

# County of Santa Clara

## Facilities and Fleet Department

County Center at Charcot  
2310 North First Street, Suite 200  
San Jose, California 95131-1011  
(408) 993-4600




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Date: July 1, 2022

To: Honorable Members of the Board of Supervisors  
Jeffrey V. Smith, County Executive

From: Jeffrey D. Draper, Director, Facilities and Fleet Department

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Subject: Off-Agenda Report Relating to Issuing a Letter of Interest to De Anza College  
Regarding a Valley Health Center Clinic

At the June 7, 2022, Board of Supervisors (Board) meeting, Item No. 28, the Board requested that a non-binding letter of interest be issued to De Anza College by June 30, 2022, relating to establishing a Valley Health Center clinic on the De Anza College campus. On June 30, 2022, the Administration issued a non-binding letter of interest to De Anza College. The letter of interest is attached for reference.

Cc: Chief Board Aides  
Miguel Marquez, Chief Operating Officer  
James Williams, County Counsel  
Tiffany Lennear, Clerk of the Board  
Mary Ann Barrous, Agenda Review Administrator

**Board of Supervisors:** Mike Wasserman, Cindy Chavez, Otto Lee, Susan Ellenberg, S. Joseph Simitian  
**County Executive:** Jeffrey V. Smith

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June 30, 2022

Dr. Lloyd Holmes  
President, DeAnza College  
21250 Stevens Creek Blvd  
Cupertino, CA 95014

RE: Letter of Interest to Ground Lease Real Property at DeAnza Community College (Foothill-De Anza Community College District)

Dear Dr. Holmes:

Thank you for your interest in discussing the potential development by the County of Santa Clara, as ground leasee, of a medical office building (MOB) on the DeAnza Community College Campus. The intent is for the County and the Foothill-DeAnza Community College District to work together on the planning and construction of a building that will provide outpatient healthcare services to both the college campus population, as well as the surrounding community and residents. Services at the building would include Primary Care, Behavioral Health, and ancillary support services, such as Imaging, Laboratory, and Pharmacy. Dental Services for adults and children will also be considered based on further review and analysis. In addition, the County would develop, in partnership with the District, education/internship programs in the health care profession within the clinic.

This Letter of Interest (“**LOI**”) constitutes an expression of the parties’ interest in negotiating a potential ground lease on the general terms and conditions described below (“**Ground Lease**”). This LOI should not be considered as a commitment to lease, but merely an outline of terms for discussion for a potential lease.

The County of Santa Clara proposes the following basic terms:

1. **LESSEE**: County of Santa Clara, a political subdivision of the State of California (“**County**” or “**Lessee**”).
2. **LESSOR**: Foothill-DeAnza Community College District (“**District**” or “**Lessor**”).

3. **PREMISES:** The ground leased premises shall be in a location on the District's campus (APN: 359-01-004) mutually agreed to by the parties ("**Premises**"). The Premises will need to be suitable for the development of an approximately 20,000 to 25,000 square foot two-story medical office building including other needed features such as accessibility to public transit, parking, and possibly power generation through rooftop or parking lot solar photovoltaic system.

4. **INITIAL INSPECTION PERIOD.** Within 180 days from the date of this LOI (the "**Initial Inspection Period**"), the District and County shall use good faith efforts to identify and document the location of the Premises. During this time, the County shall also be permitted access to the Premises to perform initial due diligence investigations. Upon the District's request, the County shall enter into a commercially reasonable access agreement for the Premises in connection with this initial diligence period. After agreement on the location of the Premises and within the Initial Inspection Period, the District shall order at the District's sole cost and expense, a survey of the Premises and a title commitment for a leasehold policy of title insurance insuring County's anticipated ground lease interest in the Premises. If the parties have not achieved the foregoing within the Initial Inspection Period, this LOI shall automatically terminate. This LOI may also be terminated at any time by either the District or County upon notice by the terminating party to the other.

5. **USE:** The Premises would be developed and used as a medical office building to provide primary care to the community, including but not limited to pharmacy, lab imaging, dental and ancillary services, with the opportunity for collaboration with educators and providing enrolled students with education and training in health care.

6. **GROUND LEASE AND CONTINGENCIES:** Within 120 days after the expiration of the Initial Inspection Period (the "**GL Execution Period**"), the parties shall use good faith efforts to negotiate and enter into the Ground Lease, which shall include a general site plan of the County's Work. If the parties do not enter into a Ground Lease within the GL Execution Period, this LOI shall automatically terminate.

The Ground Lease shall contain a contingency period of approximately 18 months for the planning by the County and the approval by the District of the improvements to be constructed on the Premises (the "**Ground Lease Contingency Period**"). The contingencies are anticipated to include but are not limited to the following:

- a. Program/Plan
- b. Design (schematic, design and construction design documentation for shell/core and tenant interiors)
- c. Land Use Approvals: Receipt of all necessary permits and approvals (including but not limited to CEQA review) allowing for County's Work, the Ground lease and the continued conformity of the District's Property with applicable land use regulation.
- d. Funding: County's assurances of funding for construction of County's Work.

- e. Water/Sewer Lines: Approval of installation of water and sewer lines to the Premises at such location as are approved by County and the District, including a point of connection for the MOB located on the District's Property.
- f. Electric and Gas Lines: Approval of installation of electric and gas lines to the Premises as such locations as approved by County and the District.
- g. Environmental Assessment
- h. Traffic Studies
- i. Site Conditions (Geologic Reports)
- j. Waste Stream Management

The Ground Lease shall contain standard provisions for access by the County to the Premises during the Ground Lease Contingency Period.

- 7. **COMMENCEMENT DATE:** The Ground Lease shall be effective upon execution, and the "Commencement Date" shall be the date of the satisfaction of all Ground Lease Contingencies. In the event the Ground Lease Contingencies are not satisfied within the Ground Lease Contingency Period (which may be subject to force majeure and agreed upon extensions) the Ground Lease shall terminate.
- 8. **TERM:** The term shall commence on the Commencement Date and shall terminate on the 50<sup>th</sup> anniversary of receipt of the Certificate of Occupancy for the MOB
- 9. **RENEWAL OPTIONS:** County shall have the right to extend the Term for two (2) twenty (20) year consecutive periods.
- 10. **GRANT OF EASEMENTS:** District shall grant County temporary and permanent easements on the District's property outside the Premises as necessary and appropriate for access to, and the development and operation of the Premises.
- 11. **RENT:** Commencing on the Commencement Date, annual base rent shall be \$1.00 per year.

County shall be responsible for payment of all taxes and assessment of the Premises, and all services, amenities, and utilities used at, supplied to and/or consumed at the Premises from and after the Commencement Date. County shall be solely responsible for obtaining and maintaining any exemption from taxes and assessment with respect to the Premises.
- 13. **MAINTENANCE AND REPAIRS:** County, at its sole cost and expense, shall keep and maintain the Premises and all improvements thereon.

14. **COUNTY'S WORK:** County shall construct and install a medical office building for a primary care, community health clinic and related improvements (“**County’s Work**”) pursuant to and in accordance with the terms, provisions, and specifications set forth in an exhibit to the Ground Lease. The Ground Lease Exhibit will describe a process for the District’s approval of the plans and specifications for the County’s Work and a time line for completion of the County’s Work.

15. **BINDING OBLIGATIONS:** It is understood that this LOI is a statement of interest only, and other than Section 4 above, neither the District nor County shall be bound by or have any obligations in connection with the transaction described above until such time, if ever, as a Ground Lease or other binding agreement relating to such transaction has been prepared and executed by both parties.

If the foregoing correctly reflects your understanding of our mutual intentions, please execute and return a copy of this LOI to the undersigned.

Sincerely,

DocuSigned by:  


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Jeff Draper, [jeff.draper@faf.sccgov.org](mailto:jeff.draper@faf.sccgov.org)  
Director, Facilities and Fleet Department

**Agreed and Accepted:**

Foothill-DeAnza Community College District

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_