding the foregoing, VTC shall have the right to assign its rights and delegate its duties under the Agreement to a wholly-owned nonprofit or for-profit affiliate of VTC, and to subcontract for hauling and human resources services related to its operation of the LCM.

7.06 Insolvency of Tenant. The insolvency of VTC as evidenced by a receiver being appointed to take possession of all or substantially all of the property of the VTC, the making of a general assignment for the benefit of creditors by VTC, or the adjudication of VTC as a bankrupt under the Federal Bankruptcy Act, shall terminate this Agreement and entitle District to re-enter and regain possession of the Premises.

7.07 Binding on Heirs and Successors. This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this paragraph contained shall be construed as a consent by District to any assignment of this Agreement or any interest therein by VTC except as provided in paragraph 7.05 of this Agreement.

7.08 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the matters covered by this Agreement, and no other agreement, statement or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.



7.09 Partial Invalidity. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

7.10 Attorney's Fees. Should either party commence any legal action or proceeding against the other based on any provisions of this Agreement, the prevailing party shall be entitled to an award of attorney's fees.

7.11 Modification. This Agreement is not subject to modification except in writing.

7.12 a) Delivery of Notices-Method and Time. All notices, demands, or requests from one party to another may be personally delivered or sent by mail, certified or registered, postage prepaid, to the addresses stated in this section, and shall be deemed to have been given at the time of personal delivery or at the end of the second full day following the date of mailing.

b) Notices to District. All notices, demands, or requests from VTC to District shall be given to District at the District's offices at 14201 Del Monte Boulevard, Marina, California, or at Post Office Box 609, Marina, California, 93933-1670.

c) Notices to Tenant. All notices, demands, or requests from District to VTC shall be given to VTC at \_\_\_\_\_.

d) Change of Address. Each party shall have the right, from time-to-time, to designate a different address by notice given in conformity with this section.

7.13 Counterparts. This Agreement, consisting of nine (9) pages, plus Exhibits 1 and 2, has been executed by the parties hereto in two counterparts, each of which shall be deemed to be an original copy.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have executed this Agreement in duplicate on the date first hereinabove stated at Marina, California.

DISTRICT:

VTC:

MONTEREY REGIONAL WASTE  
MANAGEMENT DISTRICT

VETERANS TRANSITION CENTER  
OF MONTEREY COUNTY

By \_\_\_\_\_  
Chairman

By \_\_\_\_\_  
(Name) (Title)

And by \_\_\_\_\_  
General Manager

## **EXHIBIT 1 – MARKETING COORDINATION**

- MRWMD to hand over access to LCM social media channels (Facebook, Instagram). Access to any new channels/outlets created by the VTC shall be shared with MRWMD and permanent access will be handed over upon termination of contract.
- VTC to handle all promotion of all materials/sales/events.
- MRWMD granted ability to speak about LCM as it relates to overall District mission and diversion.
- MRWMD will maintain a page on District website referencing LCM with evergreen information, will link out to social media channels.
- VTC responsible for monitoring/updating/responding to content on search engine/review websites (e.g. Google, Bing, Yelp)
- MRWMD to provide/maintain signage on the exterior of the facility (storefront)
- Promotion of LCM to be confined within the physical space of the store (with the exception of reopening announcement signage)

## EXHIBIT 2 - INSURANCE REQUIREMENTS

Without limiting Tenant's indemnification obligations to District under this Lease, Tenant shall provide and maintain for the duration of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Tenant's operation and use of the leased premises. The cost of such insurance shall be borne by the Tenant.

### 1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.  
Automobile Liability covering all owned, non-owned and hired auto, Insurance Services Office Form CA0001.

Workers Compensation, as required by State of California and Employer's Liability Insurance.

Property Insurance against all risk or special form perils, including Replacement Cost and debris removal coverage for any Improvements, without deduction for depreciation, constructed or erected by Tenant, and the personal property of Lessee, its agents and employees.

### 2. Minimum Limits of Insurance

Tenant shall maintain limits no less than:

A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be \$2,000,000 and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) \$300,000 and Medical Expense Limit (Any One Person) \$5,000.

Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.

Coverage will include contractual liability.

Employers Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of the District.

Property: Full replacement cost with no coinsurance penalty provision.

### 3. Deductibles and Self-Insured Retentions

Any liability deductible or self-insured retention must be declared to and approved by the District's General Manager or his or her designee. The property insurance deductible shall not exceed \$5,000 per occurrence and shall be borne by the Tenant.

### 4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement: Any general liability policy provided by Tenant shall contain an additional insured endorsement applying coverage to the District, the members

of the District Board of Directors and the officers, agents and employees of the District, individually and collectively.

Primary Insurance Endorsement: For any claims related to this Lease, the Tenant's insurance coverage shall be primary insurance as respects the District, the members of the Board of Directors of the District and the officers, agents and employees of the District, individually and collectively. Any insurance or self-insurance maintained by the District, the members of the Board of Directors, the District's officers, officials or employees shall be excess of the Tenant's insurance and shall not contribute with it.

Notice of Cancellation: Each required insurance policy shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District at the address shown in section of the Lease entitled "Notices".

### **General Provisions**

#### **5. Qualifying Insurers**

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by District's Risk Manager.

#### **6. Evidence of Insurance**

Prior to commencement of this Lease Tenant shall furnish the District with certificates of insurance and amendatory endorsements effecting coverage required by this clause. Tenant shall furnish certified copies of the actual insurance policies specified herein, within thirty days after commencement of Lease. Thereafter, copies of renewal certificates and amendatory endorsements shall be furnished to District within thirty days of the expiration of the term of any required policy. Tenant shall permit District at all reasonable times to inspect any policies of insurance of Tenant which Tenant has not delivered to the District. Policies, renewal certificates and amendatory endorsements shall be delivered to the District at the address shown in the section of the Lease entitled "Notices."

#### **7. Failure to Obtain or Maintain Insurance**

District's Remedies. Tenant's failure to provide insurance specified or failure to furnish certificates of insurance, amendatory endorsements and certified copies of policies, or failure to make premium payments required by such insurance, shall constitute a material breach of the Lease, and District may, at its option, terminate the Lease for any such default by Tenant.

#### **8. No Limitations of Obligations**

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Tenant, and any approval of said insurance by the District are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by

Tenant pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

#### 9. Review of Coverage

District retains the right at any time to review the coverage, form and amount of insurance required herein and may require Tenant to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

#### 10. Sub-tenants' Insurance

Tenant shall require any District-approved sub-tenant, of all or any portion of the Premises, to provide the insurance coverage described herein prior to its occupancy of the Premises.