

SHELTER OPERATING SERVICES AGREEMENT

Temporary Low-Barrier Shelter at 2000 Holiday Drive

THIS SHELTER OPERATING SERVICES AGREEMENT (the "Agreement") is made as of August 21, 2026 by and between the City of Charlottesville, Virginia, a municipal corporation and political subdivision of the Commonwealth of Virginia (the "City"), and CASS Shelter Operations, LLC ("Operator"), an Arizona limited liability company wholly owned by Central Arizona Shelter Services, Inc., an Arizona nonprofit corporation and tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The City and Operator are each a "Party" and together the "Parties." Central Arizona Shelter Services, Inc. ("Guarantor") joins this Agreement solely for the obligations stated in Section 10.10 and is not otherwise a Party.

WHEREAS, the City owns property at 2000 Holiday Drive, Charlottesville, Virginia 22901, which it acquired for future development as a permanent low-barrier shelter;

WHEREAS, while that long-term project is being developed, the City seeks to use a limited portion of the building as a temporary emergency shelter in connection with the planned closure of an encampment along the Rivanna River and to assist other homeless individuals located in Charlottesville;

WHEREAS, the City has determined that emergency procurement of shelter operating services from Operator is necessary and appropriate under Virginia Code Section 2.2-4303(F); and

WHEREAS, Operator has substantial experience operating low-barrier emergency shelters and is prepared to mobilize and operate the temporary shelter on the schedule established by the City, subject to the City timely providing lawful access to safe, code-compliant, and approved areas of the Property and to the Parties entering into a separate Temporary License and Use Agreement governing Operator's access to and use of those areas (the "License Agreement").

NOW, THEREFORE, in consideration of the mutual promises in this Agreement, the Parties agree as follows:

1. Term and Commencement

1.1. The term begins on the Effective Date and continues through the earlier of August 31, 2027, expiration, termination, or revocation of the License Agreement, or the end of temporary shelter operations at the property unless terminated earlier under this Agreement. Any extension must be in writing and signed by both Parties and, if applicable, coordinated with a corresponding extension of the License Agreement.

1.2. Operator shall begin mobilization promptly after the Effective Date and shall be ready to admit shelter guests by September 1, 2026, provided that the City has timely executed the License Agreement, made the areas needed for initial operations available as provided in that agreement, completed the owner work and governmental approvals identified in the approved Operating Plan, authorized occupancy, and paid the approved start-up advance when due. Operator shall promptly notify the City of any circumstance that may delay opening, identify the unmet condition and anticipated effect, and provide a written mitigation schedule.

2. Services

2.1. Operator shall provide the mobilization, shelter operation, case management, housing navigation, reporting, and transition services described in Exhibit A. Exhibit A defines Operator's operational responsibilities, Section 4 allocates owner and Property responsibilities, and Exhibit B governs compensation. Operator shall furnish the personnel, supervision, policies, supplies, technology, and administrative support necessary to perform the approved services.

2.2. Operator shall perform the services in a professional manner consistent with law applicable to Operator as shelter operator, the Authorized Occupancy, the approved Operating Plan, and Exhibit A.

2.3. The City's designated representative may approve reasonable operational adjustments that do not increase compensation or materially alter the services, term, timeline, staffing, hours, service requirements, or allocation of risk. Where this Agreement requires the City's prior written approval for a routine operational adjustment, a reallocation among existing approved budget categories, or an above-base cost, the designated representative may provide that approval by email or other written communication, provided the matter remains within the approved scope, budget, and not-to-exceed amount and does not materially alter the services, staffing, term, risk allocation, or either Party's obligations. Any material change requires a written amendment signed by authorized representatives of both Parties. Approval of an Operating Plan, budget-to-actual report, invoice, or routine correspondence does not increase the not-to-exceed amount, authorize payment outside the approved scope or budget, or reallocate risk.

2.4. Operator's access to and use of the areas made available by the City for the Program (the "Licensed Areas") is governed by the separate Temporary License and Use Agreement executed with or before commencement of on-site services (the "License Agreement"). If the License Agreement is not in effect, has been suspended or revoked, or does not authorize the contemplated use, Operator has no obligation to conduct on-site shelter operations. The License Agreement grants only the permission stated in it and does not convey any estate, tenancy, leasehold, easement, possessory interest, or other interest in real property to Operator. No shelter guest acquires a tenancy or other real-property interest through admission to the shelter.

3. Compensation and Payment

3.1. The City shall pay Operator only as provided in Exhibit B. Aggregate City payments under this Agreement shall not exceed \$3,205,786.20, inclusive of start-up, operating, above-base reimbursement, transition, closeout, noncancelable commitments, and all other amounts. No amount above that maximum is payable unless a written amendment is signed before the additional cost is incurred.

3.2. Operator shall invoice on the schedule and by the methods stated in Exhibit B. The approved start-up advance and fixed monthly operating payments may be invoiced in advance. All other amounts must be invoiced in arrears after they are incurred. An approved budget line, Operating Plan, invoice, or other documentation does not authorize payment outside an approved category or above the not-to-exceed amount.

3.3. Each invoice must include the performance, occupancy, financial, and supporting documentation required by Exhibit B. The City shall pay undisputed amounts within 30 days after receipt of a correct invoice and all required documentation. An incorrect or unsupported amount is not due until corrected or supported.

3.4. The City may withhold a disputed amount by providing a reasonably specific written explanation. Operator shall credit or repay any duplicate, unearned, disallowed, unsupported, or excess payment. Final payment is subject to the reconciliation required by Exhibit B.

3.5. The City's payment obligations are subject to lawful appropriation and availability of funds. Any direct payment to Operator by a foundation or other third party for services or costs included in the approved budget shall reduce the corresponding amount otherwise payable by the City.

4. Responsibilities and Administration

4.1. Operator is responsible for day-to-day operation of the Program, as defined in Exhibit A, and for the acts and omissions of its employees, volunteers, agents, and subcontractors. Operator shall identify an on-site director and an executive sponsor before opening.

4.2. The City shall provide authorized access to the Licensed Areas under the License Agreement and provide or pay directly for owner work, renovations, structural or building-system repairs, code compliance, permits, inspections, base-building utilities and utility capacity, internet service, landscaping, grounds and exterior maintenance, capital improvements, hazardous-materials remediation, and other non-operational Property matters not expressly assigned to Operator. The City shall seek the governmental approvals required for occupancy. The City shall fund approved fire-watch expenses as provided in Exhibit B and the License Agreement, but Operator remains responsible for arranging, staffing, supervising, documenting, and maintaining the fire watch. The City does not assume responsibility for Operator's personnel, operational decisions, or individual service decisions.

4.3. The City is responsible for governmental authorizations, appropriations, council or board approvals, and public hearings required of the City as owner, public body, or contracting authority. Operator is responsible for its entity registrations, business-license or exemption determinations, professional or operational approvals, and other authorizations required of Operator. Each Party shall promptly notify the other of a material delay, denial, rescission, or challenge affecting performance. Nothing in this Section shifts to the City an obligation otherwise assigned to Operator.

4.4. Each Party shall designate a representative authorized to administer this Agreement, receive routine notices, coordinate performance, and approve matters that do not require a formal amendment.

4.5. Operator is an independent contractor. Neither Operator nor its personnel are employees, agents, partners, or joint venturers of the City, and Operator may not bind the City or represent that it has authority to do so absent written authorization from the City.

4.6. Operator may not subcontract a material Program function without the City's prior written approval. Operator shall evaluate the need for security and other operational vendors and, after City approval of the proposed scope and budget, contract with those vendors directly. City approval does not create a contract between the City and the vendor or relieve Operator of responsibility for the vendor's acts, omissions, compliance, or performance. Vendor costs remain within the not-to-exceed amount unless the Parties execute a written amendment.

4.7. Coordination with Continuum of Care. Operator shall use reasonable, good-faith efforts to work collaboratively with the local Continuum of Care and existing local homelessness service providers, including by participating, as appropriate, in regular coordination and case-conferencing meetings and coordinating referrals, housing navigation, discharge planning, and supportive-service connections. Operator shall seek to integrate the Program into the existing local homelessness response system and avoid unnecessary duplication of services. Operator remains responsible to the

City for performance and day-to-day shelter operations. Except as required by law or a binding condition of Program funding, this Section does not grant the Continuum of Care or any constituent entity authority to direct or supervise Operator, approve or veto operational decisions, or modify this Agreement, Exhibit A, Exhibit B, or the Operating Plan.

5. Records, Confidentiality, and Audit

5.1. Operator shall protect guest and employee information, limit collection and disclosure to lawful Program and contract purposes, and comply with the confidentiality, data-security, incident-notification, and records requirements in Exhibit A.

5.2. Operator shall maintain financial, staffing, service, incident, training, and performance records relating to this Agreement for at least five years after final payment, or longer if required by law or an identified funding source. The City and its auditors may inspect those records on reasonable notice, subject to lawful protections for privileged or confidential information.

5.3. Operator shall reasonably assist the City in responding to audits, subpoenas, public-records requests, and claims concerning this Agreement. Nothing in this Agreement waives an applicable privilege or exemption or promises that a record is exempt from disclosure.

6. Insurance and Indemnification

6.1. Operator shall maintain the insurance specified in Exhibit C throughout the term. Operator shall provide the required certificates and endorsements before entering the Property or beginning on-site work. A coverage, limit, endorsement, or Virginia-specific requirement may be waived or modified only after broker review and written approval by the City.

6.2. To the fullest extent permitted by law, Operator shall indemnify, defend, and hold harmless the City and its elected and appointed officials, officers, employees, and agents from third-party claims, damages, judgments, fines, penalties, costs, and reasonable attorneys' fees to the extent arising from: (a) a negligent or willful act or omission of Operator or a person for whom Operator is responsible; (b) Operator's material breach of this Agreement or the License Agreement; (c) injury to Operator personnel, except to the extent caused by the City or by a Property condition for which the City is responsible; (d) an employment, wage, tax, or benefits claim involving Operator personnel; or (e) infringement by material supplied by Operator. Operator has no duty to indemnify to the extent a claim arises from the City's negligence or willful misconduct, a Property or governmental responsibility allocated to the City under Section 4.2 or the License Agreement, or Operator's compliance with a written direction from the City's designated representative that Operator reasonably believed the representative was authorized to issue, except to the extent Operator's independent negligence, willful misconduct, or breach contributed to the claim.

6.3. The City shall provide reasonably prompt notice of a covered claim, tender control of the defense to Operator and its insurer for covered claims, and reasonably cooperate in the defense. The City may participate with counsel of its choosing at its own expense. Operator may not settle a claim in a manner that admits wrongdoing by the City, imposes a nonmonetary obligation on the City, or fails to provide a complete release without the City's written consent, not to be unreasonably withheld, conditioned, or delayed.

6.4. Nothing in this Agreement waives the City's sovereign, governmental, official, or other immunity, or any limitation, defense, or protection available under law.

6.5. Except for payment obligations, confidentiality obligations, fraud, intentional misconduct, third-party claims for bodily injury, death, or abuse or molestation, and amounts payable to third parties under Section 6.2, neither Party is liable to the other for consequential, incidental, special, punitive, exemplary, lost-profit, lost-funding, reputational, or business-interruption damages. Operator's aggregate liability for ordinary negligence and ordinary breach of contract shall not exceed the greater of the amounts paid or payable to Operator under this Agreement during the twelve months preceding the event giving rise to the claim or the applicable insurance limits required under Exhibit C. That general cap does not apply to fraud, gross negligence, willful or intentional misconduct, repayment of advances, overpayments, or other City funds, or the obligation to return City property or pay its reasonable repair or replacement cost. For claims involving bodily injury, death, or abuse or molestation, and for indemnity obligations under Section 6.2, other than claims finally determined to have resulted from Operator's gross negligence or willful or intentional misconduct, Operator's aggregate liability shall not exceed the greater of (a) the applicable insurance limits required under Exhibit C or (b) the insurance proceeds actually available for the claim. Repayment, credit, return, repair, and replacement obligations described in this Section are not damages subject to either liability cap.

7. Compliance with Law

- 7.1. Operator shall comply with federal, state, and local laws applicable to Operator as shelter operator; lawful orders directed to Operator's operations; and applicable health, safety, employment, wage, tax, privacy, civil-rights, and accessibility requirements. The City remains responsible for laws, approvals, and orders applicable to the City as owner, licensor, public body, funding recipient, permit applicant or holder, code-compliance party, or governmental authority, except as expressly assigned to Operator. The Parties acknowledge that [BUSINESS-LICENSE/EXEMPTION] issues remain under discussion with the Commissioner of Revenue.
- 7.2. The public-contract provisions in Exhibit D are incorporated into this Agreement. Operator shall include applicable flow-down requirements in its subcontracts and purchase orders.
- 7.3. Operator shall provide services without unlawful discrimination and shall provide reasonable modifications, effective communication, and access for service animals as required by law.

8. Suspension and Termination

- 8.1. The City may terminate this Agreement for convenience upon 30 days' written notice. The City may provide shorter notice if funding becomes unavailable, continued performance would create an imminent health or safety risk, or continued operations would materially interfere with construction or conversion of the property. The City shall pay for services performed through the termination date and for approved costs, documented noncancelable commitments, and transition or closeout costs actually incurred, but only to the extent included in the approved budget and not-to-exceed amount or separately approved by a written amendment before they are incurred. Operator shall use reasonable efforts to mitigate all termination costs.
- 8.2. Either Party may terminate for material breach if the breaching Party fails to cure within 10 calendar days after written notice. If the breach cannot reasonably be cured within that period, the breaching Party must begin cure within the 10-day period and diligently complete it within a reasonable time approved in writing by the nonbreaching Party.

- 8.3. The City may suspend services or terminate immediately when reasonably necessary to address an imminent threat to health or safety caused by Operator's operations, loss of required insurance attributable to Operator, abandonment or material understaffing within Operator's reasonable control, fraud or diversion of funds, material falsification of records, or an order closing the Property or Licensed Areas. If suspension or termination arises from a matter allocated to the City under Section 4.2, Operator is entitled to an equitable schedule adjustment and payment of approved costs or standby services under Exhibit B, subject to the not-to-exceed amount unless the Parties execute a written amendment.
- 8.4. Operator may terminate for the City's failure to pay an undisputed amount if the City does not cure within 15 days after written notice. Operator may suspend operations immediately if an authority having jurisdiction closes the Property or Licensed Areas or continued operations present a direct and imminent threat to guests or staff. For any other asserted Property, Licensed Areas, approval, utility, License Agreement, or insurance condition, Operator shall provide prompt written notice and a reasonable opportunity to cure before suspension, except when delay would be unsafe or unlawful. Operator shall coordinate any suspension and guest transition with the City to the extent circumstances permit.
- 8.5. If a governmental authorization, appropriation, council or board approval, or public hearing required for the City to enter into, fund, or perform this Agreement or the License Agreement is not obtained, is denied, is rescinded, or is successfully challenged, Operator may suspend performance or terminate upon written notice. Operator is entitled to payment under Section 8.1, subject to Exhibit B and the not-to-exceed amount, and the event does not constitute a default by Operator.
- 8.6. Upon termination or nonrenewal, Operator shall perform the transition and closeout obligations in Exhibit A using the funds included for that purpose in the approved budget. The License Agreement and Operator's authority to use the Licensed Areas end automatically when this Agreement terminates or expires, except for any limited transition, property-removal, records-closeout, or wind-down access expressly authorized by the City under the License Agreement. A material default under the License Agreement is a material default under this Agreement only if it is material to performance and remains uncured after applicable notice and cure periods.

9. Notices

- 9.1. Formal notices must be in writing and delivered by personal delivery, nationally recognized overnight service, certified mail, or email with confirmation of receipt to the following addresses. Routine operational and emergency communications may be provided to the Parties' designated representatives by phone, text, or email.

City

City Manager
City of Charlottesville
605 East Main Street
Charlottesville, VA 22902
Email: ssanders@charlottesville.gov

Copy: City Attorney at the same address
Email: madduxj@charlottesville.gov

Operator

Chief Executive Officer
Central Arizona Shelter Services, Inc.
P.O. Box 18250
Phoenix, AZ 85005
Email: nsmith@cassaz.org

Copy: Richard Southee
Email: rsouthee@cassaz.org

9.2. Either Party may change its notice information by written notice. A notice is effective upon actual receipt or refusal of delivery.

10. General Provisions

- 10.1. Order of precedence. In a conflict, the documents control in this order: (a) a later written amendment; (b) the body of this Agreement; (c) the License Agreement for physical boundaries, access, care, alteration, City control, authorized use, or cessation of use of the Property; (d) Exhibit B for compensation and payment; (e) Exhibit A for operational services; (f) Exhibit C; and (g) Exhibit D. An Operator proposal, policy, spreadsheet, or other document is not incorporated unless expressly identified.
- 10.2. Assignment. Operator may not assign this Agreement, transfer control of the Program, or delegate a material obligation without the City's prior written consent, not to be unreasonably withheld, conditioned, or delayed. Operator may use personnel leased or assigned from Guarantor and obtain administrative support from an affiliate, provided Operator remains fully responsible for performance and all charges are documented as required by Exhibit B. A merger or change of control is an assignment, except for an internal reorganization that does not materially impair performance or increase the City's risk.
- 10.3. Amendment and waiver. An amendment must be in writing and signed by authorized representatives of both Parties. A waiver must be in writing and applies only to the specific matter stated. Delay in enforcement is not a waiver.
- 10.4. No third-party beneficiaries. This Agreement is solely for the Parties' benefit. No guest, employee, subcontractor, donor, service provider, or other person is a third-party beneficiary.
- 10.5. Governing law and venue. Virginia law governs. Any action shall be brought in a state court located in the City of Charlottesville or, if federal jurisdiction exists, the United States District Court for the Western District of Virginia, Charlottesville Division.
- 10.6. Force majeure and emergency operations. Neither Party is in default to the extent performance is prevented, delayed, or materially impaired by an event beyond its reasonable control, including fire, severe weather, flood, epidemic, public-health emergency, civil disturbance, violence or threat, utility failure, supply-chain interruption, labor shortage not caused by the affected Party, governmental order, loss or delay of required approval, Property condition, construction activity, or other emergency. The affected Party shall provide prompt notice, use reasonable efforts to mitigate, and coordinate with the other Party on temporary

suspension, relocation, reduced capacity, modified operations, schedule adjustments, and guest transition. Any increase in compensation remains subject to Sections 2.3 and 3.1.

- 10.7. Severability and survival. If a provision is invalid or unenforceable, the remainder remains effective. Payment, records, audit, confidentiality, indemnification, immunity, transition, governing law, and provisions that by their nature should survive remain effective after termination or expiration.
- 10.8. Entire agreement. This Agreement, its exhibits, the approved budget expressly identified in Exhibit B, and the License Agreement constitute the entire agreement concerning the Program and supersede prior oral or written understandings on that subject.
- 10.9. Counterparts, electronic signatures, and authority. This Agreement may be signed in counterparts and electronically. Each signatory represents that the signatory is authorized to bind the identified Party. Nothing in this Agreement creates a partnership, joint venture, fiduciary relationship, employment relationship, or agency relationship between the Parties, and neither Party may bind the other except as expressly stated in a signed writing.

10.10. Parent guaranty. As a material inducement to the City, Guarantor irrevocably and unconditionally guarantees the full and timely payment and performance of Operator's obligations under this Agreement, including repayment or credit of advances and overpayments, indemnification, protection and return of City property, and transition and closeout obligations. Following an Operator default and expiration of any applicable cure period, the City may enforce this guaranty directly against Guarantor without first proceeding against Operator or any collateral. Guarantor's obligations are no broader than Operator's obligations and remain subject to the same defenses, limitations of liability, exclusions, and allocations of risk applicable to Operator. Guarantor's and Operator's combined aggregate liability is subject to a single cap, and this Section does not create a separate or duplicate liability cap for Guarantor. Guarantor may satisfy a nonmonetary performance obligation by causing Operator or another qualified affiliate reasonably acceptable to the City to perform or by paying the City's reasonable costs of substitute performance, subject to the limitations applicable to Operator. Guarantor is not required to operate the shelter directly in its own name unless it agrees to do so in writing. Guarantor does not assume an obligation allocated to the City or a liability of another affiliate. This guaranty survives termination or expiration to the same extent as the guaranteed obligation and is not released by an amendment, waiver, extension, or forbearance that does not materially increase the guaranteed obligation; a material increase requires Guarantor's written consent.

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized representatives.

CASS SHELTER OPERATIONS, LLC

By: [Signature]
Name: Nathan Smith
Title: CEO
Date: 8/21/26

CITY OF CHARLOTTESVILLE, VIRGINIA

By: [Signature]
Name: Samuel Sanders Jr
Title: City Manager
Date: 08/26/26

CENTRAL ARIZONA SHELTER SERVICES, INC.,
as Guarantor under Section 10.10

By: [Signature]
Name: Nathan Smith
Title: CEO
Date: 8/21/26

Approved as to form:

By: [Signature] Date: 8/26/26
City Attorney

EXHIBIT A

SCOPE OF WORK

This Exhibit A describes Operator's operational services for the temporary low-barrier emergency shelter at 2000 Holiday Drive, Charlottesville, Virginia 22901. Section 4 of the Agreement allocates owner and Property responsibilities, Exhibit B governs compensation and payment, and the License Agreement governs access to and authorized use of the Licensed Areas. Operator shall perform the services below in accordance with the Authorized Occupancy and the Operating Plan approved by the City.

1. Program Parameters and Definitions

- **Program.** The temporary low-barrier emergency shelter and related services operated by Operator within the Licensed Areas, including only those services approved in the Operating Plan and funded in the approved budget.
- **Licensed Areas.** The areas the City makes available from time to time under the License Agreement and Operating Plan. The Licensed Areas initially include the authorized portions of the first floor, exterior access routes, parking areas, and temporary restroom facilities at 2000 Holiday Drive. The City may add other areas after completing required owner work and approvals by written notice or an update under the License Agreement and Operating Plan, subject to Section 2.3 of the Agreement if the change materially affects Operator's services, cost, staffing, or risk.
- **Authorized occupancy.** The occupancy type, operating hours, maximum occupant load, restroom and hygiene requirements, fire-watch or life-safety conditions, and other conditions authorized by the City's building official, fire marshal, zoning administrator, or other authority having jurisdiction, with the City responsible for obtaining and maintaining approvals not legally required to be obtained by Operator as operator.
- **Population.** Primarily adults age 18 or older experiencing homelessness, including people displaced by closure of the Rivanna River encampment, together with any additional referral priorities approved by the City.
- **Low-barrier model.** Access is not conditioned on sobriety, treatment or religious participation, income, employment, identification, or local residency. Operator may enforce lawful, behavior-based rules reasonably necessary for safety and operations.
- **Operating hours.** Once opened, the shelter shall remain open and able to receive guests twenty-four hours a day, seven days a week, except during a suspension or closure authorized under Section 8 or Section 10.6 of the Agreement.
- **Maximum capacity.** The lesser of 120 guests or the maximum permitted by the Authorized Occupancy. Operator shall staff and operate the shelter to accept guests up to the Authorized Occupancy under the approved staffing plan and budget. Operator may temporarily limit admissions only because of a documented immediate safety or level-of-care condition, shall notify the City promptly, and shall restore capacity as soon as reasonably practicable. Insufficient staffing within Operator's reasonable control is not a basis to reduce capacity.
- **Target opening.** September 1, 2026, in accordance with Section 1.2 of the Agreement.

2. Mobilization and Opening

Operator shall recruit, lease, assign, or contract for key staff; establish payroll and human-resources support; procure approved supplies and equipment; configure data and communication systems; coordinate with City staff, emergency responders, outreach teams, and local service providers; train

staff; conduct readiness exercises; and provide a written opening-readiness report. Operator may use employees leased or assigned from Central Arizona Shelter Services, Inc. or another affiliate, subject to appropriate payroll, workers' compensation, insurance, supervision, and documentation arrangements.

No later than five calendar days before the planned opening, Operator shall submit an Operating Plan and staffing plan for City review that addresses maximum capacity, referral priorities, meals, transportation, animals, security support, restroom and hygiene arrangements, law-enforcement and trespass procedures, HMIS or other data platform, and inclement-weather or overflow protocols. The City may require reasonable revisions for safety, legal compliance, coordination, or consistency with the Program's purpose. Any material change in cost, staffing, scope, or risk is governed by Section 2.3 of the Agreement.

Operator shall begin intake as soon as the City authorizes occupancy and shall coordinate an orderly intake process for people displaced from the Rivanna River encampment and other persons experiencing homelessness.

3. Operating Plan

The Operating Plan must address, at minimum:

- eligibility, referral, intake, waitlist, bed assignment, readmission, discharge, and review of exclusions;
- guest conduct, violence, threats, weapons, contraband, unlawful substance use within the Licensed Areas, smoking, visitors, and quiet hours;
- overdose prevention and response, naloxone, medical and behavioral-health emergencies, suicide prevention, communicable disease, bodily fluids, sharps, and medication practices;
- reasonable accommodations, service animals, gender identity, privacy, language access, religious neutrality, and nondiscrimination;
- meals, potable water, hygiene, laundry, mail, transportation, storage, and animals to the extent included in the approved scope and budget;
- security, access control, guest and visitor sign-in, headcounts, emergency contacts, law-enforcement calls, and exclusion or trespass procedures. Operator shall assess whether private security or another operational vendor is needed and, after the City approves the proposed scope and budget, contract with the vendor directly. The City remains responsible for law-enforcement services and general building, perimeter, parking, and exterior security unless expressly assigned to Operator in the approved Operating Plan and budget. All vendor costs remain subject to Exhibit B and the not-to-exceed amount;
- fire prevention, evacuation, severe weather, utility failure, building closure, continuity of operations, and temporary relocation;
- complaints, grievances, staff conduct, confidentiality, records retention, data security, and incident review;
- coordination with City departments, outreach teams, health and housing providers, emergency responders, and community partners; and,
- procedures for the safe and sanitary storage of guests' personal property.

Operator may revise the Operating Plan based on operational experience. A material change affecting eligibility, hours, capacity, safety, law-enforcement involvement, cost, use of the Licensed Areas, staffing assumptions, or services outside the approved scope requires the City's prior written approval and is governed by Section 2.3 of the Agreement.

4. Shelter Operations and Guest Services

In operating the low-barrier shelter, Operator shall, at a minimum:

- Provide continuous on-site management whenever guests are present, including controlled entry, bed assignment, routine monitoring, sanitation coordination, rule enforcement, emergency response, incident documentation, and daily occupancy accountability.
- Coordinate and, when a vendor is needed, contract directly for meals, hygiene access, laundry, personal-property storage, mail, transportation, and animal arrangements to the extent included in the approved Operating Plan and budget. The City shall provide or pay directly for the utilities, internet service, landscaping, grounds and exterior maintenance, code-required fixtures, and other Property items identified in Section 4.2 of the Agreement.
- Provide or coordinate needs assessment, voluntary housing-focused case management, document recovery, benefits access, health and behavioral-health referrals, transportation, landlord engagement, housing search, and transition support.
- Maintain active housing navigation and use reasonable, good-faith efforts to coordinate with the Continuum of Care and existing local homelessness service providers, including, as reasonably appropriate to the Program, through coordinated entry, case conferencing, provider coordination meetings, referral and discharge planning, and coordination of housing and supportive services; seek to avoid unnecessary duplication of existing services; and document referrals, barriers, and destinations at exit.
- Participate in regular coordination meetings with City staff, maintain an emergency escalation roster, and route neighborhood or site concerns through the City's designated representative.
- Comply with Section 7 of the Agreement.

Operator may deny admission, discharge, or temporarily exclude a person based on capacity, conduct, an individualized health or safety assessment, inability to provide a required level of care, or another lawful reason stated in the Operating Plan. Operator shall not exclude a person solely because the person is intoxicated, has a disability, lacks identification, or declines treatment unless the person's current condition creates a direct threat or requires care the program cannot safely provide.

Operator shall not charge rent or a shelter fee, grant exclusive possession of a room or fixed space, or use documents stating or implying that a guest is a tenant. Beds and storage may be assigned and reassigned for operational reasons.

5. Staffing, Screening, and Training

Operator shall maintain the positions and coverage identified in the approved staffing plan and sufficient to operate at the Authorized Occupancy. Whenever guests are present, a designated shift supervisor with authority to act for Operator and enough trained staff to perform all required functions safely must be on site. Operator shall use reasonable staffing contingencies, including approved temporary staffing, to avoid reductions in service or capacity caused by vacancies or absences within Operator's reasonable control.

Operator is solely responsible for recruiting, hiring, leasing, assigning, supervising, scheduling, compensating, disciplining, and terminating its personnel, including personnel employed by Central Arizona Shelter Services, Inc. and leased or assigned to Operator under a separate arrangement. Before assigning a person to unsupervised duties, Operator shall complete identity verification, reference checks, and role-appropriate criminal and sex-offender screening to the extent permitted by law, using individualized and job-related criteria.

Training must include low-barrier practice; crisis prevention interventions and de-escalation; overdose and naloxone response; CPR and first-aid coverage; fire and evacuation procedures; disability accommodation; nondiscrimination; confidentiality; mandatory reporting; incident documentation; and appropriate boundaries with guests.

6. Life Safety and Property Controls

Operator shall:

- Comply with occupancy approvals, inspection requirements, fire-prevention directives, occupancy limits, and written safety conditions applicable to Operator's shelter operations. Until the fire marshal or other authority having jurisdiction confirms in writing that the automatic sprinkler system is operational and a fire watch is no longer required, Operator shall establish, staff, supervise, document, and maintain the fire watch required by Section 9.3 of the License Agreement and all directions of that authority, including trained personnel, required patrols and logs, and an immediate means of notifying occupants and emergency services. Operator shall provide the City its fire-watch plan and logs upon request and immediately report any lapse, fire, or other incident. Approved fire-watch compensation or reimbursement is governed by Exhibit B and remains within the not-to-exceed amount. The City's owner, approval, fire-watch funding, sprinkler-system repair, and Property responsibilities are stated in Section 4.2 of the Agreement.
- Prevent guest, staff, and visitor access to excluded areas except for persons separately authorized by the City.
- Prohibit open flames, candles, unapproved cooking or electrical equipment, tampering with life-safety systems, and storage in exits or egress paths. Permit smoking or vaping only in an exterior area designated by Operator, if any.
- Maintain occupancy and shift rosters for emergency accountability, conduct required drills, inspect egress routes within the Licensed Areas at least once each shift, and immediately correct life-safety hazards within Operator's operational control or report other hazards to the City for correction.
- Comply immediately with a lawful order by the City Manager or an authority having jurisdiction to suspend admissions, reduce capacity, close an area, evacuate the building, or suspend operations. Any schedule or compensation adjustment is governed by Sections 2.3, 3.1, and 8 of the Agreement.

7. Incident Response

A Serious Incident includes a death; life-threatening injury or illness; suspected sexual assault or other felony violence; fire; discharge or threatened use of a weapon; overdose requiring naloxone, emergency response, or hospitalization; evacuation; arrest for conduct in connection with the Program or Property; material data breach; substantial property damage; or another event reasonably likely to present an immediate threat, materially interrupt operations, or attract significant public or media attention.

Operator shall first obtain emergency assistance and protect life and safety. Operator shall notify the City's designated representative of a Serious Incident as soon as practicable and, absent extraordinary circumstances, within two hours after the on-site supervisor becomes aware of it. Operator shall provide a preliminary written report by the end of the next business day and a supplemental report when material facts or corrective actions become known.

Operator shall preserve relevant video, logs, statements, records, and physical evidence within Operator's possession or control, subject to lawful privacy restrictions, privilege, safety considerations, and record-retention limits, and cooperate with City, insurer, regulatory, and law-enforcement reviews.

8. Confidentiality, Data, and Records

Operator shall collect and use only information reasonably necessary for program operations, services, reporting, safety, reimbursement, or legal compliance. Personally identifying information may be disclosed only with consent or when authorized or required by law, reasonably necessary in an emergency, or necessary for contract administration with appropriate safeguards. Operator shall further comply with privacy and data-security laws applicable to Operator and the Program, including the Virginia Government Data Collection and Dissemination Act and the Health Insurance Portability and Accountability Act (HIPAA) only to the extent those laws apply to Operator, the data, or a specific data-sharing arrangement.

Before using a Homeless Management Information System or other shared platform, the Parties shall execute any participation, consent, business-associate, qualified-service-organization, or data-sharing documents required by law or the system operator.

Operator shall notify the City promptly, and no later than 24 hours after discovery by responsible management personnel, of actual or reasonably suspected unauthorized access, acquisition, use, or disclosure of Program data in Operator's possession or control if the incident: (a) requires notice under applicable law; (b) creates a material risk of harm to an individual; or (c) materially affects the Program. Operator shall investigate, mitigate harm, comply with notices required of Operator, and provide information reasonably necessary for the City to assess the incident, subject to privilege, law-enforcement requests, and confidentiality obligations.

9. Reporting and Performance Measures

- Monthly operational report due by the 10th calendar day of the following month, including aggregate occupancy, turn-aways, referrals, length of stay, exits, housing outcomes, services, staffing coverage, complaints, exclusions, emergency calls, overdoses, and injuries.
- Performance report due with each monthly invoice, including guests entering shelter, bed nights, average occupancy and length of stay, case-management participation, supportive services by type, exits and housing outcomes, aggregate demographic information, staffing, expenditures, successes, and operational challenges.
- Required on-site supervisory coverage: 100 percent of occupied hours.
- Serious Incident initial notice: within two hours absent extraordinary circumstances.
- Coordination meeting with City representatives: weekly during mobilization and the first 60 days, then at least monthly.

10. Transition and Closeout

Operator shall include at least 30 days of planned transition and closeout activity within the approved budget and not-to-exceed amount. Operator shall stop admitting guests as directed; coordinate safe transfers and referrals; cooperate with a successor operator; protect confidential information; return City property, keys, and credentials; remove Operator property and waste; and provide final records, reports, and invoices. If the City gives fewer than 30 days' termination notice, the Parties shall adjust the transition plan to the available time. Additional work beyond the approved budget requires a written amendment before the cost is incurred.

EXHIBIT B
COMPENSATION AND APPROVED BUDGET

Compensation is based on Operator's updated FY27 budget and an 80 percent base-payment framework. The approved budget is a planning and allocation ceiling, not a guaranteed payment, except that the fixed monthly operating payment is earned as stated below for a full Operating Month in which the shelter is open and available and Operator materially performs the required services and maintains the approved staffing. The City pays only the reconciled start-up advance, earned fixed operating installments, and actual allowable above-base costs described below, and no payment may exceed the not-to-exceed amount absent a prior written amendment.

Compensation Item	Amount / Method	Notes
Start-up and first-month advance	\$425,091.33	Payable once after the Effective Date, approval of the Operating Plan and staffing plan, and receipt of a correct invoice. The advance includes \$243,398.20 in budgeted start-up costs and the first \$181,693.13 monthly operating payment. The advance is subject to reconciliation, and any unused, unsupported, or disallowed amount must be credited or repaid.
Monthly operating payment	\$181,693.13 per full Operating Month	A fixed payment against 80 percent of the budgeted Operating Subtotal with Administrative Support. The first monthly payment is included in the start-up advance; the remaining eleven payments are payable monthly in advance. The payment is earned for a full Operating Month only if the shelter is open and available, Operator materially performs the required services, and Operator maintains the approved staffing and coverage. The payment shall be prorated or credited to reflect a closure, material understaffing, or material failure to provide required services, except for standby costs approved in writing because of a condition allocated to the City. The payment is not otherwise reconciled to actual expenses solely because actual costs for an Operating Month are less than the budgeted amount.

Compensation Item	Amount / Method	Notes
Operating Months	September 1, 2026 through August 31, 2027	Twelve calendar-month periods. An invoice for a monthly advance may be submitted no earlier than 15 days before the applicable Operating Month. The first Operating Month is included in the start-up advance. A shorter initial or final period is prorated by calendar day. Invoiced in arrears only when cumulative actual allowable Program operating costs exceed cumulative fixed monthly operating payments earned through the same period. Each cost must be directly attributable to the Program, supported by source documentation, and within an approved budget category. A cost included in the start-up advance may not also be included in above-base operating costs. Reallocation among budget categories requires the City's prior written approval, which may be provided as stated in Section 2.3. A new category, additional position, vendor scope, or cost outside the approved budget requires a written amendment if it would increase the not-to-exceed amount or otherwise constitutes a material change under Section 2.3. Inflation, an insufficient estimate, a facility condition, or a City request does not by itself authorize additional compensation.
Additional documented costs above base	Actual allowable costs within the approved budget and not-to-exceed amount	
Transition / closeout	Included within the not-to-exceed amount	Operator shall budget for ordinary transition, demobilization, records closeout, property removal, and staff notice obligations. The City will pay only actual, documented, noncancelable transition costs within the approved budget and not-to-exceed amount, except to the extent caused by Operator's uncured material breach. Additional transition work requires a written amendment before the cost is incurred.

Compensation Item	Amount / Method	Notes
Not-to-exceed total	\$3,205,786.20	Maximum aggregate City liability for all amounts arising under this Agreement. There are no exclusions from the cap. Any increase requires a written amendment signed before the additional cost is incurred.
Funding source and risk	City-funded from legally available appropriated funds, including anticipated Bama Works support	The City's payment obligation is subject to lawful appropriation and availability of funds. Any direct foundation, grant, philanthropic, or other third-party payment to Operator for an approved budget item must be disclosed and credited against the corresponding amount otherwise payable by the City.

Approved budget: Charlottesville Shelter_Budget_FY27 v.2.xlsx, sheet "Cville Annual Budget v.2," received August 19, 2026. For payment purposes, the Operating Subtotal with Administrative Support is \$2,725,396.96; the expense contingency is \$236,991.04; start-up costs excluding the first monthly payment are \$243,398.20; and the resulting not-to-exceed amount is \$3,205,786.20. The approved budget excludes utilities, internet service, and landscaping or grounds costs that the City will provide or pay directly. Each individual line item shown in the approved budget is treated as a direct Program budget item unless the budget expressly identifies it as Administrative Support. Administrative Support is the separately identified budget component. A cost may not be recovered both as a direct Program line item and through Administrative Support, and a start-up cost may not also be charged as an operating or above-base cost.

Invoice support: monthly performance report; daily occupancy records and average daily census; budget-to-actual report; staffing certification and payroll summary by position or cost center; affiliate employee-leasing or assigned-staff charges; invoices and receipts for above-base costs; and disclosure of third-party payments or credits. The City may accept equivalent documentation that reasonably verifies performance and allowable costs and will not require privileged material, individual confidential guest information, or payroll information unrelated to verification of an invoice.

Final reconciliation: within 45 days after termination, expiration, or completion of approved closeout, Operator shall submit a final invoice and accounting, apply all required credits, and repay any overpayment, duplicate payment, unearned payment, unsupported amount, or disallowed cost. Fixed monthly operating payments are subject to reconciliation only for the performance, staffing, availability, and other credits stated above and are not reconciled dollar for dollar to actual expenses. The City shall pay an undisputed final amount within 30 days after receipt of a correct final invoice, subject to the not-to-exceed amount. Durable equipment acquired entirely with City funds and costing \$500 or more per item is City property unless the approved budget states otherwise; Operator shall maintain an inventory and return that property at closeout. Consumables and nontransferable licenses are excluded.

EXHIBIT C

INSURANCE REQUIREMENTS

Operator shall maintain the coverages and limits below. If a required term is not commercially available on commercially reasonable terms, the Parties may approve a written substitute after review by their insurance representatives. No requirement is waived or modified without the City's written approval.

Coverage	Minimum Limit	Required Terms
Commercial general liability	\$1,000,000 each occurrence; \$3,000,000 general aggregate	Occurrence form; bodily injury, property damage, personal and advertising injury, contractual liability to the extent insured; City as additional insured only for liability arising from Operator's covered operations; primary and noncontributory where commercially available and only with respect to covered claims caused by Operator.
Umbrella / excess liability	\$5,000,000 each occurrence and aggregate	Follow-form over general, automobile, and employer's liability where commercially available; City as additional insured only to the extent provided by the underlying covered operations and policy terms.
Automobile liability	\$1,000,000 combined single limit	Owned, hired, and non-owned vehicles used in program operations; City as additional insured.
Workers' compensation	Statutory; employer's liability \$1,000,000	Virginia coverage and coverage in every state from which personnel are assigned, including employees leased or assigned from Central Arizona Shelter Services, Inc. if applicable; waiver of subrogation in favor of City where permitted by law, policy terms, and broker confirmation.
Professional / social services liability	\$1,000,000 each claim and aggregate	Coverage for case management and social services; maintain for three years after completion if claims-made.
Abuse and molestation liability	\$2,000,000 each claim and aggregate	No exclusion that defeats coverage for covered allegations involving program personnel or volunteers, subject to available market terms, underwriting, and exclusions confirmed by Operator's broker.

Coverage	Minimum Limit	Required Terms
Cyber / privacy liability	\$1,000,000 each claim and aggregate	Privacy breach, security failure, notification, restoration, extortion, and regulatory response; maintain for three years after completion if claims-made.
Property	Replacement cost of Operator property	City is not responsible for Operator furniture, equipment, supplies, records, or other personal property except to the extent loss is caused by the City or by Property conditions, building systems, utilities, construction, security failures, or other matters for which the City is responsible under this Agreement or the License Agreement.

Insurers must be authorized to do business in Virginia or otherwise permitted to provide the applicable coverage and reasonably acceptable to the City. Policies must provide at least 30 days' notice of cancellation or material reduction when commercially available, except 10 days for nonpayment. Operator shall provide endorsements, not merely certificates, for additional-insured, primary-and-noncontributory, and waiver-of-subrogation requirements to the extent commercially available and required by the applicable policy. Any modification to Exhibit C requires the City's prior written approval and, if compensation would increase, a written amendment under Sections 2.3 and 3.1.

EXHIBIT D
REQUIRED PUBLIC CONTRACT PROVISIONS

The following provisions are incorporated into the Agreement and apply to Operator and, where stated, its subcontractors and purchase orders.

- Operator represents that it is, and throughout the term will remain, authorized to transact business in the Commonwealth if required by Virginia Code Section 2.2-4311.2. Virginia SCC identification number: [12060324].
- Operator does not and shall not knowingly employ an unauthorized alien in the Commonwealth, as required by Virginia Code Section 2.2-4311.1.
- Operator shall not discriminate against an employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or another basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to Operator's normal operations. Operator agrees to post, in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Operator further agrees that it will state in employment solicitations that it is an equal opportunity employer, and include the required provisions in each subcontract or purchase order over \$10,000, as provided in Virginia Code Section 2.2-4311.
- During the performance of this contract, Operator agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of Operator that Operator maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor. This provision does not authorize Operator to condition guest access on sobriety contrary to the low-barrier model.
- Operator shall not use forced or indentured child labor in performing the Agreement and shall include the same prohibition in each subcontract or purchase order over \$10,000, as required by Virginia Code Section 2.2-4311.4.
- Operator's federal employer identification number is [39-3437768]. The Parties acknowledge that business/privilege license treatment remains subject to review by Virginia counsel and discussion with the Commissioner of Revenue; Operator does not waive any available exemption or agree to local tax liability by entering into this Agreement.
- Within seven days after receiving City payment attributable to work performed by a subcontractor, Operator shall pay the subcontractor its proportionate share or notify the City and subcontractor in writing of the reason for withholding. Operator shall pay interest on late amounts at one percent per month unless otherwise provided by the subcontract and shall include the requirements of Virginia Code Section 2.2-4354 in each subcontract, including lower-tier application.
- The City has established an administrative procedure for consideration of contractual claims, described in the City's "Contract Claims Resolution" Standard Operating Procedure, which is incorporated herein and is available on the City's website or upon request.

- The City of Charlottesville does not discriminate against faith-based organizations.
- Unless otherwise provided under the terms of this contract, interest shall accrue at the rate of one percent per month.