



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
September 8, 2020

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, September 8, 2020, via Zoom using the following link:
<https://us02web.zoom.us/j/84837371547?pwd=MXJTeENUdmRlOGdpbXpjVW1hTWZtZz09>
Password: 406555

Participants will need to download the Zoom app on their mobile devices.
Members of the public may also be able to participate by telephone, using the follow dial in information:
Dial in #:(669) 900-6833 To Listen and Address the Board when called upon:
Webinar ID: 848 3737 1547
Password: 406555

AGENDA

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. PUBLIC COMMENT

At this time, comments from the audience may be made on items not listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. The Committee has a policy of limiting speakers to not more than three minutes. The Committee cannot take action on items not listed on the agenda. Public input may be offered on an agenda item when it comes up for discussion and/or action.

IV. APPROVAL OF MINUTES

- 1. F&A Minutes – Meeting July 14, 2020 – Pg. 2-4 **ACTION**

V. CEO REPORT

VI. CHIEF ADMINISTRATION OFFICER’S REPORT – Pg. 5

- 1. LPMP Leasing Update – Pg. 6 **Information**

VII. FINANCIAL REPORTS

- 1. District and LPMP Financial Statements – Pg. 7-17 **ACTION**
- 2. Accounts Receivable Aging Summary – Pg. 18
- 3. District - Deposits – Pg. 19-20
- 4. District - Property tax receipts – Pg. 21
- 5. LPMP – Deposits – Pg. 22-24
- 6. District – Check Register – Pg. 25-26
- 7. Credit Card – Detail of Expenditures – Pg. 27-28
- 8. LPMP – Check Register – Pg. 29
- 9. Retirement Protection Plan Update – Pg. 30
- 10. Grant Payment Schedule – Pg. 31

VIII. OTHER MATTERS

- 1. Service Agreement Addendum - Magdalena Martinez dba Personnel 411 HR Consulting - \$833.33 per month – Pg. 32-37 **ACTION**
- 2. LPMP Lease Agreement – LABCORP – 5 Year Lease – Pg. 38-59 **ACTION**
- 3. LPMP - Lease Termination Agreement – Dennis Spurgin – Pg. 60-63 **ACTION**



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
September 8, 2020

- | | |
|--|--------------------|
| 4. LPMP - Temporary Lease Agreement – Arrowhead Evaluation Services, Inc. – Pg. 64-66 | ACTION |
| 5. Consulting Services Agreement – Strategies 360 – Voter Education Project - NTE \$30,000 – Pg. 67-80 | ACTION |
| 6. Retirement Protection Plan - Actuarial Valuation Report – June 30, 2020 – Pg. 81-99 | Information |

IX. ADJOURNMENT

If you have any disability which would require accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at ahayles@dhcd.org or call (760) 323-6110 at least 24 hours prior to the meeting.



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
July 14, 2020

Directors Present	District Staff Present	Absent
Chair/Treasurer Mark Matthews President Leticia De Lara, MPH Director Arthur Shorr	Conrado E. Bázquez, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Andrea S. Hayles, Clerk to the Board	

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Matthews called the meeting to order at 3:41 p.m. due to technical difficulties.	
II. Approval of Agenda	Chair Matthews asked for a motion to approve the agenda.	Moved and seconded Director Shorr and President De Lara to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting June 09, 2020	Chair Matthews motioned to approve the June 09, 2020 minutes.	Moved and seconded by President De Lara and Director Shorr to approve the minutes.
V. CEO Report	There was no report.	
VI. Chief Financial Officer’s Report 1. LPMP Leasing Update	Chris Christensen, CAO, explained the amendments to the rent deferrals due to COVID-19, and finance is awaiting the amendments from 3 tenants. The auditors will commence their work remotely in the coming weeks, and the bids are forthcoming for the landscaping project.	
VII. Financial Reports 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits	Chair Matthews reviewed and discussed the financials with the committee and Mr. Christensen explained the rent receivable deferral on the balance sheet, property tax receipts, and the grant payment schedule with nine	Moved and seconded by Director Shorr and President De Lara and to approve the June 2020 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
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<p>6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule</p>	<p>recent disbursements in the retirement protection plan. Director Shorr suggested adding a format for new business of the month to illustrate the change in the retirement protection plan for each month.</p>	
<p>VIII. Other Matters</p> <p>1. Las Palmas Medical Plaza – Common Area Restroom Remodel – Estimated \$22,000</p>	<p>Chris Christensen, CAO, described the restroom remodel at the Las Palmas Medical Plaza. Although no other bids were solicited, InPro is the preferred vendor since they maintain the property maintenance, and they are familiar with the property.</p>	<p>Moved and seconded by President De Lara and Director Shorr and to approve Las Palmas Medical Plaza – Common Area Restroom Remodel – Estimated \$22,000 and forward to the Board for approval. Motion passed unanimously.</p>
<p>IV. Adjournment</p>	<p>Chair Matthews adjourned the meeting at 4:04 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Agendas-and-Documents</p>

ATTEST: _____
 Mark Matthews, Chair/Treasurer Finance & Administration Committee
 Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board



Chief Administration Officer's Report

September 2020

Staff is nearing completion of the yearend audit work with Lund & Guttry. The work was conducted remotely for the fiscal year ended June 30, 2020.

Staff recently released a Notice Inviting Bids for the landscaping project at the Las Palmas Medical Plaza. Anticipated bids will be received in early October and presented for consideration of approval at the October F&A Committee meeting.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

92% currently occupied –

Total annual rent including CAM fees is **\$1,225,808**.

Leasing Activity:

Leasing activity has been slow due to the COVID-19 virus. Rob Wenthold, the broker staff is working with, indicated prospective tenants are apprehensive during this period of time.

Tenants who have requested rent relief due to the COVID-19 health crisis have received their respective lease addenda. Deferred rent for each tenant is now being billed on a pro-rated basis over the remaining life of their lease.

Las Palmas Medical Plaza

Unit Rental Status

As of September 1, 2020

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To									
											\$ 0.62		
3W, 101	Vacant					1,656	3.36%						
2W, 107	Vacant					1,024	2.07%						
1W, 204	Vacant					1,280	2.59%						
Total - Vacancies						3,960	8.02%						
Total Suites-33 - 31 Suites Occupied		\$61,961.90				49,356	92.0%	\$ 74,131.60	\$ 889,579.20	\$ 1.63	\$ 28,019.04	\$ 102,150.64	\$ 1,225,807.68
Summary - All Units													
			Occupied	45,396	92.0%								
			Vacant	3,960	8.0%								
			Pending	0	0%								
			Total	49,356	100%								

DESERT HEALTHCARE DISTRICT
JULY / AUGUST 2020 FINANCIAL STATEMENTS
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Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Retirement Protection Plan Update
Grants Schedule

**DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
TWELVE MONTHS ENDED JUNE 30, 2021**

Preliminary				
Scope: \$25,000 Variance per Statement of Operations Summary				
	YTD		Over(Under)	
Account	Actual	Budget	Budget	Explanation
4000 - Income	\$ 1,320,523	\$ 1,491,044	\$ (170,521)	Lower interest income (net) from FRF investments \$172k; higher LPMP income \$11k; lower grant income \$10k
5000 - Direct Expenses	\$ 173,918	\$ 280,610	\$ (106,692)	Lower wage related expenses \$57k due to open positions; lower board expenses \$17k; lower education expense \$15k lower health insurance expense \$13k; lower retirement expense \$4k; lower workers comp expense \$1k
6445 - LPMP Expense	\$ 154,979	\$ 195,910	\$ (40,931)	Lower landscaping expense \$27k; lower tenant improvement depreciation expense \$5k, higher plumbing expense \$4k, lower marketing expense \$3k, lower various \$10k
6500 - Professional Fees Expense	\$ 51,289	\$ 209,772	\$ (158,483)	Lower Professional Services expense \$129k; lower PR/Communications expense \$19k; lower legal expense \$10k
7000 - Grants Expense	\$ 483,652	\$ 680,666	\$ (197,014)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year.
9999-1 Unrealized loss on invest	\$ (140,660)	\$ 66,666	\$ (207,326)	Market fluctuations
Las Palmas Medical Plaza - Net	\$ 54,489	\$ 2,244	\$ 52,245	LPMP expenses lower \$41k; LPMP revenue higher \$11k

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
July 2020 through August 2020

	MONTH			MONTH			TOTAL		
	Jul 20	Budget	\$ Over Budget	Aug 20	Budget	\$ Over Budget	Jul - Aug 20	Budget	\$ Over Budget
Income									
4000 · Income	600,686	645,495	(44,809)	508,869	645,495	(136,626)	1,109,555	1,290,990	(181,435)
4500 · LPMP Income	104,578	99,077	5,501	104,890	99,077	5,813	209,468	198,154	11,314
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	1,500	1,900	(400)
Total Income	706,014	745,522	(39,508)	614,509	745,522	(131,013)	1,320,523	1,491,044	(170,521)
Expense									
5000 · Direct Expenses	87,507	140,305	(52,798)	86,411	140,305	(53,894)	173,918	280,610	(106,692)
6000 · General & Administrative Exp	39,971	47,495	(7,524)	34,475	47,495	(13,020)	74,446	94,990	(20,544)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	0	2,083	(2,083)	0	4,166	(4,166)
6445 · LPMP Expenses	74,801	97,955	(23,154)	80,178	97,955	(17,777)	154,979	195,910	(40,931)
6500 · Professional Fees Expense	29,160	104,886	(75,726)	22,129	104,886	(82,757)	51,289	209,772	(158,483)
6700 · Trust Expenses	10,458	8,792	1,666	10,458	8,792	1,666	20,916	17,584	3,332
Total Expense	241,897	401,516	(159,619)	233,651	401,516	(167,865)	475,548	803,032	(327,484)
7000 · Grants Expense	500,000	340,333	159,667	(16,348)	340,333	(356,681)	483,652	680,666	(197,014)
Net Income	(35,883)	3,673	(39,556)	397,206	3,673	393,533	361,322	7,346	353,976

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
July 2020 through August 2020

	MONTH			MONTH			TOTAL		
	Jul 20	Budget	\$ Over Budget	Aug 20	Budget	\$ Over Budget	Jul - Aug 20	Budget	\$ Over Budget
Income									
4000 · Income									
4010 · Property Tax Revenues	516,447	516,447	0	516,447	516,447	0	1,032,894	1,032,894	0
4200 · Interest Income									
4220 · Interest Income (FRF)	130,392	86,965	43,427	78,965	86,965	(8,000)	209,357	173,930	35,427
9999-1 · Unrealized gain(loss) on invest	(47,902)	33,333	(81,235)	(92,758)	33,333	(126,091)	(140,660)	66,666	(207,326)
Total 4200 · Interest Income	82,490	120,298	(37,808)	(13,793)	120,298	(134,091)	68,697	240,596	(171,899)
4300 · DHC Recoveries	1,749	1,750	(1)	1,802	1,750	52	3,551	3,500	51
4400 · Grant Income	0	7,000	(7,000)	4,413	7,000	(2,587)	4,413	14,000	(9,587)
Total 4000 · Income	600,686	645,495	(44,809)	508,869	645,495	(136,626)	1,109,555	1,290,990	(181,435)
4500 · LPMP Income	104,578	99,077	5,501	104,890	99,077	5,813	209,468	198,154	11,314
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	1,500	1,900	(400)
Total Income	706,014	745,522	(39,508)	614,509	745,522	(131,013)	1,320,523	1,491,044	(170,521)
Expense									
5000 · Direct Expenses									
5100 · Administration Expense									
5110 · Wages Expense	63,921	113,645	(49,724)	74,779	113,645	(38,866)	138,700	227,290	(88,590)
5111 · Allocation to LPMP - Payroll	(5,161)	(5,166)	5	(5,161)	(5,166)	5	(10,322)	(10,332)	10
5112 · Vacation/Sick/Holiday Expense	10,782	10,000	782	7,844	10,000	(2,156)	18,626	20,000	(1,374)
5114 · Allocation to Foundation	(24,392)	(37,196)	12,804	(24,392)	(37,196)	12,804	(48,784)	(74,392)	25,608
5115 · Allocation to NEOPB	0	(7,571)	7,571	(4,413)	(7,571)	3,158	(4,413)	(15,142)	10,729
5119 · Allocation to RSS/CVHIP-DHCF	(631)	(1,431)	800	(272)	(1,431)	1,159	(903)	(2,862)	1,959
5120 · Payroll Tax Expense	6,203	8,694	(2,491)	5,810	8,694	(2,884)	12,013	17,388	(5,375)
5130 · Health Insurance Expense									
5131 · Premiums Expense	12,283	16,795	(4,512)	11,239	16,795	(5,556)	23,522	33,590	(10,068)
5135 · Reimb./Co-Payments Expense	2,576	3,000	(424)	834	3,000	(2,166)	3,410	6,000	(2,590)
Total 5130 · Health Insurance Expense	14,859	19,795	(4,936)	12,073	19,795	(7,722)	26,932	39,590	(12,658)
5140 · Workers Comp. Expense	619	1,193	(574)	619	1,193	(574)	1,238	2,386	(1,148)
5145 · Retirement Plan Expense	5,735	7,848	(2,113)	5,806	7,848	(2,042)	11,541	15,696	(4,155)
5160 · Education Expense	0	7,250	(7,250)	0	7,250	(7,250)	0	14,500	(14,500)
Total 5100 · Administration Expense	71,935	117,061	(45,126)	72,693	117,061	(44,368)	144,628	234,122	(89,494)
5200 · Board Expenses									
5210 · Healthcare Benefits Expense	3,265	5,834	(2,569)	2,671	5,834	(3,163)	5,936	11,668	(5,732)
5230 · Meeting Expense	0	1,667	(1,667)	0	1,667	(1,667)	0	3,334	(3,334)
5235 · Director Stipend Expense	1,890	4,410	(2,520)	630	4,410	(3,780)	2,520	8,820	(6,300)
5240 · Catering Expense	0	708	(708)	0	708	(708)	0	1,416	(1,416)
5250 · Mileage Reimbursement Expense	0	208	(208)	0	208	(208)	0	416	(416)
5270 · Election Fees Expense	10,417	10,417	0	10,417	10,417	0	20,834	20,834	0
Total 5200 · Board Expenses	15,572	23,244	(7,672)	13,718	23,244	(9,526)	29,290	46,488	(17,198)
Total 5000 · Direct Expenses	87,507	140,305	(52,798)	86,411	140,305	(53,894)	173,918	280,610	(106,692)
6000 · General & Administrative Exp									
6110 · Payroll fees Expense	174	208	(34)	174	208	(34)	348	416	(68)
6120 · Bank and Investment Fees Exp	9,350	9,833	(483)	9,605	9,833	(228)	18,955	19,666	(711)
6125 · Depreciation Expense	1,102	1,167	(65)	1,102	1,167	(65)	2,204	2,334	(130)
6126 · Depreciation-Solar Parking lot	15,072	15,072	0	15,072	15,072	0	30,144	30,144	0
6130 · Dues and Membership Expense	1,014	3,337	(2,323)	1,163	3,337	(2,174)	2,177	6,674	(4,497)
6200 · Insurance Expense	2,343	2,417	(74)	2,343	2,417	(74)	4,686	4,834	(148)

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
July 2020 through August 2020

	MONTH			MONTH			TOTAL		
	Jul 20	Budget	\$ Over Budget	Aug 20	Budget	\$ Over Budget	Jul - Aug 20	Budget	\$ Over Budget
6300 · Minor Equipment Expense	0	42	(42)	0	42	(42)	0	84	(84)
6305 · Auto Allowance & Mileage Exp	462	600	(138)	462	600	(138)	924	1,200	(276)
6306 · Staff- Auto Mileage reimb	0	625	(625)	56	625	(569)	56	1,250	(1,194)
6309 · Personnel Expense	1,050	1,167	(117)	0	1,167	(1,167)	1,050	2,334	(1,284)
6310 · Miscellaneous Expense	0	42	(42)	0	42	(42)	0	84	(84)
6311 · Cell Phone Expense	1,079	776	303	370	776	(406)	1,449	1,552	(103)
6312 · Wellness Park Expenses	0	83	(83)	0	83	(83)	0	166	(166)
6315 · Security Monitoring Expense	108	42	66	125	42	83	233	84	149
6340 · Postage Expense	472	417	55	0	417	(417)	472	834	(362)
6350 · Copier Rental/Fees Expense	788	458	330	0	458	(458)	788	916	(128)
6351 · Travel Expense	0	1,667	(1,667)	0	1,667	(1,667)	0	3,334	(3,334)
6352 · Meals & Entertainment Exp	0	875	(875)	0	875	(875)	0	1,750	(1,750)
6355 · Computer Services Expense	1,269	3,775	(2,506)	1,261	3,775	(2,514)	2,530	7,550	(5,020)
6360 · Supplies Expense	1,544	2,167	(623)	201	2,167	(1,966)	1,745	4,334	(2,589)
6380 · LAFCO Assessment Expense	144	208	(64)	144	208	(64)	288	416	(128)
6400 · East Valley Office	4,000	2,517	1,483	2,397	2,517	(120)	6,397	5,034	1,363
Total 6000 · General & Administrative Exp	39,971	47,495	(7,524)	34,475	47,495	(13,020)	74,446	94,990	(20,544)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	0	2,083	(2,083)	0	4,166	(4,166)
6445 · LPMP Expenses	74,801	97,955	(23,154)	80,178	97,955	(17,777)	154,979	195,910	(40,931)
6500 · Professional Fees Expense									
6516 · Professional Services Expense	15,389	77,198	(61,809)	9,941	77,198	(67,257)	25,330	154,396	(129,066)
6520 · Annual Audit Fee Expense	1,313	1,313	0	1,313	1,313	0	2,626	2,626	0
6530 · PR/Communications/Website	2,940	11,375	(8,435)	875	11,375	(10,500)	3,815	22,750	(18,935)
6560 · Legal Expense	9,518	15,000	(5,482)	10,000	15,000	(5,000)	19,518	30,000	(10,482)
Total 6500 · Professional Fees Expense	29,160	104,886	(75,726)	22,129	104,886	(82,757)	51,289	209,772	(158,483)
6700 · Trust Expenses									
6720 · Pension Plans Expense									
6721 · Legal Expense	0	167	(167)	0	167	(167)	0	334	(334)
6725 · RPP Pension Expense	10,000	7,500	2,500	10,000	7,500	2,500	20,000	15,000	5,000
6728 · Pension Audit Fee Expense	458	1,125	(667)	458	1,125	(667)	916	2,250	(1,334)
Total 6700 · Trust Expenses	10,458	8,792	1,666	10,458	8,792	1,666	20,916	17,584	3,332
Total Expense Before Grants	241,897	401,516	(159,619)	233,651	401,516	(167,865)	475,548	803,032	(327,484)
7000 · Grants Expense									
7010 · Major Grant Awards Expense	500,000	333,333	166,667	(20,761)	333,333	(354,094)	479,239	666,666	(187,427)
7027 · Grant Exp - NEOPB	0	7,000	(7,000)	4,413	7,000	(2,587)	4,413	14,000	(9,587)
Total 7000 · Grants Expense	500,000	340,333	159,667	(16,348)	340,333	(356,681)	483,652	680,666	(197,014)
Net Income	(35,883)	3,673	(39,556)	397,206	3,673	393,533	361,322	7,346	353,976

Las Palmas Medical Plaza
Cumulative Profit & Loss Budget vs. Actual
July 2020 through August 2020

	MONTH			MONTH			TOTAL		
	Jul 20	Budget	\$ Over Budget	Aug 20	Budget	\$ Over Budget	Jul - Aug 20	Budget	\$ Over Budget
Income									
4500 · LPMP Income									
4505 · Rental Income	75,765	71,672	4,093	76,077	71,672	4,405	151,842	143,344	8,498
4510 · CAM Income	28,813	27,372	1,441	28,813	27,372	1,441	57,626	54,744	2,882
4513 · Misc. Income	0	33	(33)	0	33	(33)	0	66	(66)
Total 4500 · LPMP Income	104,578	99,077	5,501	104,890	99,077	5,813	209,468	198,154	11,314
Expense									
6445 · LPMP Expenses									
6420 · Insurance Expense	2,599	2,750	(151)	2,599	2,750	(151)	5,198	5,500	(302)
6425 · Building - Depreciation Expense	21,487	21,879	(392)	21,487	21,879	(392)	42,974	43,758	(784)
6426 · Tenant Improvements -Dep Exp	14,351	16,833	(2,482)	14,351	16,833	(2,482)	28,702	33,666	(4,964)
6427 · HVAC Maintenance Expense	456	1,333	(877)	755	1,333	(578)	1,211	2,666	(1,455)
6428 · Roof Repairs Expense	0	208	(208)	0	208	(208)	0	416	(416)
6431 · Building -Interior Expense	0	833	(833)	0	833	(833)	0	1,666	(1,666)
6432 · Plumbing -Interior Expense	0	333	(333)	4,588	333	4,255	4,588	666	3,922
6433 · Plumbing -Exterior Expense	0	208	(208)	0	208	(208)	0	416	(416)
6434 · Allocation Internal Prop. Mgmt	5,161	5,166	(5)	5,161	5,166	(5)	10,322	10,332	(10)
6435 · Bank Charges	1,078	1,125	(47)	1,078	1,125	(47)	2,156	2,250	(94)
6437 · Utilities -Vacant Units Expense	0	83	(83)	479	83	396	479	166	313
6439 · Deferred Maintenance Repairs Ex	0	833	(833)	0	833	(833)	0	1,666	(1,666)
6440 · Professional Fees Expense	10,117	10,472	(355)	10,117	10,472	(355)	20,234	20,944	(710)
6441 · Legal Expense	0	83	(83)	0	83	(83)	0	166	(166)
6458 · Elevators - R & M Expense	2,872	1,000	1,872	228	1,000	(772)	3,100	2,000	1,100
6460 · Exterminating Service Expense	175	333	(158)	0	333	(333)	175	666	(491)
6463 · Landscaping Expense	0	14,167	(14,167)	850	14,167	(13,317)	850	28,334	(27,484)
6467 · Lighting Expense	0	500	(500)	0	500	(500)	0	1,000	(1,000)
6468 · General Maintenance Expense	0	83	(83)	0	83	(83)	0	166	(166)
6471 · Marketing-Advertising	0	1,250	(1,250)	0	1,250	(1,250)	0	2,500	(2,500)
6475 · Property Taxes Expense	6,000	6,008	(8)	6,000	6,008	(8)	12,000	12,016	(16)
6476 · Signage Expense	0	125	(125)	0	125	(125)	0	250	(250)
6480 · Rubbish Removal Medical Waste E	1,513	1,583	(70)	0	1,583	(1,583)	1,513	3,166	(1,653)
6481 · Rubbish Removal Expense	2,227	2,250	(23)	2,227	2,250	(23)	4,454	4,500	(46)
6482 · Utilities/Electricity/Exterior	0	625	(625)	604	625	(21)	604	1,250	(646)
6484 · Utilities - Water (Exterior)	645	625	20	865	625	240	1,510	1,250	260
6485 · Security Expenses	6,120	7,167	(1,047)	8,500	7,167	1,333	14,620	14,334	286
6490 · Miscellaneous Expense	0	100	(100)	289	100	189	289	200	89
6445 · LPMP Expenses	74,801	97,955	(23,154)	80,178	97,955	(17,777)	154,979	195,910	(40,931)
Net Income	29,777	1,122	28,655	24,712	1,122	23,590	54,489	2,244	52,245

Desert Healthcare District
Balance Sheet
As of August 31, 2020

			Aug 31, 20
ASSETS			
Current Assets			
Checking/Savings			
	1000 · CHECKING CASH ACCOUNTS		1,817,594
	1100 · INVESTMENT ACCOUNTS		58,956,414
Total Checking/Savings			60,774,008
Accounts Receivable			131,600
Other Current Assets			
	1204.1 · Rent Receivable-Deferred COVID		211,671
	1270 · Prepaid Insurance -Ongoing		53,150
	1279 · Pre-Paid Fees		16,369
	1281 · NEOPB Receivable		4,413
	1295 · Property Tax Receivable		1,042,032
Total Other Current Assets			1,327,635
Total Current Assets			62,233,243
Fixed Assets			
	1300 · FIXED ASSETS		4,913,164
	1335-00 · ACC DEPR		(2,057,822)
	1400 · LPMP Assets		6,819,358
Total Fixed Assets			9,674,700
Other Assets			
	1700 · OTHER ASSETS		2,909,152
TOTAL ASSETS			74,817,093

Desert Healthcare District
Balance Sheet
As of August 31, 2020

			Aug 31, 20
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
	2000 · Accounts Payable		10,530
	2001 · LPMP Accounts Payable		6,298
	Total Accounts Payable		16,828
Other Current Liabilities			
	2002 · LPMP Property Taxes		12,000
	2131 · Grant Awards Payable		2,426,272
	2133 · Accrued Accounts Payable		162,611
	2141 · Accrued Vacation Time		53,053
	2145 · Payroll Liability		0
	2188 · Current Portion - LTD		12,336
	2190 · Investment Fees Payable		48,110
	Total Other Current Liabilities		2,714,382
	Total Current Liabilities		2,731,210
Long Term Liabilities			
	2170 · RPP - Pension Liability		4,624,254
	2171 · RPP-Deferred Inflows-Resources		370,700
	2280 · Long-Term Disability		28,809
	2281 · Grants Payable - Long-term		6,660,000
	2286 · Retirement BOD Medical Liabilit		65,678
	2290 · LPMP Security Deposits		61,962
	Total Long Term Liabilities		11,811,403
	Total Liabilities		14,542,613
Equity			
	3900 · *Retained Earnings		59,913,158
	Net Income		361,322
	Total Equity		60,274,480
TOTAL LIABILITIES & EQUITY			74,817,093

Desert Healthcare District
Balance Sheet
As of August 31, 2020

			Aug 31, 20
ASSETS			
Current Assets			
Checking/Savings			
	1000	CHECKING CASH ACCOUNTS	
	1010	Union Bank - Checking	1,486,966
	1046	Las Palmas Medical Plaza	330,128
	1047	Petty Cash	500
		Total 1000 - CHECKING CASH ACCOUNTS	1,817,594
1100 - INVESTMENT ACCOUNTS			
	1130	Facility Replacement Fund	57,646,738
	1135	Unrealized Gain(Loss) FRF	1,309,676
		Total 1100 - INVESTMENT ACCOUNTS	58,956,414
		Total Checking/Savings	60,774,008
Accounts Receivable			
	1201	Accounts Receivable	
	1204	LPMP Accounts Receivable	(2,724)
	1205	Misc. Accounts Receivable	2,899
	1211	A-R Foundation - Exp Allocation	131,425
		Total 1201 - Accounts Receivable	131,600
		Total Accounts Receivable	131,600
Other Current Assets			
	1204.1	Rent Receivable-Deferred COVID	211,671
	1270	Prepaid Insurance -Ongoing	53,150
	1279	Pre-Paid Fees	16,369
	1281	NEOPB Receivable	4,413
	1295	Property Tax Receivable	1,042,032
		Total Other Current Assets	1,327,635
		Total Current Assets	62,233,243
Fixed Assets			
	1300	FIXED ASSETS	
	1310	Computer Equipment	94,034
	1315	Computer Software	68,770
	1320	Furniture and Fixtures	33,254
	1325	Offsite Improvements	300,849
	1331	DRMC - Parking lot	4,416,257
		Total 1300 - FIXED ASSETS	4,913,164
	1335-00	ACC DEPR	
	1335	Accumulated Depreciation	(212,655)

Desert Healthcare District
Balance Sheet
As of August 31, 2020

			Aug 31, 20
		1336 · Acc. Software Depreciation	(68,770)
		1337 · Accum Deprec- Solar Parking Lot	(1,627,947)
		1338 · Accum Deprec - LPMP Parking Lot	(148,450)
		Total 1335-00 · ACC DEPR	(2,057,822)
		1400 · LPMP Assets	
		1401 · Building	8,705,680
		1402 · Land	2,165,300
		1403 · Tenant Improvements -New	2,168,677
		1404 · Tenant Improvements - CIP	129,550
		1406 · Building Improvements	
		1406.1 · LPMP-Replace Parking Lot	676,484
		1406.2 · Building Improvements-CIP	66,704
		1406 · Building Improvements - Other	1,559,534
		Total 1406 · Building Improvements	2,302,722
		1407 · Building Equipment Improvements	364,891
		1409 · Accumulated Depreciation	
		1410 · Accum. Depreciation	(7,448,407)
		1412 · T I Accumulated Dep.-New	(1,569,055)
		Total 1409 · Accumulated Depreciation	(9,017,462)
		Total 1400 · LPMP Assets	6,819,358
		Total Fixed Assets	9,674,700
		Other Assets	
		1700 · OTHER ASSETS	
		1731 · Wellness Park	1,693,800
		1740 · RPP-Deferred Outflows-Resources	1,204,238
		1741 · OPEB-Deferrred Outflows-Resourc	11,114
		Total Other Assets	2,909,152
		TOTAL ASSETS	74,817,093
		LIABILITIES & EQUITY	
		Liabilities	
		Current Liabilities	
		Accounts Payable	
		2000 · Accounts Payable	10,530
		2001 · LPMP Accounts Payable	6,298
		Total Accounts Payable	16,828
		Other Current Liabilities	
		2002 · LPMP Property Taxes	12,000
		2131 · Grant Awards Payable	2,426,272

Desert Healthcare District
Balance Sheet
As of August 31, 2020

				Aug 31, 20
			2133 · Accrued Accounts Payable	162,611
			2141 · Accrued Vacation Time	53,053
			2145 · Payroll Liability	0
			2188 · Current Portion - LTD	12,336
			2190 · Investment Fees Payable	48,110
			Total Other Current Liabilities	2,714,382
			Total Current Liabilities	2,731,210
			Long Term Liabilities	
			2170 · RPP - Pension Liability	4,624,254
			2171 · RPP-Deferred Inflows-Resources	370,700
			2280 · Long-Term Disability	28,809
			2281 · Grants Payable - Long-term	6,660,000
			2286 · Retirement BOD Medical Liabilit	65,678
			2290 · LPMP Security Deposits	61,962
			Total Long Term Liabilities	11,811,403
			Total Liabilities	14,542,613
			Equity	
			3900 · *Retained Earnings	59,913,158
			Net Income	361,322
			Total Equity	60,274,480
			TOTAL LIABILITIES & EQUITY	74,817,093

Desert Healthcare District
A/R Aging Summary
As of August 31, 2020

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Dennis Spurgin, D.C.	0	2,847	0	0	0	2,847	Slow pay
Desert Family Medical Center	0	0	0	3,570	0	3,570	Slow pay
Desert Healthcare Foundation-	24,664	0	25,023	27,315	54,422	131,425	Due from Foundation - Paid In September
Desert Oasis Healthcare Medical Group	(2,177)	0	0	0	0	(2,177)	Prepaid
Laboratory Corporation of America	0	(4,774)	0	0	0	(4,774)	Prepaid
Mark Matthews	0	0	0	1,399	0	1,399	Director Premiums
Peter Jamieson, M.D.	0	0	0	0	115	115	Underpaid
Quest Diagnostics Incorporated	0	3,166	0	0	0	3,166	Underpaid
Sovereign	750	0	750	0	0	1,500	Slow pay
Steven Gundry, M.D.	(5,471)	0	0	0	0	(5,471)	Prepaid
TOTAL	17,766	1,238	25,773	32,284	54,538	131,599	

Desert Healthcare District
Deposit Detail
July 2020 through August 2020

Type	Date	Name	Amount
Deposit	07/09/2020		1,001
		Principal Financial Group-	(251)
Payment	07/09/2020	Sovereign	(750)
TOTAL			(1,001)
Deposit	07/24/2020		750
Payment	07/24/2020	Sovereign	(750)
TOTAL			(750)
Deposit	08/03/2020		90,036
		Riverside County Treasurer-Property Tax	(59)
		Riverside County Treasurer-Property Tax	(89,978)
TOTAL			(90,037)
Deposit	08/04/2020		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	08/05/2020		5,646
		Riverside County Treasurer-CalFresh	(5,646)
TOTAL			(5,646)
Deposit	08/05/2020		1,969
		Riverside County Treasurer-Property Tax	(299)
		Riverside County Treasurer-Property Tax	(1,670)
TOTAL			(1,969)
Deposit	08/07/2020		34,952
		Riverside County Treasurer-Property Tax	(34,952)
TOTAL			(34,952)

Desert Healthcare District
Deposit Detail
 July 2020 through August 2020

Type	Date	Name	Amount
Deposit	08/13/2020		3,810
		Riverside County Treasurer-Property Tax	(3,810)
TOTAL			(3,810)
Deposit	08/13/2020		11,051
		Riverside County Treasurer-Property Tax	(11,051)
TOTAL			(11,051)
Deposit	08/14/2020		7,729
		Riverside County Treasurer-Property Tax	(7,729)
TOTAL			(7,729)
Deposit	08/20/2020		750
Payment	08/20/2020	Sovereign	(750)
TOTAL			(750)
Deposit	08/21/2020		53
		California Business Bureau, Inc.	(53)
TOTAL			(53)
		TOTAL	159,496

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2020 - 2021										
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2021										
	FY 2019-2020 Projected/Actual					FY 2020-2021 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 168,407	1.3%	\$ -	\$ (168,407)	2.5%	\$ 154,934	0.0%	\$ -	\$ (154,934)
Aug	1.6%	\$ 107,780	1.3%	\$ 207,292	\$ 99,512	1.6%	\$ 99,158	2.4%	\$ 149,547	\$ 50,390
Sep	2.6%	\$ 175,143	2.4%	\$ -	\$ (175,143)	2.6%	\$ 161,131	0.0%		
Oct	0.0%	\$ -	0.0%	\$ 158,895	\$ 158,895	0.0%	\$ -	0.0%		
Nov	0.4%	\$ 26,945	0.0%	\$ -	\$ (26,945)	0.4%	\$ 24,789	0.0%		
Dec	16.9%	\$ 1,138,429	17.8%	\$ 1,222,723	\$ 84,294	16.9%	\$ 1,047,354	0.0%		
Jan	31.9%	\$ 2,148,868	19.7%	\$ 2,228,697	\$ 79,829	31.9%	\$ 1,976,959	0.0%		
Feb	0.0%	\$ -	13.9%	\$ 69,468	\$ 69,468	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 20,209	0.7%	\$ 71,486	\$ 51,277	0.3%	\$ 18,592	0.0%		
Apr	5.5%	\$ 370,495	5.9%	\$ 405,506	\$ 35,012	5.5%	\$ 340,855	0.0%		
May	19.9%	\$ 1,340,517	20.3%	\$ 101,619	\$ (1,238,897)	19.9%	\$ 1,233,275	0.0%		
June	18.4%	\$ 1,239,473	22.3%	\$ 2,695,867	\$ 1,456,394	18.4%	\$ 1,140,315	0.0%		
Total	100%	\$ 6,736,264	105.6%	\$ 7,161,553	\$ 425,289	100.00%	\$ 6,197,363	2.4%	\$ 149,547	\$ (104,545)

Las Palmas Medical Plaza
Deposit Detail - LPMP
July 2020 through August 2020

Type	Date	Name	Amount
Deposit	07/01/2020		3,854
Payment	07/01/2020	Quest Diagnostics Incorporated	(3,854)
TOTAL			(3,854)
Deposit	07/09/2020		8,522
Payment	07/09/2020	Cohen Musch Thomas Medical Group	(3,543)
Payment	07/09/2020	Cohen Musch Thomas Medical Group	(718)
Payment	07/09/2020	Cohen Musch Thomas Medical Group	(4,261)
TOTAL			(8,522)
Deposit	07/10/2020		27,149
Payment	07/10/2020	Derakhsh Fozouni, M.D.	(5,969)
Payment	07/10/2020	Pathway Pharmaceuticals, Inc.	(2,296)
Payment	07/10/2020	Ramy Awad, M.D.	(3,246)
Payment	07/10/2020	Palmtree Clinical Research	(6,582)
Payment	07/10/2020	Aijaz Hashmi, M.D., Inc.	(2,803)
Payment	07/10/2020	Brad A. Wolfson, M.D.	(3,354)
Payment	07/10/2020	Cure Cardiovascular Consultants	(2,898)
TOTAL			(27,148)
Deposit	07/13/2020		3,116
Payment	07/13/2020	Peter Jamieson, M.D.	(3,116)
TOTAL			(3,116)
Deposit	07/24/2020		4,774
Payment	07/24/2020	Laboratory Corporation of America	(4,774)
TOTAL			(4,774)
Deposit	07/24/2020		3,001
Payment	07/24/2020	Peter Jamieson, M.D.	(3,001)
TOTAL			(3,001)

Las Palmas Medical Plaza
Deposit Detail - LPMP
July 2020 through August 2020

Type	Date	Name	Amount
Deposit	07/24/2020		5,235
Payment	07/24/2020	Steven Gundry, M.D.	(5,235)
TOTAL			(5,235)
Deposit	07/24/2020		403
Payment	07/24/2020	Palmtree Clinical Research	(403)
TOTAL			(403)
Deposit	07/30/2020		2,177
Payment	07/30/2020	Desert Oasis Healthcare Medical Group	(2,177)
TOTAL			(2,177)
Deposit	08/03/2020		3,570
Payment	08/03/2020	Desert Family Medical Center	(3,570)
TOTAL			(3,570)
Deposit	08/03/2020		717
Payment	08/03/2020	Quest Diagnostics Incorporated	(717)
TOTAL			(717)
Deposit	08/05/2020		27,360
Payment	08/05/2020	Pathway Pharmaceuticals, Inc.	(2,296)
Payment	08/05/2020	Derakhsh Fozouni, M.D.	(5,969)
Payment	08/05/2020	Cure Cardiovascular Consultants	(2,898)
Payment	08/05/2020	Brad A. Wolfson, M.D.	(3,430)
Payment	08/05/2020	Aijaz Hashmi, M.D., Inc.	(2,803)
Payment	08/05/2020	Palmtree Clinical Research	(6,717)
Payment	08/05/2020	Ramy Awad, M.D.	(3,246)
TOTAL			(27,359)
Deposit	08/05/2020		7,079

Las Palmas Medical Plaza
Deposit Detail - LPMP
July 2020 through August 2020

Type	Date	Name	Amount
Payment	08/05/2020	EyeCare Services Partners Management LLC	(7,079)
TOTAL			(7,079)
Deposit	08/05/2020		2,580
Payment	08/05/2020	Hassan Bencheqroun, M.D.	(2,580)
TOTAL			(2,580)
Deposit	08/11/2020		3,116
Payment	08/11/2020	Peter Jamieson, M.D.	(3,116)
TOTAL			(3,116)
Deposit	08/20/2020		7,108
Payment	08/20/2020	Dennis Spurgin, D.C.	(2,847)
Payment	08/20/2020	Cohen Musch Thomas Medical Group	(4,261)
TOTAL			(7,108)
Deposit	08/21/2020		4,774
Payment	08/21/2020	Laboratory Corporation of America	(4,774)
TOTAL			(4,774)
Deposit	08/31/2020		7,883
Payment	08/31/2020	Steven Gundry, M.D.	(5,706)
Payment	08/31/2020	Desert Oasis Healthcare Medical Group	(2,177)
TOTAL			(7,883)
		TOTAL	122,418

Desert Healthcare District
Check Register
As of August 31, 2020

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1010 - Union Bank - Checking				
Check	07/06/2020	Auto Pay	Calif. Public Employees' Retirement System	(12,737)
Liability Check	07/09/2020		QuickBooks Payroll Service	(39,409)
Bill Pmt -Check	07/10/2020	IB 71020202	Law Offices of Scott & Jackson	(18,090)
Bill Pmt -Check	07/10/2020	IB 71020201	Law Offices of Scott & Jackson	(12,893)
Bill Pmt -Check	07/13/2020	16057	Alejandro Espinoza-	(727)
Bill Pmt -Check	07/13/2020	16058	First Bankcard (Union Bank)	(703)
Bill Pmt -Check	07/13/2020	16059	Graphtek Interactive	(38)
Bill Pmt -Check	07/13/2020	16060	Maggie Martinez	(1,667)
Bill Pmt -Check	07/13/2020	16061	Rogers, Carole	(945)
Bill Pmt -Check	07/13/2020	16062	So.Cal Computer Shop	(810)
Bill Pmt -Check	07/13/2020	16063	Arthur Shorr	(1,875)
Bill Pmt -Check	07/13/2020	16064	Boyd & Associates	(108)
Bill Pmt -Check	07/13/2020	16065	County of Riverside Auditor-Controller	(1,727)
Bill Pmt -Check	07/13/2020	16066	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	07/13/2020	16067	Staples Credit Plan	(52)
Bill Pmt -Check	07/13/2020	16068	State Compensation Insurance Fund	(619)
Bill Pmt -Check	07/13/2020	16069	Time Warner Cable	(247)
Bill Pmt -Check	07/13/2020	16070	Petty Cash	(444)
Bill Pmt -Check	07/13/2020	16071	Jeff Crider	(3,910)
Bill Pmt -Check	07/21/2020	16072	CoPower Employers' Benefits Alliance	(2,151)
Bill Pmt -Check	07/21/2020	16073	Pitney Bowes Global Financial Services	(264)
Bill Pmt -Check	07/21/2020	16074	Principal Life Insurance Co.	(1,575)
Bill Pmt -Check	07/21/2020	16075	Purchase Power	(201)
Bill Pmt -Check	07/21/2020	16076	Vanessa Smith-	(41)
Bill Pmt -Check	07/21/2020	16077	Xerox Financial Services	(394)
Bill Pmt -Check	07/21/2020	16078	Coachella Valley Volunteers in Medicine	(149,727)
Bill Pmt -Check	07/21/2020	16079	Martha's Village & Kitchen	(20,090)
Bill Pmt -Check	07/21/2020	16080	Regents of the University of CA, Riversid	(149,976)
Bill Pmt -Check	07/21/2020	16081	Ronald McDonald House Charities	(20,000)
Bill Pmt -Check	07/22/2020	16082	Top Shop	(25)
Liability Check	07/23/2020		QuickBooks Payroll Service	(39,353)
Bill Pmt -Check	07/24/2020	16083	HARC, INC.	(14,787)
Bill Pmt -Check	07/24/2020	16084	Regional Access Project Foundation	(2,369)
Check	07/27/2020		Bank Service Charge	(350)
Bill Pmt -Check	08/05/2020	16085	Arthur Shorr	(315)
Bill Pmt -Check	08/05/2020	16086	Coachella Valley Volunteers in Medicine	(12,150)
Bill Pmt -Check	08/05/2020	16087	Graphtek Interactive	(2,903)
Bill Pmt -Check	08/05/2020	16088	HARC, INC.	(14,056)

Desert Healthcare District
Check Register
As of August 31, 2020

Type	Date	Num	Name	Amount
Bill Pmt -Check	08/05/2020	16089	Image Source	(196)
Bill Pmt -Check	08/05/2020	16090	Leticia De Lara	(525)
Bill Pmt -Check	08/05/2020	16091	Pegasus Riding Academy	(10,953)
Bill Pmt -Check	08/05/2020	16092	Ready Refresh	(50)
Bill Pmt -Check	08/05/2020	16093	Rogers, Carole	(525)
Bill Pmt -Check	08/05/2020	16094	So.Cal Computer Shop	(810)
Bill Pmt -Check	08/05/2020	16095	Staples Credit Plan	(433)
Bill Pmt -Check	08/05/2020	16096	Verizon Wireless	(1,265)
Bill Pmt -Check	08/05/2020	16097	Voices for Children	(2,400)
Bill Pmt -Check	08/05/2020	16098	Zendle, Les-	(315)
Check	08/06/2020	Auto Pay	Calif. Public Employees'Retirement System	(12,733)
Liability Check	08/06/2020		QuickBooks Payroll Service	(39,934)
Bill Pmt -Check	08/07/2020	16099	Lund & Guttry LLP	(5,500)
Bill Pmt -Check	08/10/2020	16100	Andrea S. Hayles-	(63)
Bill Pmt -Check	08/10/2020	16101	First Bankcard (Union Bank)	(1,131)
Bill Pmt -Check	08/10/2020	16102	Mangus Accountancy Group, A.P.C.	(500)
Liability Check	08/20/2020		QuickBooks Payroll Service	(39,243)
Bill Pmt -Check	08/20/2020	16103	Coachella Valley Rescue Mission	(48,645)
Bill Pmt -Check	08/20/2020	16104	Coachella Valley Workforce Excellence Inc	(78,750)
Bill Pmt -Check	08/20/2020	16105	Find Food Bank, Inc.	(90,311)
Bill Pmt -Check	08/20/2020	16106	Graphtek Interactive	(675)
Bill Pmt -Check	08/20/2020	16107	Lund & Guttry LLP	(8,500)
Bill Pmt -Check	08/20/2020	16108	Neuro Vitality Center-Stroke Recovery	(50,323)
Bill Pmt -Check	08/20/2020	16109	Palms to Pines Printing	(744)
Bill Pmt -Check	08/20/2020	16110	Principal Life Insurance Co.	(1,575)
Bill Pmt -Check	08/20/2020	16111	State Compensation Insurance Fund	(619)
Bill Pmt -Check	08/20/2020	16112	Time Warner Cable	(247)
Bill Pmt -Check	08/20/2020	16113	Xerox Financial Services	(788)
Bill Pmt -Check	08/25/2020	ACH 082520	Law Offices of Scott & Jackson	(9,518)
Check	08/25/2020		Bank Service Charge	(605)
Bill Pmt -Check	08/26/2020	16114	Chris Christensen	(149)
Bill Pmt -Check	08/26/2020	16115	CoPower Employers' Benefits Alliance	(374)
Bill Pmt -Check	08/26/2020	16116	Lund & Guttry LLP	(3,000)
Bill Pmt -Check	08/26/2020	16117	Ready Refresh	(50)
Bill Pmt -Check	08/26/2020	16118	Regional Access Project Foundation	(2,397)
Bill Pmt -Check	08/26/2020	16119	Vision y Compromiso	(5,000)
Bill Pmt -Check	08/26/2020	16120	Arthur Shorr	(105)
Bill Pmt -Check	08/26/2020	16121	Zendle, Les-	(105)
Bill Pmt -Check	08/31/2020	IC 08312020	Desert Healthcare Foundation	(500,000)
TOTAL				(1,447,284)

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - June 2020 - Paid July 2020

Number of credit cards held by District personnel -2								
Credit Card Limit - \$7,000								
Credit Card Holders:								
Conrado Bárzaga - Chief Executive Officer								
Chris Christensen - Chief Administration Officer								
Routine types of charges:								
Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items								
Statement								
	Month	Total	Expense					
Year	Charged	Charges	Type	Amount	Purpose	Description	Participants	
		\$ 702.61						
Chris' Statement:								
	2020 June	\$ 702.61	District					
			GL	Dollar	Descr			
			6355	\$ 162.00	Cisco Webex Expense			
			6355	\$ 26.62	Premiere Global Services			
			6360	\$ 54.99	Zoom Videoconference/Webinar Expense			
			6309	\$ 459.00	Advertising for Senior Program Officer			
				\$ 702.61				
Conrado's Statement:								
	2020 June	\$ -	District					
			GL	Dollar	Descr			
				\$ -				

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - July 2020 - Paid August 2020

Number of credit cards held by District personnel -2									
Credit Card Limit - \$7,000									
Credit Card Holders:									
Conrado Bárzaga - Chief Executive Officer									
Chris Christensen - Chief Administration Officer									
Routine types of charges:									
Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items									
Statement									
	Month	Total	Expense						
Year	Charged	Charges	Type	Amount	Purpose	Description	Participants		
		\$ 1,196.79							
Chris' Statement:									
2020	July	\$ 1,131.24	District						
			GL	Dollar	Descr				
			6309	\$ 528.54	Advertising for Senior Program Officer				
			6355	\$ 26.62	Premiere Global Services				
			6360	\$ 54.99	Zoom Videoconference/Webinar Expense				
			6309	\$ 521.09	Advertising for Senior Program Officer				
				\$ 1,131.24					
Conrado's Statement:									
2020	July	\$ 65.55	District						
			GL	Dollar	Descr				
			6360	\$65.55	Phone case for replacement phone				
				\$ 65.55					

**Las Palmas Medical Plaza
Check Register
As of August 31, 2020**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	07/01/2020	10205	Amtech Elevator Services	(1,365)
Bill Pmt -Check	07/13/2020	10207	Frazier Pest Control, Inc.	(175)
Bill Pmt -Check	07/13/2020	10208	Imperial Security	(3,400)
Bill Pmt -Check	07/13/2020	10209	Palm Springs Disposal Services Inc	(2,227)
Bill Pmt -Check	07/13/2020	10210	Stericycle, Inc.	(1,513)
Bill Pmt -Check	07/21/2020	10211	Desert Air Conditioning Inc.	(567)
Bill Pmt -Check	07/21/2020	10212	Frontier Communications	(228)
Bill Pmt -Check	07/21/2020	10213	Imperial Security	(1,700)
Bill Pmt -Check	07/21/2020	10214	INPRO-EMS Construction	(11,813)
Bill Pmt -Check	07/21/2020	10215	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	07/21/2020	10216	Southern California Edison	(877)
Bill Pmt -Check	07/24/2020	10217	Desert Air Conditioning Inc.	(456)
Bill Pmt -Check	07/24/2020	10218	Imperial Security	(1,700)
Check	07/28/2020		Bank Service Charge	(1,078)
Bill Pmt -Check	08/05/2020	10219	Desert Water Agency	(645)
Bill Pmt -Check	08/05/2020	10220	Imperial Security	(1,700)
Bill Pmt -Check	08/05/2020	10221	Palm Springs Disposal Services Inc	(2,227)
Bill Pmt -Check	08/05/2020	10222	Stericycle, Inc.	(1,513)
Bill Pmt -Check	08/07/2020	10223	INPRO-EMS Construction	(11,310)
Bill Pmt -Check	08/10/2020	10224	Amtech Elevator Services	(1,279)
Bill Pmt -Check	08/10/2020	10225	Imperial Security	(1,700)
Bill Pmt -Check	08/20/2020	10226	Frontier Communications	(228)
Bill Pmt -Check	08/20/2020	10227	Imperial Security	(1,700)
Bill Pmt -Check	08/20/2020	10228	Southern California Edison	(1,083)
Check	08/24/2020		Bank Service Charge	(1,078)
Bill Pmt -Check	08/26/2020	10229	Imperial Security	(1,700)
Bill Pmt -Check	08/26/2020	10230	INPRO-EMS Construction	(10,967)
Bill Pmt -Check	08/26/2020	10231	Locks Around The Clock	(289)
TOTAL				(74,635)



MEMORANDUM

DATE: September 8, 2020

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>Jun</u>	<u>Aug</u>
Active – still employed by hospital	100	98
Vested – no longer employed by hospital	65	61
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>172</u>	<u>166</u>

The outstanding liability for the RPP is approximately **\$4.0M** (Actives - \$2.6M and Vested - \$1.4M). US Bank investment account balance \$4.8M. Per the June 30, 2020 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$4.6M**. A monthly accrual of \$10K is being recorded each month as an estimate for FY2021.

The payouts, excluding monthly annuity payments, made from the Plan for the Two (2) months ended August 31, 2020 totaled **\$181K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 8/31/20						
TWELVE MONTHS ENDED JUNE 30, 2021						
Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2020-2021	6/30/2020 Bal Fwd/New	Total Paid July-June	Open BALANCE
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 8,330,000	\$ -	\$ 8,330,000
2018-974-BOD-09-25-18	HARC - 2019 Coachella Valley Community Health Survey - 2 Yr	\$ 399,979		\$ 39,999	\$ -	\$ 39,999
2019-985-BOD-03-26-19	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr	\$ 121,500		\$ 12,150	\$ 12,150	\$ -
2019-986-BOD-05-28-19	Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr	\$ 200,000		\$ 20,000	\$ 20,000	\$ -
2019-997-BOD-05-28-19	Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr	\$ 200,896		\$ 20,090	\$ 20,090	\$ -
2019-989-BOD-05-28-19	Pegasus Riding Academy - Cover the Hard Costs of Pegasus Clients - 1 Yr	\$ 109,534		\$ 10,954	\$ 10,954	\$ -
2019-994-BOD-05-28-19	One Future Coachella Valley - Mental Health College & Career Pathway Development - 2 Yr	\$ 700,000		\$ 385,000	\$ 78,750	\$ 306,250
2019-1000-BOD-05-28-19	Voices for Children - Court Appointed Special Advocate Program - 1 Yr	\$ 24,000		\$ 2,400	\$ 2,400	\$ -
2019-1017-BOD-09-24-19	Jewish Family Services - Case Management Services for Homeless Prevention - 1 Yr	\$ 90,000		\$ 9,000	\$ -	\$ 9,000
2019-1023-BOD-10-22-19	CVRM - Transportation for Seniors & Homeless Hospital Discharge Referrals - 1 Yr	\$ 216,200		\$ 118,910	\$ 48,645	\$ 70,265
2019-1021-BOD-11-26-19	Neuro Vitality Center - Community Based Adult Services Program - 6 Months	\$ 143,787		\$ 79,083	\$ 50,323	\$ 28,760
	Unexpended funds Grant #1021					\$ (28,760)
2020-1045-BOD-03-24-20	FIND Food Bank - Ending Hunger Today, Tomorrow, and for a Lifetime - 1 Yr	\$ 401,380		\$ 311,069	\$ 90,311	\$ 220,758
2020-1129-BOD-05-26-20	Coachella Valley Volunteers In Medicine - Response to COVID-19	\$ 149,727		\$ 149,727	\$ 149,727	\$ -
2020-1085-BOD-05-26-20	Olive Crest Treatment Center - General Support for Mental Health Services	\$ 50,000		\$ 27,500	\$ -	\$ 27,500
2020-1057-BOD-05-26-20	Desert Cancer Foundation - Patient Assistance Program	\$ 150,000		\$ 82,500	\$ -	\$ 82,500
2020-1124-BOD-06-23-20	Regents of UCR - COVID-19 Testing & Health Education for Eastern Valley - 5 Months	\$ 149,976		\$ 149,976	\$ 149,976	\$ -
2020-1134-BOD-07-28-20	Desert Healthcare Foundation - Addressing Healthcare Needs of Black Communities		\$ 500,000	\$ 500,000	\$ 500,000	\$ -
TOTAL GRANTS		\$ 13,106,979	\$ 500,000	\$ 10,248,358	\$ 1,133,326	\$ 9,086,272
Amts available/remaining for Grant/Programs - FY 2019-20:						
Amount budgeted 2020-2021			\$ 4,000,000		G/L Balance:	8/31/2020
Amount granted through June 30, 2021:			\$ (500,000)		2131	\$ 2,426,272
Mini Grants:	1132	\$ (5,000)			2281	\$ 6,660,000
Financial Audits of Non-Profits	8/15/2020	\$ (3,000)				
Net adj - Grants not used:		\$ -			Total	\$ 9,086,272
Matching external grant contributions		\$ -			Difference - Rdg	\$ (0)
Balance available for Grants/Programs			\$ 3,492,000			



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Addendum #1 to the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting - \$833.33/month plus special projects fees

Staff Recommendation: Consideration to approve Addendum #1 to the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting - \$833.33/month plus special projects fees.

Background:

- In September 2019, the Board approved a Consulting Services Agreement with Magdalena Martinez to review personnel records, review employee handbook, conduct employment investigations, review compliance with regulatory trainings.
- During the course of the year, Ms. Martinez and staff performed a complete update of the District's Employee Handbook, review of employee files, etc.
- The HR Consultant shall continue to provide the services for a flat monthly fee of \$833.33, plus fees for special projects.
- Addendum #1 and the Consulting Services Agreement are included in the packet for your review.
- Staff recommends approval of Addendum #1 of the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting.

Fiscal Impact:

\$833.33 per month (\$10,000 annually), plus fees for special projects.

The HR Consultant is included in the District's FY20-21 annual budget.

**CONSULTING SERVICES AGREEMENT
ADDENDUM #1**

A Professional Services Agreement (“Agreement”) was entered into by and between Desert Healthcare District (“District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and Magdalena Martinez dba Personnel 411 Consulting (“Consultant”) on September 30, 2019.

R-E-C-I-T-A-L-S

1. District would like to continue the professional services of Consultant to Human Resources Consulting Services.
2. Compensation for Services. The District shall compensate Consultant a flat monthly retainer of \$833.33, as referenced in the originally agreement.
3. Term. The term of this Addendum shall run from October 1, 2020 to September 30, 2021.
4. All other terms remain unchanged.

This Agreement is entered into in the County of Riverside, State of California.

“District”:

Desert Healthcare District

By: _____
Leticia DeLara, President

Date: _____

“Consultant”:

Personnel 411 HR Consulting

By: _____
Magdalena Martinez

Date: _____

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (“Agreement”) is entered into by and between Desert Healthcare District and Foundation (collectively “District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and Maggie Martinez dba Personnel 411 HR Consulting (“Consultant”) as follows:

R-E-C-I-T-A-L-S

1. District would like to retain the professional services of Consultant to provide Human Resources Consulting Services.
2. Consultant is an expert in the field and is qualified and possesses the knowledge, skill, expertise, necessary to provide the professional services (“Services”) as more specifically outlined in the attached Exhibit “A” (“Consultant Proposal”).

C-O-V-E-N-A-N-T-S

1. CONSULTANT’S SERVICES.

1.1 Services. Consultant shall provide District with the professional services described in the Consultant Proposal. All Services shall be coordinated with District Management and District General Counsel and shall be performed by Consultant to the reasonable satisfaction of District.

1.2 Compliance with Laws. In performing the Services, Consultant shall, at all times comply with all applicable laws, rules, regulations, codes, ordinances, and orders of every kind whatsoever issued, adopted, or enacted by any federal, state, or local governmental body having jurisdiction over the Services.

1.3 Performance Standard. Consultant shall perform the Services with efficiency and diligence and shall execute the Services in accordance with the standards of Consultant’s profession, generally described as that degree of skill and care ordinarily exercised by professionals providing similar services as Consultant practicing in California.

1.4 District’s Representative. For purposes of this Agreement, the District’s Representative shall be District’s Chief Executive Officer, Conrado Bárzaga, located at 1140 North Indian Canyon Drive, Palm Springs, CA 92262. All amendments to this Agreement shall be approved by the District Board.

2. FEES AND PAYMENTS.

2.1 Compensation for Services. District shall compensate Consultant a flat monthly retainer of \$833.33 and any services for special projects (i.e., drafting of the employee handbook, special audits, investigations, would be provided at an additional flat rate to be negotiated at the time the assignment is made.

2.2 Invoices. Consultant shall deliver monthly invoices to District no later than the 10th day of each month for Services.

2.3 Payment. District shall remit payment for all amounts due to Consultant within thirty (30) days after receipt of invoices; provided, however, in the event District disputes any portion of Consultant's invoice, it shall timely pay any undisputed amounts invoiced and notify Consultant within thirty (30) days of its receipt of the invoice of the specifics of any disputed amounts. The parties shall expeditiously resolve the subject of any disputed amounts by way of negotiation or, if necessary, mediation. Any such dispute shall not relieve Consultant of its obligation to continue diligently performing the Services.

3. TERM; TERMINATION.

3.1 Term. The term of this Agreement shall run from the date this Agreement is fully executed for a term of one (1) year.

3.2 Termination for Convenience. District may, at any time in the exercise of its sole discretion, terminate this Agreement in whole or in part, with or without cause, by providing notice to Consultant of its intention to terminate the Agreement for convenience. As long as Consultant is not in default under this Agreement at the time of such termination, District shall pay Consultant for all Services incurred up to and including the date of termination.

4. INDEPENDENT CONTRACTOR.

District has retained Consultant to provide, and Consultant shall perform, the Services as an independent contractor maintaining exclusive direction and control over its employees; and, no personnel utilized by Consultant to perform the Services are employees of the District.

5. OWNERSHIP OF DOCUMENTS.

All deliverables and other documents generated by Consultant in the performance of the Services, including all work papers, work-in-progress, designs, documents, data, ledgers, journals, and reports prepared by Consultant as a part of Consultant's Services shall belong to and be subject to the sole ownership and use of the District. The provisions of this Paragraph 5 shall survive any termination of this Agreement.

6. INDEMNIFICATION.

Consultant agrees to indemnify and hold the District, its governing body, officers, employees, representatives, agents, successors and assigns (the "District Indemnities"), harmless from and against any and all losses, liabilities, claims, causes of action or costs and expenses of whatever nature or kind, incurred or suffered by District or the District Indemnities including indemnity claims arising by reason of any personal injury of any

person or property loss, loss of use, or damage, to the extent the same arise out of or in connection with the negligent act(s) or omission(s), recklessness, or willful misconduct of Consultant, its officers, employees, subcontractors, or representatives, relating to the performance of the services outlined in this Agreement.

7. NOTICE.

All notices to be given under this Agreement shall be in writing and shall be deemed effective upon receipt when personally served or two (2) days after mailing by certified, return receipt requested, to the following addresses:

To: District
Desert Healthcare District
Attention: Conrado Bárzaga, Chief Executive Officer
1140 N. Indian Canyon Drive
Palm Springs, California 92262

To: Consultant
Maggie Martinez dba Personnel 411 HR Consulting
1621 Edgewood Dr
Alhambra, California 91803
Tel: (323) 497-6964

8. MISCELLANEOUS PROVISIONS.

8.1 Venue. Venue shall lie only in the federal or state courts nearest to the City of Palm Springs, in the County of Riverside, State of California.

8.2 Modification. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

8.3 Entire Agreement. This Agreement, together with all Schedules attached, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its schedules.

8.4 Assignment. Consultant shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of District. Nothing in this Agreement shall obligate District to give such consent. Any purported assignment without District's consent shall be void.

8.5 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.

8.6 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.


This Agreement is entered into in the County of Riverside, State of California.

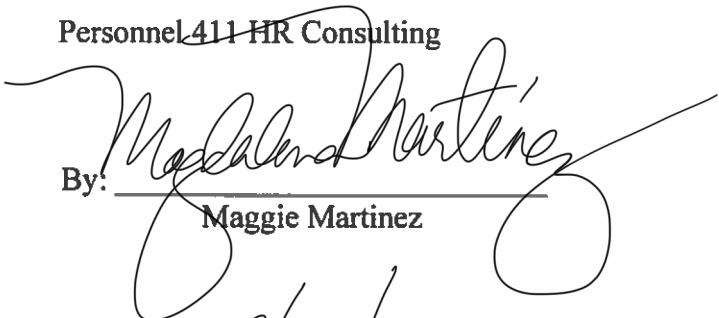
“District”:

“Consultant”:

Desert Healthcare District

Personnel411 HR Consulting

By: 
Les Zendle M.D., President
Board of Directors

By: 
Maggie Martinez
Date: 09/30/2019

Date: _____

Date: _____



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Lease Agreement – Laboratory Corporation of America 3E 104-105

Staff Recommendation: Consideration to approve the updated draft lease agreement for Laboratory Corporation of America (LabCorp) at the Las Palmas Medical Plaza.

Background:

- LabCorp has been a long-standing tenant of the Las Palmas Medical Plaza
- LabCorp's current lease is on a month-to-month basis
- LabCorp requested a lease of three years, with a base rent of \$1.59/square foot and a Tenant Improvement Allowance of \$20/square foot
- Lease was approved at the October 22, 2019 Board of Director's meeting but not executed by LabCorp.
- The updated version brings forward the Commencement Date to November 1, 2020.
- Updated version includes 2.5% rent increase
- Staff recommends approval of the draft lease agreement
- Draft lease agreement is attached for review

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$178,105

Estimated cost of Tenant Improvement Allowance (\$20.00/sf) - \$44,000

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Laboratory Corporation of America, referred to as "Tenant", and is dated November 1, 20~~2019~~.

1. LEASE OF PREMISES.

In consideration of the Rent (as defined at Section 5.4) and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises described in Section 2L. The Premises are located within the Building and Project described in Section 2m. Tenant shall have the non-exclusive right (unless otherwise provided herein) in common with Landlord, other tenants, subtenants, and invitees, to use of the Common Areas (as defined at Section 2e).

2. DEFINITIONS.

As used in this Lease, the following terms shall have the following meanings:

- a. *Base Rent (Initial)*: ~~\$ Forty-One Thousand, Nine-Hundred Forty-Three~~ Forty-Three ~~Twenty~~ Twenty Dollars 00/100 (~~\$410,943~~20~~.00~~) per year.
- b. *Base Year*: The calendar year of November 1 to October 31.
- c. *Broker(s)*:
Landlord's: N/A
Tenant's: N/A
In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.
- d. *Commencement Date*: November 1st, 2020~~19~~.
- e. *Common Areas*: The building lobbies, common corridors and hallways, restrooms, parking areas, stairways, elevators and other generally understood public or common areas. Landlord shall have the right to regulate or restrict the use of the Common Areas.
- f. *Expiration Date*: October 31st, 2023~~2~~, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Canyon Dr., Palm Springs, CA 92262
Tenant's Mailing Address: 555 E. Tachevah Dr. 3E-104, Palm Springs, CA 92262.
- h. *Monthly Installments of Base Rent (initial)*: Three-Thousand Four-Hundred Ninety-Five ~~Ten~~ and 2500/100 Dollars (~~\$3,495~~10~~.2500~~) per month.
- i. *Project Operating Costs (CAMS)*: Currently Sixty-Two Cents (\$0.62) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Twenty Dollars (\$20) per square foot or Forty-Four Thousand and 00/100 Dollars (\$44,000.00).
- k. *Parking*: Tenant shall be permitted, to park 11 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. *Premises*: That portion of the Building containing approximately 2,200 square feet of Rentable Area, located in Building 3E and known as Suite 104-105.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

o. *Security Deposit (Section 7)*: \$ Zero and 00/100 Dollars (\$00.00). The Security Deposit currently on file with Landlord in the amount of Three Thousand, Six Hundred Thirty and 00/100 Dollars will be returned to Tenant upon the Landlord and Tenant execution of this Lease or no later than thirty (30) days thereafter.

Commented [d1]: Requested edit by Tenant.

Commented [CC2]: Accepted

p. *State*: the State of California.

q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.

r. *Tenant's Proportionate Share*: 4.46%. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.

s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.

t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

The exhibits and addenda listed below (unless lined out) are incorporated by reference in this Lease:

- a. Exhibit "A" Rules and Regulations.
- b. Addenda*

*See Addendum attached hereto and by this reference made a part hereof.

4. DELIVERY OF POSSESSION.

If for any reason Landlord does not deliver possession of the Premises to Tenant on the commencement Date, Landlord shall not be subject to any liability for such failure, the Expiration Date shall not change and the validity of this Lease shall not be impaired, but Rent shall be abated until delivery of possession, "Delivery of possession" shall be deemed to occur on the date Landlord completes Landlord's Work as defined in Addendum. If Landlord permits Tenant to enter into possession of the Premises before the Commencement Date, such possession shall be subject to the provisions of this Lease, including, without limitation, the payment of Rent.

5. RENT.

5.1 *Payment of Base Rent*: Tenant agrees to pay the base rent for the premises. Monthly installments of Base Rent shall be payable in advance on the first day of each calendar month of the term. If the term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on a per diem basis. Tenant shall pay Landlord the first Monthly Installment of Base Rent when Tenant executes the Lease.

5.2 *Adjusted Base Rent*:

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date. Such adjustment shall be the greater of 2.53% over the preceding year or Consumer Price Index(CPI).

5.3 *Project Operating Costs (CAMs)*:

- a. In order that the Rent payable during the Term reflect any Project Operating Costs, Tenant agrees to pay to Landlord as Rent, Tenant's Proportionate Share of all costs, expenses and obligations attributable to the Project and its operation as set forth in 2i, all as provided below.
- b. If, during any calendar year during the Term, Project Operating Costs exceed the Project Operating Costs for the Base Year, Tenant shall pay to Landlord, in addition to the Base Rent and all other payments due under this lease, an amount equal to Tenant's Proportionate Share of such excess Project Operating Costs in accordance with the provisions of this Section 5.3b.

(1.) The term "Project Operating Costs" shall include all those items described in the following subparagraphs (a) and (b).

- (a.) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or

other tax, assessment, levy or charge directly on the Rent received under this lease or on the rent received under any other leases of space in the Building or Project, or (2) and license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transactions, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operation Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least eighty-five percent (85%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably Approximate the taxes, which would have been payable if the Project were completed and at least eighty-five percent (85%) occupied.

(b.) Operating costs incurred by Landlord in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities; (2) supplies; (3) insurance (including public liability, property damage, earthquake, and fire and extended coverage insurance for the full replacement cost of the Building and Project as required by Landlord or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project tenant); (6) operation and maintenance of a room for delivery and distribution of mail to tenants of the Building or Project as required by the U.S. Postal Service (including, without limitation, an amount equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by Landlord or an independent contractor (including, without limitation, an amount equal to the fair market value of any on-site manager's office); (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by landlord to reduce Project Operating Costs; and (11) any other costs or expenses incurred by Landlord under this Lease and not otherwise reimbursed by tenants of the Project. If at any time during the Term, less than eighty-five percent (85%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred if the Project had been at least eighty-five percent (85%) occupied.

(2.) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:

(a.) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("comparison Year"), Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses."

(b.) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expense for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for that Comparison Year.

(c.) On or before April 1 of each Comparison Year after the first Comparison Year (or as soon thereafter as is practical), Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within ten (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If the credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligations of Tenant and Landlord to make payments required under this Section 5.3 shall survive the Expiration Date.

- (d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.
- (e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).
- (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

5.4 *Definition of Rent*: The Rent shall be paid to the Building manager (or other person) and at such place, as Landlord may from time to time designate in writing, without any prior demand therefore and without deduction or offset, in lawful money of the United States of America.

5.5 *Rent Control*: If the amount of Rent or any other payment due under this Lease violates the terms of any governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, Landlord shall, to the extent it is legally permitted, recover from Tenant the difference between the amounts received during the period of the restrictions and the amounts Landlord would have received had there been no restrictions.

5.6 *Taxes Payable by Tenant*: In addition to the Rent and any other charges to be paid by Tenant hereunder, Tenant shall reimburse Landlord upon demand for any and all taxes payable by Landlord (other than net income taxes) which are not otherwise reimbursable under this Lease, whether or not now customary or within the contemplation of the parties, where such taxes are upon, measured by or reasonably attributable to ~~(a) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, other than Building Standard Work made by Landlord, regardless of whether title to such improvements is held by Tenant or Landlord; (b) the gross or net Rent payable under this Lease, including, without limitation, any rental or gross receipts tax levied by any taxing authority with respect to the receipt of the Rent hereunder; (c) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (d) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.~~ If it becomes unlawful for Tenant to reimburse Landlord for any costs as required under this Lease, the Base Rent shall be revised to net Landlord the same net Rent after imposition of any tax or other charge upon Landlord as would have been payable to Landlord but for the reimbursement being unlawful.

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5.7 *Tenant Improvement Allowance*: In recognition for Tenant completing all improvements, including fire sprinklers, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements to include fire sprinkler system. This allowance will be reimbursed to tenant upon satisfactory receipt of paid invoices and inspection by Property Management that work has been satisfactorily completed. Any additional tenant improvements will be at the sole expense of the Tenant. Improvements shall conform to a high quality of design approved by Landlord prior to commencement of work and shall be performed by a licensed General Contractor approved by Landlord in advance. Tenant shall submit plans and specifications for any and all improvements to Landlord, and where necessary, the City of Palm Springs and other applicable government agencies for their required approval (if any) prior to commencement of work. Tenant and the General Contractor shall indemnify and hold Landlord and its officers, agents and employees harmless from any liability resulting from the tenant improvement work and shall be named as an additional insured on the insurance policy of both the Tenant and the General Contractor. All costs shall be subject to prevailing wages and if construction costs exceed \$25,000, then the tenant improvements shall also be subject to California competitive bid statutes.

6. INTEREST AND LATE CHARGES.

If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the maximum rate then allowed by law ~~or not to exceed ten percent (10%).~~ Tenant acknowledges that the late payment of any Monthly Installment of Base Rent will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Landlord within five (5) days from the date it is due, Tenant shall pay Landlord a late charge equal to ~~ten~~five percent ~~(10%)~~ of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease.

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7. SECURITY DEPOSIT.

The Security Deposit currently on file with Landlord in the amount of Three Thousand, Six Hundred Thirty and 00/100 Dollars will be returned to Tenant upon the Landlord and Tenant execution of this Lease or no later than thirty (30) days thereafter.

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~~Tenant agrees to deposit with Landlord the Security Deposit set forth at Section 2.0 upon execution of this Lease, as security for Tenant's faithful performance of its obligations under this Lease. Landlord and Tenant agree that the Security Deposit may be commingled with funds of Landlord and Landlord shall have no obligation or liability for payment of interest on such deposit. Tenant shall not mortgage, assign, transfer or encumber the Security Deposit without the prior written consent of Landlord and any attempt by Tenant to do so shall be void, without force or effect and shall not be binding upon Landlord.~~

~~If Tenant fails to pay Rent or other amount when due and payable under this Lease, or fails to perform any of the terms hereof, Landlord may appropriate and apply or use all or any portion of the Security Deposit for Rent payments or any other amount then due and unpaid, for payment of any amount for which Landlord has become obligated as a result of Tenant's default or breach, and for any loss or damage sustained by Landlord as a result of Tenant's default or breach, and Landlord may so apply or use this deposit without prejudice to any other remedy Landlord may have by reason of Tenant's default or breach. If Landlord so uses any of the Security Deposit, Tenant shall, within ten (10) days after written demand therefore, restore the Security Deposit to the full amount originally deposited; Tenant's failure to do so shall constitute an act of default hereunder and Landlord shall have the right to exercise any remedy provided for at Article 27 hereof. Within fifteen (15) days after the Term (or any extension thereof) has expired or Tenant has vacated the Premises, whichever shall last occur, and provided Tenant is not then in default on any of its obligations hereunder, Landlord shall return the Security Deposit to Tenant, or, if Tenant has assigned its interest under this Lease, to the last assignee of Tenant. If Landlord sells its interest in the Premises, Landlord may deliver this deposit to the purchaser of Landlord's interest and thereupon be relieved of any further liability or obligation with respect to the Security Deposit.~~

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8. TENANT'S USE OF THE PREMISES

Tenant shall use the Premises solely for the purposes set forth in Tenant's Use Clause. Tenant shall not use or occupy the Premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from Landlord, immediately discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or its use or occupation. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such laws, ordinances, regulations, rules and/or directions in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Tenant shall not do or permit to be done anything, which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. SERVICES AND UTILITIES.

Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises during generally recognized business days, and during hours determined by Landlord in its sole discretion, and subject to the Rules and Regulations of the Building or Project, electricity for normal desk top office equipment and normal copying equipment, and heating, ventilation and air conditioning ("HVAC") as required in Landlord's judgment for the comfortable use and occupancy of the Premises. If Tenant desires HVAC at any other time, Landlord shall use reasonable efforts to furnish such service upon reasonable notice from Tenant and Tenant shall pay Landlord's charges therefore on demand. Landlord shall also maintain and keep lighted the common stairs, common entries and restrooms in the Building. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. If Tenant uses heat generating machines or equipment in the Premises which affect the temperature otherwise maintained by the HVAC system, Landlord reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

Tenant shall not, without the written consent of Landlord, use any apparatus or device in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as determined by Landlord. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. Tenant shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space (as determined by Landlord), without first procuring the written consent of Landlord, which Landlord may refuse, and in the event of consent, Landlord may have installed a water meter or electrical current meter in the Premises to measure the amount of water or electric current consumed. The cost of any such meter and of its installation, maintenance and repair shall be paid for by the Tenant and Tenant agrees to pay to Landlord promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by Landlord at Tenant's expense.

Nothing contained in this Article shall restrict Landlord's right to require at any time separate metering of utilities furnished to the Premises. In the event utilities are separately metered, Tenant shall pay promptly upon demand for all utilities consumed at utility rates charged by the local public utility plus any additional expense incurred by Landlord in keeping account of the utilities so consumed. Tenant shall be responsible for the maintenance and repair of any such meters at its sole cost.

Landlord shall furnish elevator service, lighting replacement for building standard lights, restroom supplies, window washing and janitor services of common area in a manner that such services are customarily furnished to comparable office buildings in the area.

10. CONDITION OF THE PREMISES.

Tenant's taking possession of the Premises shall be deemed conclusive evidence that as of the date of taking possession of the Premises are in good order and satisfactory condition, except for such matters as to which Tenant gave Landlord notice on or before the Commencement Date. No promise of Landlord to alter, remodel, repair or improve the Premises, the Building or the Project and no representation, express or implied, respecting any matter or thing relating to the Premises, Building, Project or this Lease (including, without limitation, the condition of the Premises, the Building or the Project) have been made to Tenant by Landlord or its Broker or Sales Agent, other than as may be contained herein or in a separate exhibit or addendum signed by Landlord and Tenant.

II. CONSTRUCTION, REPAIRS AND MAINTENANCE.

- a. *Landlord's Obligations:* Landlord shall maintain in good order, condition and repair the Building and all other portions of the Premises not the obligation of Tenant or of any other tenant in the Building.
- b. *Tenant's Obligations:*
 - (1.) Tenant shall perform Tenant's Work to the Premises as described in an exhibit specific to tenant improvements, if applicable."
 - (2.) Tenant at Tenant's sole expense shall, except for services furnished by Landlord pursuant to Article 9 hereof, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.
 - (3.) Tenant shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Article 13) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.
 - (4.) If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand with interest at the prime commercial rate then being charged by Bank of America NT & SA plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.
- c. *Compliance with Law:* Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.

- d. *Waiver by Tenant*: Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.
- e. *Load and Equipment Limits*: Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer. The cost of any such determination made by Landlord's structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants.
- f. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease or by any other tenant's lease or required by law to make in or to any portion of the Project, Building or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises.
- g. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- h. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 13b shall be repaired by Tenant at Tenant's expense.

12. ALTERATIONS AND ADDITIONS.

- a. Tenant shall not make any additions, alterations or improvements to the Premises without obtaining the prior written consent of Landlord. Landlord's consent may be conditioned on Tenant's removing any such additions, alterations or improvements upon the expiration of the term and restoring the Premises to the same condition as on the date Tenant took possession. All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, and such work shall be diligently prosecuted to completion. Landlord may, at Landlord's option, require that any such work be performed by Landlord's contractor in which case the cost of such work shall be paid for before commencement of the work. Tenant shall pay to Landlord upon completion of any such work by Landlord's contractor, an administrative fee of fifteen percent (15%) of the cost of the work.
- b. Tenant shall pay the costs of any work done on the Premises pursuant to Section 12a, and shall keep the Premises, Building and Project free and clear of liens of any kind. Tenant shall indemnify, defend against and keep Landlord free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant.

Tenant shall keep Tenant's leasehold interest, and any additions or improvements which are or become the property of Landlord under this Lease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before that date to enable Landlord to post notices of non-responsibility or any other notices which Landlord deems necessary for the proper protection of Landlord's interest in the Premises, Building or the Project, and Landlord shall have the right to enter the Premises and post such notice at any reasonable time.

- c. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's expense, a lien and completion bond in an amount equal to at least one and one-half (1.5) times the total estimated cost of any additions, alterations or improvements to be made in or to the Premises, to protect Landlord against any liability for mechanic's and material men's liens and to insure timely completion of the work. Nothing contained in this Section 12c shall relieve Tenant of its obligations under Section 12b to keep the Premises, Building and Project free of all liens.
- d. Unless their removal is required by Landlord as provided in Section 12a, all additions, alterations and improvements made to the Premises shall become the property of Landlord and be surrendered with the Premises upon the expiration of the Term; provided, however, Tenant's equipment, machinery and trade fixtures which can be removed without damage to the Premises shall remain the property of Tenant and may be removed, subject to the provisions of Section 13b.

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold

Improvements”), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.

- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively “Tenant’s Property”) shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant’s Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

14. RULES AND REGULATIONS.

Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit “A” and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building of Project.

15. CERTAIN RIGHTS RESERVED BY LANDLORD.

Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant’s use or possession of the Premises:

- a. To name the Building and Project and to change the name or street address of the Building or Project;
- b. To install and maintain all signs on the exterior and interior of the Building and Project;
- c. To have pass keys to the Premises and all doors within the Premises, eluding Tenant’s vaults and safes;
- d. At any time during the Term, and on reasonable prior notice to Tenant, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any mortgage on the Project, or to others having an interest in the Project or Landlord, and during the last six months of the Term, to show the Premises to prospective tenants thereof; and
- e. To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Building (including, without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Building or Landlord’s interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of governmental or other authority. Landlord agrees to use its best efforts (except in an emergency) to minimize interference with Tenant’s business in the Premises in the course of any such entry.

16. ASSIGNMENT AND SUBLETTING.

No assignment of this Lease or sublease of all or any part of the Premises shall be permitted, except as provided in this Article 16.

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant’s notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant’s notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
 - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
 - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;

- (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
 - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and
 - (5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.
- c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sub lessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises under Article 8 remains unchanged.
 - d. No subletting or assignment shall release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or sub lettings or amendments or modifications to the Lease with assignees of tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereof and any such actions shall not relieve Tenant of liability under this Lease.
 - e. If Tenant assigns the Lease or sublets the Premises or requests the consent of Landlord to any assignment or subletting or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, then Tenant shall, upon demand, pay Landlord an administrative fee of One Hundred Fifty and No/100 Dollars (\$150.00) plus any attorney's fees reasonably incurred by Landlord in connection with such act or request.

17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred ~~twenty-five fifty~~ percent (125%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

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18. SURRENDER OF PREMISES.

- a. Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date, in broom-clean condition and in as good condition as when Tenant took possession, except for (i) reasonable wear and tear, (ii) loss by fire or other casualty, and (iii) loss by condemnation. Tenant shall, on Landlord's request, remove Tenant's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by such removal.
- b. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal, shall be paid by Tenant. On the Expiration Date Tenant shall surrender all keys to the Premises.

19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.

- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.
- c. If any other portion of the Building or Project is totally destroyed or damaged to the extent that in Landlord's opinion repair thereof cannot be completed within ninety (90) days, Landlord may elect upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.
- d. If the Premises are to be repaired under this Article, Landlord shall repair at its cost any injury or damage to the Building and Building Standard Work in the Premises. Tenant shall be responsible at its sole cost and expense for the repair, restoration, and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building, or Project as a result of any damage from fire or other casualty.
- e. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building, or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absent of express agreement, shall have no application.

20. EMINENT DOMAIN.

- a. If the whole of the Building or Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of such taking, and Rent shall be prorated to such date. If less than the whole of the Building or Premises is so taken, this Lease shall be unaffected by such taking, provided that (i) Tenant shall have the right to terminate this Lease by notice to Landlord given within ninety (90) days after the date of such taking if twenty percent (20%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business, and (ii) Landlord shall have the right to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Lease, the Lease shall terminate on the thirtieth (30th) day after either such notice. The Rent shall be prorated to the date of termination. If this Lease continues in force upon such partial taking, the Base Rent and Tenant's Proportionate Share shall be equitably adjusted according to the remaining Rentable Area of the Premises and Project.
- b. In the event of any taking, partial or whole, all of the proceeds of any award, judgment, or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title, and interest in any award, judgment, or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.
- c. In the event of a partial taking of the Premises which does not result in a termination of this Lease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking, but only to the extent of Building Standard Work. Tenant shall be responsible at its sole cost and expenses for the repair, restoration, and replacement of any other Leasehold improvements and Tenant's Property.

21. INDEMNIFICATION.

- a. Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Tenant or any other person, or for any injury to or death of any person, arising out of: (1) Tenant's use and occupancy of the Premises, or any work, activity, or other things allowed or suffered by Tenant to be done in, on, or about the Premises; (2) any breach or default by Tenant of any of the Tenant's obligations under this Lease; or (3) any negligent or otherwise tortuous act or omission of Tenant, its agents, employees, invitees, or contractors. Tenant shall at Tenant's expense and by counsel satisfactory to Landlord, defend Landlord in any action or proceeding arising from any such claim and shall indemnify Landlord against all costs, attorneys' fees, expert witness fees, and any other expenses incurred in such action or proceeding. As a material part of the consideration for Landlord's execution of this Lease, Tenant hereby assumes all risk of damage or injury to any person or property in, on, or about the Premises from any cause.
- b. Landlord shall not be liable for injury or damage which may be sustained by the person or property of Tenant, its employees, invitees, or customers or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning,

or lighting fixtures, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Building or Project or from other sources. Landlord shall not be liable for any damages arising from any act or omission of any other tenant of the Building or Project.

22. TENANT'S INSURANCE.

- a. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees, and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees, or representatives. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee, and Tenant as required by this Lease.
- b. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for and maintain in effect policies of casualty insurance covering (i) all Leasehold Improvements (including any alterations, additions, or improvements as may be made by Tenant pursuant to the provisions of Article 12 hereof), and (ii) trade fixtures, merchandise, and other personal property from time to time in, on, or about the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism, and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under (i) above be paid to Landlord, and the proceeds under (ii) above be paid to Tenant.
- c. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for, and maintain in effect worker's compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the use, operation, or condition of the Premises, and the operations of Tenant in, on, or about the Premises, providing broad form property damage coverage for not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) each occurrence, and property damage liability insurance with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000) each accident.
- d. Not less than every three (3) years during the Term, Landlord and Tenant shall mutually agree to increases in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article. In the event Landlord and Tenant cannot mutually agree upon the amounts of said increases, then Tenant agrees that all insurance policy limits as set forth in this Article shall be adjusted for increases in the cost of living in the same manner as is set forth in Section 5.2 hereof for the adjustment of the Base Rent.

23. WAIVER OF SUBROGATION.

Landlord and Tenant each hereby waive all rights or recovery against the other and against the officers, employees, agents, and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of the loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

24. SUBORDINATION AND ATTORNMENMENT.

Upon written request of Landlord, or any first mortgagee or first deed of trust beneficiary of Landlord, or ground lessor of Landlord, Tenant shall, in writing, subordinate its rights under this Lease to the lien of any first mortgage or first deed of trust, or to the interest of any lease in which Landlord is lessee, and to all advances made or thereafter to be made thereunder. However, before signing any subordination agreement, Tenant shall have the right to obtain from any lender or lessor or Landlord requesting such subordination, an agreement in writing providing that, as long as Tenant is not in default hereunder, this Lease shall remain in effect for the full Term. The holder of any security interest may, upon

written notice to Tenant, elect to have this Lease prior to its security interest regardless of the time of the granting or recording of such security interest.

In the event of any foreclosure sale, transfer in lieu of foreclosure, or termination of the lease in which Landlord is lessee, Tenant shall attorn to the purchaser, transferee, or lessor, as the case may be, and recognize that party as Landlord under this Lease provided such party acquires and accepts the Premises subject to this Lease.

25. TENANT ESTOPPEL CERTIFICATE.

Within ten (10) days after written request from Landlord, Tenant shall execute and deliver to Landlord or Landlord's designee, a written statement certifying (a) that this lease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited with Landlord; and (d) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default. Any such statement may be relied upon by a purchaser, assignee, or lender. Tenant's failure to execute and deliver such statement within the time required shall at Landlord's election be a default under this Lease and shall also be conclusive upon Tenant that: (1) this Lease is in full force and effect and has not been modified except as represented by Landlord; (2) there are no uncured defaults in Landlord's performance and that Tenant has no right of offset, counter-claim, or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

26. TRANSFER OF LANDLORD'S INTEREST.

In the event of any sale or transfer by Landlord of the Premises, Building, or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission relating to the Premises, Building, Project, or Lease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of Landlord under this Lease. If any security deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be relieved of any and all further liability with respect thereto.

27. DEFAULT.

27.1. *Tenant's Default.* The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- a. If Tenant abandons or vacates the Premises; or
- b. If Tenant fails to pay any Rent or any other charges required to be paid by Tenant under this Lease and such failure continues for five (5) days after such payment is due and payable; or
- c. If Tenant fails to promptly and fully perform any other covenant, condition, or agreement contained in this lease and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; or
- d. If a writ of attachment or execution is levied on this Lease or on any of Tenant's Property; or
- e. If Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors; or
- f. If Tenant files a voluntary petition for relief or if a petition against Tenant in a proceeding under the federal bankruptcy laws or other insolvency laws is filed and not withdrawn or dismissed within forty-five (45) days thereafter, or if under the provisions of any law providing for reorganization or winding up of corporations, any court of competent jurisdiction assumes jurisdiction, custody, or control of Tenant or any substantial part of its property and such jurisdiction, custody, or control remains in force unrelinquished, unstayed, or unterminated for a period of forty-five (45) days; or
- g. If in any proceeding or action in which Tenant is not a party, a trustee, receiver, agent, or custodian is appointed to take charge of the Premises or Tenant's Property (or has the authority to do so) for the purpose of enforcing a lien against the Premises or Tenant's Property; or
- h. If Tenant is a partnership or consists of more than one (1) person or entity, if any partner of the partnership or other person or entity is involved in any of the acts or events described in subparagraphs d through g above.

27.2. *Remedies.* In the event of Tenant's default hereunder, then, in addition to any other rights or remedies Landlord may have under any law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to do the following:

- a. Terminate this Lease and Tenant's right to possession of the Premises and re-enter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or

- b. Continue this Lease in effect, re-enter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or
- c. Re-enter the Premises under the provisions of subparagraph b and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

If Landlord re-enters the Premises under the provisions of subparagraph b or c above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any re-entry or retaking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to relet the Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting, which is applied against, the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

Should Landlord elect to terminate this Lease under the provisions of subparagraph a or c above, Landlord may recover as damages from Tenant the following:

- (1.) *Past Rent.* The worth at the time of the award of any unpaid Rent which had been earned at the time of termination; plus
- (2.) *Rent Prior to Award.* The worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (3.) *Rent After Award.* The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the rental loss that Tenant provides could be reasonably avoided; plus
- (4.) *Proximately Caused Damages.* Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, but not limited to, any costs or expenses (including attorneys' fees) incurred by Landlord in (a) retaking possession of the Premises, (b) maintaining the Premises after Tenant's default, (c) preparing the Premises for reletting to a new tenant, including any repairs or alterations, and (d) reletting the Premises, including broker's commissions.

"The worth at the time of the award@ as used in subparagraphs 1 and 2 above is to be computed by allowing interest at the rate of ten percent (10%) per annum." The worth at the time of the award@ as used in subparagraph 3 above is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank situated nearest to the Premises at the time of the award plus one percent (1%).

The waiver by Landlord of any breach of any term, covenant, or condition of this Lease shall not be deemed a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition. Acceptance of Rent by Landlord subsequent to any breach hereof shall not be deemed a waiver of any preceding breach other than the failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of any breach at the time of such acceptance of Rent. Landlord shall not be deemed to have waived any term, covenant, or condition unless Landlord gives Tenant written notice of such waiver.

27.3 *Landlord's Default.* If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default cannot reasonably be cured within thirty (30) days, if Landlord fails to commence to cure within that thirty (30) day period, then Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's breach; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title, and interest in the Premises, Building, or Project, and no other real, personal, or mixed property of Landlord (or of any of the partners which comprise Landlord, if any) wherever situated, shall be subject to levy to satisfy such judgment. If, after notice to Landlord of default, Landlord (or any first mortgagee or first deed of trust beneficiary of Landlord) fails to cure the default as provided herein, then Tenant shall have the right to cure that default at Landlord's expense. Tenant shall not have the right to terminate this Lease or to withhold, reduce, or

offset any amount against any payments of Rent or any other charges due and payable under this Lease, except as otherwise specifically provided herein.

28. BROKERAGE FEES.

Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Lease or its negotiation except those noted in Section 2.c. Tenant shall indemnify and hold Landlord harmless from any cost, expenses, or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission, or fees claimed by any other real estate broker or agent in connection with this Lease or its negotiation by reason of any act of Tenant.

29. NOTICES.

All notices, approvals, and demands permitted or required to be given under this Lease shall be in writing and deemed duly served or given if personally delivered or sent by certified or registered U.S. mail, postage prepaid, and addressed as follows: (a) if to Landlord, to Landlord's Mailing Address and to the Building manager, and (b) if to Tenant, to Tenant's Mailing Address; provided, however, notices to Tenant shall be deemed duly served or given if delivered or mailed to Tenant at the Premises. Landlord and Tenant may from time to time by notice to the other designate another place for receipt of future notices.

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

In the event of imposition of federal, state, or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby. In the event of a difference in interpretation by Landlord and Tenant of any such controls, the interpretation of Landlord shall prevail, and Landlord shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

31. RELOCATION OF PREMISES.

Landlord shall have the right to relocate the Premises to another part of the Building in accordance with the following:

- a. The new premises shall be substantially the same in size, dimension, configuration, decor and nature as the Premises described in this Lease, and if the relocation occurs after the Commencement Date, shall be placed in that condition by Landlord at its cost.
- b. Landlord shall give Tenant at least thirty (30) days written notice of Landlord's intention to relocate the Premises.
- c. As nearly as practicable, the physical relocation of the Premises shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, Base Rent shall abate in full from the time the physical relocation commences to the time it is completed. Upon completion of such relocation, the new premises shall become the "Premises" under this Lease.
- d. All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.
- e. If the new premises are smaller than the Premises as it existed before the relocation, Base Rent shall be reduced proportionately.
- f. The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

32. QUIET ENJOYMENT.

Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease, or other agreement to which this Lease may be subordinate.

33. OBSERVANCE OF LAW.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by

Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

34. FORCE MAJEURE.

Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Article 34 shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

35. CURING TENANT'S DEFAULTS.

If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may (but shall not be obligated to) without waiving such default, perform the same for the account at the expense of Tenant. Tenant shall pay Landlord all costs of such performance promptly upon receipt of a bill therefore.

36. SIGN CONTROL.

Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, without the written consent of Landlord. Landlord shall have the right to remove any signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord.

37. MISCELLANEOUS.

- a. *Accord and Satisfaction; Allocation of Payments:* No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Lease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Lease. In connection with the foregoing, Landlord shall have the absolute right in its sole discretion to apply any payment received from Tenant to any account or other payment of Tenant then not current and due or delinquent.
- b. *Addenda:* If any provision contained in an addendum to this Lease is inconsistent with any other provision herein, the provision contained in the addendum shall control, unless otherwise provided in the addendum.
- c. *Attorneys' Fees:* If any action or proceeding is brought by either party against the other pertaining to or arising out of this Lease, the finally prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred on account of such action or proceeding.
- d. *Captions, Articles and Section Numbers:* The captions appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease. All references to Article and Section numbers refer to Articles and Sections in this Lease.
- e. *Changes Requested by Lender:* Neither Landlord or Tenant shall unreasonably withhold its consent to changes or amendments to this Lease requested by the lender on Landlord's interest, so long as these changes do not alter the basic business terms of this Lease or otherwise materially diminish any rights or materially increase any obligations of the party from whom consent to such charge or amendment is requested.
- f. *Choice of Law:* This Lease shall be construed and enforced in accordance with the laws of the State of California.
- g. *Consent:* Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no claim, and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding or delaying by Landlord of any consent, approval or statement of satisfaction, and in such event, Tenant's only remedies therefore shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.
- h. *Corporate Authority:* If Tenant is a corporation, each individual signing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the corporation, and that this Lease is binding on Tenant in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors authorizing such execution.

- i. *Counterparts*: This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.
- j. *Execution of Lease; No Option*: The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.
- k. *Furnishing of Financial Statements; Tenant's Representations*: In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.
- l. *Further Assurances*: The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.
- m. *Mortgagee Protection*: Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.
- n. *Prior Agreements; Amendments*: This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.
- o. *Recording*: Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.
- p. *Severability*: A final determination by a court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.
- q. *Successors and Assigns*: This Lease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.
- r. *Time of the Essence*: Time is of the essence of this Lease.
- s. *Waiver*: No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver of such default.
- t. *Compliance*: The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

The receipt and acceptance by Landlord of delinquent Rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular Rent payment involved.

No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or other provision of the Lease.

The parties hereto have executed this Lease as of the dates set forth below.

Date: _____ Date: _____

Landlord: Desert Healthcare District Tenant: _____
dba: Las Palmas Medical Plaza
By: Conrado Bárzaga By: _____
Signature: _____ Signature: _____
Title: CEO Title: _____

CONSULT YOUR ADVISORS This document has been prepared for approval by your attorney. No representation or recommendation is made as to the legal sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney.

In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous materials and underground storage tanks.

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EXHIBIT "A"

RULES AND REGULATIONS

1. No sign, placard, pictures, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of Tenant by a person approved by Landlord outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.
2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of the rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.
7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substances in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises of the Building.
8. No cooking shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for storage of merchandise, for washing clothes, for lodging or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 8:00 a.m. the following day, access to the Building or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.

14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.

Landlord's Initials

Tenant's Initials

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ADDENDUM

Addendum to that certain Office Building Lease dated November 1, 2020~~19~~ by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Laboratory Corporation of America, as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 92262.

Page 1

In the event of any inconsistency between the Addendum language and the body of the Lease, the Addendum language shall prevail.

1. Commencement Date: November 1, 20~~20~~19
2. Expiration Date: October 31, 202~~2~~3
3. Rent Schedule:

11/1/20 20 19 – 10/31/202 1 0	\$3,4 95 10,2500	
11/1/202 1 0 – 10/31/202 2 1	\$3,582,495,6325	Greater of 2.5% or CPI
11/1/202 2 1 – 10/31/202 3 2	\$3,672,582,2063	Greater of 2.5% or CPI
4. CAMs: Currently \$.62 per square foot.
5. Security Deposit: Zero and 00/100 Dollars (\$00.00).

The foregoing is hereby agreed to and accepted:

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Conrado Bárzaga</u>	By:	_____
Signature:	_____	Signature:	_____
Title:	<u>CEO</u>	Title:	_____



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Lease Termination – Dennis Spurgin – 1W 204

Staff Recommendation: Consideration to approve the lease termination for Dennis Spurgin at the Las Palmas Medical Plaza.

Background:

- Dennis Spurgin has been a 15-year tenant of the Las Palmas Medical Plaza
- Mr. Spurgin, who operates a chiropractor practice, temporarily closed his business in March 2020 with the onset of the COVID-19 pandemic
- Mr. Spurgin requested a 2-month rent deferral for the months of May and June, as April's rent was prepaid
- After his office reopened, his patient base has not returned due to continued concerns of the virus.
- In August, following submitting the first of the deferred payments, Mr. Spurgin requested to be relieved of his lease obligations with the District
- After applying the lease payment and the tenant's security deposit, a balance of \$5,543.88 remains
- Staff recommends waiving the outstanding balance and approval of the Lease Termination Agreement
- Draft Lease Termination Agreement and the tenant's request letter are attached for your review and consideration

Fiscal Impact:

Loss of \$5,543.88 of lease revenue.

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT is made and entered into as of August 26, 2020 (the “Effective Date”), by and between **DESERT HEALTHCARE DISTRICT**, a political subdivision of the State of California (“District”), and **DENNIS SPURGIN, D.C.** (“Tenant”), with reference to the following facts:

A. The District and Tenant are parties to that certain Office Building Lease (Building IW Suite 204) in the Las Palmas Medical Plaza, Palm Springs, California, dated October 1, 2019 (“Lease”).

B. As a result of the COVID-19 pandemic and the declaration of a State of Emergency, the District and Tenant entered into an Amendment to the Lease effective as of June 23, 2020, to assist Tenant in deferring rental payments over the remaining term of the Lease ending September 30, 2024.

C. The COVID-19 pandemic has caused a severe financial hardship on Tenant and Tenet’s ability to continue to lease Suite 204 in the Las Palmas Medical Plaza and pay rent to the District.

D. The District has determined that it would serve the best interests of Tenant and the District to enter into a Lease Termination Agreement on the following terms and conditions.

NOW, THEREFORE, in consideration of the foregoing recitals and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Lease Termination.** Effective August 26, 2020, the Lease is hereby terminated.
2. **Rent Forgiveness.** Upon application of Tenant’s rent deposit of \$2,566.80, the District agrees to waive and forgive Tenant’s remaining balance of \$5,543.88 which is due and owing for rent.

IN WITNESS WHEREOF, the parties have executed this Lease Termination Agreement as of the Effective Date.

“District”:

DESERT HEALTHCARE DISTRICT

By: _____

Name: _____

Title: _____

“Tenant”:

DENNIS SPURGIN, D.C.

Dennis E. Spurgin, DC
555 Tachevah 1 West #204
P.O. Box 2386
Palm Springs, CA 92263

The Art of Chiropractic Blended with the Science of Medicine

(760) 327-9402 Voice

E-mail dspurgindc@yahoo.com

(760) 778 – 5333 Fax

Chris Christensen, CPA
Chief Administrative Offices
Desert Healthcare District and Foundation
1140 N. Indian Canyon Drive
Palm Springs, Ca.92262

Re: Las Palmas Medical Plaza
Suite 1 West 204
555 Tachevah
Request to be released from my lease

Dear Mr. Christensen

I have developed a reputation in Palm Springs for over 28 years and closing a practice and leaving Palm Springs is something I never thought I would do. With deep regret I make this request that you release me from my mine current lease due to the COVID-19 pandemic starting with the closing of my office March 17, 2020.

I signed my current lease in good faith. I fully expected to stay not only through this lease but for a new lease to follow. However, the Pandemic starting with closing office has set me on a path where I am exhausting revenue and my emergence funds due to office overhead. I can no longer continue on this path. This action is hard for me to take as I love this office and the Las Palmas Medical Plaza. I have been in this plaza for 15 years.

I have not taken any money out of the office since March 17, 2020. I have received all the help from the government agencies, but they didn't cover the fully the overhead and are now terminating. I appreciated the deferment of the lease payments for 2 months from the Desert Healthcare District and I thought that was going to get me through the pandemic. However, it is now clear that this pandemic is here to stay for months to come and I can no longer continue to go down this path.

The last day I will be in this office is August 26, 2020.

I value the relationship I have had with the Desert Healthcare District over the years and I hope you will consider my request.

Sincerely,

Dennis E. Spurgin, DC

cc: Eric Taylor
Account Manager

Conrado E. Barzaga, MD
Chief Executive Office

Board of Directors
Leticia De Lara, MPA
President

Karen Borja
Vice-president and Secretary

Mark Matthews
Treasurer

Les Zendle, MD
Director

Carole Rogers RN, MPN
Director

Evet PerezGil
Director

Arthur Shorr
Director



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Temporary Lease Agreement – Arrowhead Evaluation Services, Inc. – 1W
204

Staff Recommendation: Consideration to approve the temporary lease agreement for Arrowhead Evaluation Services, Inc. at the Las Palmas Medical Plaza

Background:

- Dennis Spurgin has requested termination of the lease at the medical plaza in suite 1W-204 and has vacated the suite as of August 26, 2020.
- District staff received a request from Arrowhead Evaluation Services, Inc. to conduct orthopedic evaluations at the suite a few days of the month for two months, September and October.
- The District will receive a monthly rent of \$1,000 per month for two months.
- Since the suite will only be used a few days per month, the suite will be available for showings to potential new tenants.
- Staff recommends approval of the Temporary Lease Agreement for Arrowhead Evaluation Services, Inc.
- Draft Lease Agreement is attached for your review and consideration

Fiscal Impact:

\$2,000 lease revenue

TEMPORARY LEASE AGREEMENT

TEMPORARY LEASE AGREEMENT (“Lease Agreement”) is made and entered into as of September 1, 2020 (the “Effective Date”), by and between **DESERT HEALTHCARE DISTRICT**, a political subdivision of the State of California (“District”), and **ARROWHEAD EVALUATION SERVICES, INC.** (“Tenant”), with reference to the following facts:

A. Tenant would like to utilize Building IW Suite 204 in the Las Palmas Medical Plaza, Palm Springs, California (Premises) for evaluation services, on a temporary basis for 2 to 3 days a week, for the period from September 1, 2020 through October 31, 2020.

B. District is willing to allow Tenant to utilize the Premises on a temporary basis provided Tenant complies with the terms and conditions of this Lease Agreement.

C. **NOW, THEREFORE**, in consideration of the foregoing recitals and the agreements herein contained, the parties agree as follows:

1. **Lease Term.** Lease of the Premises shall begin on September 1, 2020 and shall end on October 31, 2020.

2. **Rent Amount.** Tenant shall pay \$1,000.00 per month (\$2,000 total) for rent in advance for use of the Premises for the Lease Term.

3. **Insurance.** Tenant shall provide District with a Certificate of Insurance for liability and property damage acceptable to District prior to utilizing the Premises.

4. **Maintenance.** Tenant shall maintain the premises in good condition shall be responsible for any damages caused by Tenant during Lease Term.

5. **Indemnity.** Tenant shall indemnify and hold District harmless from the claims of all third parties for injury or damages to persons or property as a result of Tenant’s use of the Premises, including attorney fees, costs and expenses incurred.

6. **Holding Over.** Tenant shall be responsible for payment of \$150.00 per day in the event Tenant holds over after the termination date as damages, in addition to any other relief entitled to District.

7. **Attorney Fees.** The prevailing party in any action brought with respect to this transaction shall be entitled to reasonable attorney fees and court costs in the event legal action is necessary to enforce the terms and conditions of this Lease Agreement.

8. **Governing Law.** This Agreement shall be governed by the laws of California.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement as of the Effective Date.

“District”:

DESERT HEALTHCARE DISTRICT

By: _____

Name: _____

Title: _____

“Tenant”:

ARROWHEAD EVALUATION SERVICES, INC

By: _____

Name: _____

Title: _____

DRAFT



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Consulting Service Agreement – Strategies 360 (S360) – Voter Education
November 2020 Election

Staff Recommendation: Consideration to approve the Consulting Services Agreement for Strategies 360 for Voter Education in Zone 3 for the District’s Board of Director November 2020 election.

Background:

- At the August 25, 2020 Board of Director’s meeting, Director Borja recommended utilizing \$30,000 of the election budget towards an education project in Zone 3 for the District’s Board of Director November 2020 election
- The educational project will aim to heighten awareness of the Desert Healthcare District and Foundation and the lifesaving work made available to the residents of the Coachella Valley
- The program will target registered voters within Zone 3 of the Desert Healthcare District, which will be electing a new director
- Staff recommends approval of the Consulting Services Agreement for S360 and the educational program
- Draft Consulting Services Agreement and the Proposal (Exhibit A) are attached for your review and consideration

Fiscal Impact:

\$30,000 to be used from the Board Election Fees budget.

CONSULTING SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into by and between Desert Healthcare District (“District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and Strategies 360, Inc., (“Consultant”) as follows:

R-E-C-I-T-A-L-S

1. District would like to retain the professional services of Consultant to heighten awareness of the Desert Healthcare District and Foundation in Zone 3 for the November 2020 District Board Member election.
2. Consultant has worked with special districts and governmental agencies for many years and is qualified and possesses the knowledge, skill, expertise, necessary to provide the professional services (“Services”) as more specifically outlined in the attached Exhibit “A” (“Consultant Proposal”).

C-O-V-E-N-A-N-T-S

1. CONSULTANT’S SERVICES.

1.1 Services. Consultant shall provide all labor, materials, equipment, and incidentals necessary to fully and adequately provide the District and the Desert Healthcare District (“District”) with the professional services described in the Consultant Proposal. All Services shall be performed by Consultant to the reasonable satisfaction of the District.

1.2 Compliance with Laws. In performing the Services, Consultant shall, at all times comply with all applicable laws, rules, regulations, codes, ordinances, and orders of every kind whatsoever issued, adopted, or enacted by any federal, state, or local governmental body having jurisdiction over the Services.

1.3 Performance Standard. Consultant shall perform the Services with efficiency and diligence and shall execute the Services in accordance with the standards of Consultant’s profession, generally described as that degree of skill and care ordinarily exercised by professionals providing similar services as Consultant practicing in California.

1.4 District and Foundation’s Representative. For purposes of this Agreement, the District and Foundation’s Representative shall be District’s Chief Executive Officer Conrado Barzaga, located at 1140 North Indian Canyon Drive, Palm Springs, CA 92262. All amendments to this Agreement shall be approved by the District Board.

2. FEES AND PAYMENTS.

2.1 Compensation for Services. For the full and satisfactory performance of the Services, District shall compensate Consultant a Not To Exceed amount of \$30,000, plus customary expenses.

2.2 Invoices. Consultant shall deliver monthly invoices to the District no later than the 10th day of each month for Services.

2.3 Payment. The District shall remit payment for all amounts due to Consultant within thirty (30) days after receipt of invoices; provided, however, in the event District disputes any portion of Consultant's invoice, it shall timely pay any undisputed amounts invoiced and notify Consultant within thirty (30) days of its receipt of the invoice of the specifics of any disputed amounts. The parties shall expeditiously resolve the subject of any disputed amounts by way of negotiation or, if necessary, mediation. Any such dispute shall not relieve Consultant of its obligation to continue diligently performing the Services.

3. TERM; TERMINATION.

3.1 Term. The term of this Agreement shall run from the date this Agreement is fully executed until November 3, 2020, subject to Section 1.3 above or the District's right to terminate sooner for convenience.

3.2 Termination for Convenience. District may, at any time in the exercise of its sole discretion, terminate this Agreement in whole or in part, with or without cause, by providing notice to Consultant of its intention to terminate the Agreement for convenience. So long as Consultant is not in default under this Agreement at the time of such termination, District shall pay Consultant for all Services incurred upto and including the date of termination.

4. INDEPENDENT CONTRACTOR.

District has retained Consultant to provide, and Consultant shall perform, the Services as an independent contractor maintaining exclusive direction and control over its employees; and, no personnel utilized by Consultant to perform the Services are employees of the District.

5. OWNERSHIP OF DOCUMENTS.

All deliverables and other documents generated by Consultant in the performance of the Services, including all work papers, work-in-progress, designs, documents, data, ledgers, journals and reports prepared by Consultant as a part of Consultant's Services shall belong to and be subject to the sole ownership and use of the District. The provisions of this Paragraph 5 shall survive any termination of this Agreement.

6. INDEMNIFICATION.

Consultant agrees to indemnify and hold the District and Foundation, its governing body, officers, employees, representatives, agents, successors and assigns (collectively the District/Foundation Indemnities), harmless from and against any and all losses, liabilities, claims, causes of action or costs and expenses of whatever nature or kind, incurred or suffered by the District or the District/Foundation Indemnities including indemnity claims arising by reason of any personal injury of any person or property loss, loss of use, or damage, to the extent the same arise out of or in connection with the negligent act(s) or omission(s), recklessness, or willful misconduct of Consultant, its officers, employees, subcontractors, or representatives, relating to the performance of the services outlined in this Agreement.

7. NOTICE.

All notices to be given under this Agreement shall be in writing and shall be deemed effective upon receipt when personally served or two days after mailing by certified, return receipt requested, to the following addresses:

To: District
Desert Healthcare District
Attention: Conrado Barzaga, Chief Executive Officer
1140 N. Indian Canyon Drive
Palm Springs, California 92262

To: Consultant
Strategies 360, Inc.
Attention: Areen Ibranossian, Senior Vice President, Southern California
714 W Olympic Boulevard, Suite 204
Los Angeles, California 90015

8. MISCELLANEOUS PROVISIONS.

8.1 Venue. Venue shall lie only in the federal or state courts nearest to the City of Palm Springs, in the County of Riverside, State of California.

8.2 Modification. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

8.3 Entire Agreement. This Agreement, together with all Schedules attached, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in

conflict with this Agreement, are intended to be replaced in total by this Agreement and its schedules.

8.4 Assignment. Consultant shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of the District. Nothing in this Agreement shall obligate the District to give such consent. Any purported assignment without the District’s consent shall be void.

8.5 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.

8.6 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

This Agreement is entered into in the County of Riverside, State of California.

“District”:

Desert Healthcare District

By: _____
Leticia DeLara, President

Date: _____

“Consultant”:

Stragies 360, Inc.

By: _____
Areen Ibranossian, Senior Vice
President

Date: _____

EXHIBIT A

*Desert Healthcare
District and Foundation
Education Project*

Strategies 360 Proposal



Educational Program

Strategies 360 will execute an educational program to heighten awareness of the lifesaving work the Desert Healthcare District and Foundation provides to the Coachella Valley, the value the District directly adds in advocating and securing new healthcare providers, facilities and services, and why voting is critical this year. We will directly target residents within Desert Healthcare District Zone 3.

We will utilize the following methods to accomplish this goal:

- Education via direct mail
- Targeted digital and social media advertising

There are 36,298 registered voters in the Desert Healthcare District Zone 3 (DHD) as of last week. Due to the extreme partisan nature of the November 2020 Presidential election, the Governor of California's Executive Order to send everyone a mail-in ballot, and the fear of voting in person due to COVID-19, turnout is difficult to predict.

In November 2016, 24,609 or 67.8% of registered voters cast a ballot. In November 2018, 23,877 or 65.8% registered voters cast a ballot. This voting trend indicates that excitement to vote will once again be very high. Our recommendation is to prepare for 77.5% turnout or 28,147 voters this November.

The increased attention in national politics creates an opportunity to inform residents about Desert Healthcare District and Foundation's work during this pandemic and remind people to vote. With fear of COVID potentially keeping people away from the polls, Desert Healthcare District and Foundation must play a strong roll in informing people of how to stay safe and how to participate in our democracy.

Strategies 360 will also launch a highly targeted and culturally sensitive outreach educational program to Latinos within Zone 3. Making up 17.2% of registered voters, we will utilize Spanish language digital and mail to raise awareness of the election and the everyday importance Desert Healthcare District and Foundation plays in their lives.

Mail, Digital Media, & Total Cost

MAIL

We will craft and send one 8.5x11 mail piece and one 5x7 mailer to our universe of 18,000 mailboxes that tells residents your story. Through our mailer, we will introduce the Desert Healthcare District and Foundation, show daily value, and remind people why voting is important.

We will also send one bi-lingual 5x7 mail piece to an estimated 6,000 mailboxes to increase awareness within the Latino community.

Estimated cost for three pieces is \$22,500.

DIGITAL MEDIA PLAN

The online marketing objectives for this education program would be:

- Broadcast our message across numerous digital channels and platforms
- Build lists of supporters through social media
- Educate voters on the value provided by Desert Healthcare District and Foundation
- Inform the residents of the upcoming election
- Culturally sensitive outreach to Latinos
- Aim for about 10 touches per resident of our messaging

TOTAL COST

- Strategies 360 Retainer: \$5,000
- Mail Costs = \$22,500
- Digital Marketing = \$2,500

TOTAL = \$30,000

Resumes

Areen Ibranossian

Areen served as Chief of Staff to Los Angeles City Councilmember Paul Krekorian. Here, he oversaw all aspects of the office’s policy portfolio, with a focus on the city’s multi-billion-dollar budget, job creation, communications, and policy development. In this capacity, Areen was integral to creating the city’s newly founded Job and Economic Development Incentive (JEDI) Zones to spur business development across Los Angeles. He was also the Councilmember’s chief advisor for the City Council Committee on the Energy and Environment, which oversees the L.A. Department of Water and Power. He also served as campaign manager for Councilmember Krekorian’s successful City Council bid in 2009.

Areen’s experience in LA City Hall extends back to 2003 when he worked for then-LA City Councilmember Antonio Villaraigosa. He went on to serve in Villaraigosa’s mayoral administration as special assistant to the mayor, as well as a budget analyst in the mayor’s budget and finance shop. Areen has an extensive background in campaigns and communications, having worked on numerous local races at the local and national levels, including President Barack Obama’s 2008 campaign, along with campaigns for Congressman Adam Schiff, Mayor Villaraigosa, and many others. In addition, Areen has extensive background in statewide policy initiatives and coalition building, playing key roles in advocating for the California Film and Television Production Tax Incentive bills signed into law by Governor Jerry Brown, the creation of a California Trade Office system, and the inclusion of the Armenian Genocide in state education curriculum.

EMPLOYMENT EXPERIENCE

Strategies 360 – Southern California
Senior Vice President, Present

City of Los Angeles – Office of Councilmember Paul Krekorian Chief of Staff

City of Los Angeles – Office of Mayor Antonio R. Villaraigosa
Special Assistant



**Senior Vice President,
Southern California**

PROJECT ROLE

Areen will serve as lead strategist.

EDUCATION & LEADERSHIP TRAINING

University of Southern California
M.A. Public Policy

University of California, Los Angeles
B.A. History

ASSOCIATIONS

America We Thank You –
A Tribute to Near East Relief,

Founding member and
executive board member

2014 - present

Brian Stedje-Stroud

Brian's 15-year career has spanned government, public relations, public affairs and campaign consulting. As Strategies 360's Vice President of the Southern California office, his winning record delivers a wealth of real-world expertise for clients. He even provided crisis communications during an attempted coup and survived to tell the tale.

While working for the California State Assembly, Brian successfully oversaw all outreach and coalition building in support of Assemblymember Nazarian's legislative and political agenda, an aggressive digital campaign, and successfully pitched over a hundred stories to national and local news media.

Brian cut his teeth in New York, where he managed three shocking victories for new State Senate candidates. Those campaigns flipped the New York State Senate to Democratic control for the first time in over 40 years. He then joined the New York State Senate Majority as Deputy Communications Director. There he developed and implemented multi-media plans utilizing traditional media, social media, grassroots engagement, and mail programs for State Senators in must-win districts.

EMPLOYMENT EXPERIENCE

Strategies 360 – Southern California
Vice President, 2019 – Present

Office of Assemblymember Adrin Nazarian
District Director, 2014 – 2019

Davies Public Affairs
Project Manager, 2012 – 2014

New York State Senate
Deputy Communications Director, 2008 – 2010



Vice President, Southern California

PROJECT ROLE

Brian will coordinate paid operations.

EDUCATION

American University
B.A. Political Science

LEADERSHIP

City of Santa Monica
Social Service Commissioner,

Northern Los Angeles River &
Tributary Working Group
Member

Ylenia Aguilar

With over 15 years as a professional translator/interpreter, Ylenia has dedicated herself to building connections on behalf of diverse communities. She has worked to ensure equitable access in education, healthcare, and public services through translation—acting as a medical and legal interpreter for multiple state and federal agencies, as well as private and non-profit groups. Ylenia has been selected for this project team because her expertise in multicultural communication helps us make sure we are communicating effectively with the diverse communities served by the District.

EMPLOYMENT EXPERIENCE

Strategies 360

Vice President, Present

Ylenia Aguilar Services

Owner and Consultant, 2016 - 2019

LEADERSHIP

Osborn School District
#8 Governing Board Member (current President)
2016 - 2020

Save Our Schools Arizona Network
Chair, 2019 , Board Member, 2019

Kids at Hope
Board Member, 2019

Osborn Educational Foundation
Board Member, 2016

Legacy Foundation Chris Town - YMCA
Advisory Board Member and Chair, 2016

Clarendon Elementary Site Council
Member, March 2016



Vice President, S360 Cultura

PROJECT ROLE

Ylenia will provide recommendations for strategic cultural engagement and translation services.

EDUCATION & LEADERSHIP TRAINING

University of Arizona
B.A., Latin American Studies

ASSOCIATIONS

National Association of Latino Elected Officials (NALEO)
Arizona Leadership Academy Cohort, 2019-2020

Valley Leadership Institute, Class 39, Phoenix, Arizona

LULAC 2018 National Convention, AZ,

UNIDOS US Annual Conference, Washington, D.C., 2018,

National Association of Latino Elected Officials (NALEO) Annual Conference, Phoenix, Arizona, 2016 and 2018

Education Leaders of Color, 2017, 2018

Christopher Antonelli

Christopher brings over 25 years of experience as a communications professional to the Strategies 360 California team. As the Director of Community and Political Engagement, he supports clients with public relations, engagement strategies and outreach activities that drive positive reception for client projects.

In his career, Christopher has been responsible for overseeing political and public relations campaigns, stakeholder engagement for various public improvement projects and outreach activities on behalf of members of the California State Assembly Democratic Caucus. He has worked effectively with elected officials at the local, state and federal level to achieve lasting positive change for California.

As Statewide Director for the California Vote Project, Christopher led voter registration and voter outreach activities in the 2014, 2016 & 2018 election cycles that resulted in the addition of over 11,000 new voters to the voter rolls. In addition to adding new voters to the voter rolls, these outreach efforts resulted in substantially increased voter participation rates amongst individuals likely not to participate in elections.

EMPLOYMENT EXPERIENCE

Strategies 360 – California
Director of Community and Political Engagement
2019 – Present

Lee Andrews Group
Senior Account Executive, 2018 – 2019

Political Campaign Management
Campaign Manager, 1992 – 2018

**California State Assembly –
Office of Speaker John Perez**
Special Assistant to Speaker and
Statewide Director for the California Vote Project
2011 – 2018



CA Director of Community and Political Engagement

PROJECT ROLE

Christopher will oversee and advise community & grassroots engagement.

EDUCATION & LEADERSHIP TRAINING

University, of California, Davis
B.A. Classics and Classical Languages, Literatures and Linguistics

National University
California Single Subject Teaching Credential

Talar Alexanian

With years of experience shaping advocacy and policy, Talar is well-versed in crafting targeted, results-oriented strategies that advance issues and drive action.

Her skills in stakeholder engagement, grassroots mobilization, government affairs, social media messaging and event management at the local, state and federal level drive meaningful outcomes for Strategies 360's clients. Prior to consulting, Talar spent years advocating for affordable, accessible, equitable and high-quality public higher education.

As an appointee of Governor Jerry Brown on the California State University (CSU) Board of Trustees, Talar shaped policies for the largest four-year public university system in the United States. More recently, Talar led communication, advocacy and policy efforts of the University of California (UC) students on the state and federal level. Her efforts resulted in state reinvestment of public dollars to both university systems and the first decrease in UC student tuition in nearly two decades.

EMPLOYMENT EXPERIENCE

Strategies 360 – Southern California
Senior Associate, 2019 – Present
Associate, 2018 – 2019

University of California Student Association
Government Affairs Director, 2016 – 2018

Coro Southern California
Program Manager, Innovate x Water Conference
2016

LEADERSHIP

Coro Fellowship in Public Affairs | Fellow
2015-2016

California State University – Board of Trustees |
Trustee, 2013-2015



**Senior Associate,
Southern California**

PROJECT ROLE

Talar will provide community relations support.

EDUCATION & LEADERSHIP TRAINING

California State University,
Northridge
B.A. Journalism – Public Relations
Minor in Political Science

Panetta Institute for Public Policy

ASSOCIATIONS

Armenian Professional Society,
Professional Events Director



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 8, 2020
To: Finance & Administration Committee
Subject: Retirement Protection Plan – Actuarial Valuation Report (GASB Nos. 67 & 68) – June 30, 2020

Staff Recommendation: Information only

Background:

- In 1997, the District’s contribution retirement plan for the employees of Desert Hospital (Desert Regional Medical Center) who transitioned to Tenet employees was frozen at the time of the lease with Tenet.
- Terms of the plan requires the District to maintain the participant’s funds during employment at Desert Regional (DRMC)
- Participants funds are disbursed at the time of termination of employment
- Each year, an actuarial valuation is performed by an actuarial firm, Nyhart, to establish the Net Pension Liability to be recorded in the accounting records of the District
- For valuation purposes per GASB 67 & 68, the Pension Liability assumes the present value of annuity payments to participants for life.
- The valuation report for June 30, 2020 reflects a Net Pension Liability of \$4,604,254
- The Actuarial Valuation Report is included for your review

Fiscal Impact:

None – information only

Net Pension Liability

Total Pension Liability	\$9,388,217
Plan Fiduciary Net Position	<u>(4,783,963)</u>
Net Pension Liability	4,604,254

Investment Account Balance	\$4,783,963
Participant Balances	<u>(4,186,623)</u>
Excess Funds	597,340



nyhart
part of FuturePlan by Ascensus*

Desert Hospital Retirement Protection Plan

June 30, 2020

GASB Nos. 67 & 68 Report

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This report is prepared in accordance with our understanding of GASB Nos. 67 & 68 for the purpose of disclosing pension plans in financial statements. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report.

The information presented in this report is based on:

- the actuarial assumptions included in this report;
- the plan provisions;
- participant information furnished to us by the Plan Administrator;
- asset information furnished to us by the Plan Trustee.

We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we may have made assumptions we believe are reasonable for the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report.

The interest rate, other economic assumptions, and demographic assumptions have been selected by the plan sponsor with our recommendations. The assumptions used, in our opinion, are reasonable and represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

A summary of any assumptions not included in this report, the plan provisions and the participant information is included in the Actuarial Valuation Report for funding purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Neither Nyhart nor any of its employees have any relationships with the plan or plan sponsor which could impair or appear to impair the objectivity of this report.

Nyhart



Genevieve Clarke, ASA, EA, MAAA



Malcolm Merrill, FSA, EA

07/30/2020

Net Pension Liability

The components of the net pension liability at June 30

	06/30/2020	06/30/2019
Total pension liability	\$ 9,388,217	\$ 8,309,530
Plan fiduciary net position	(4,783,963)	(4,913,907)
Net pension liability	\$ 4,604,254	\$ 3,395,623
Plan fiduciary net position as a percent of the total pension liability	50.96%	59.14%
Pension Expense for the Fiscal Year Ended June 30	\$ (109,461)	\$ (561,964)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

Inflation	2.75%	2.75%
Salary increases, including inflation	0.00%	0.00%
Investment rate of return, including inflation, and net of investment expense	3.77%	4.56%

Plan Membership

The total pension liability was determined based on the plan membership as of June 30

	2019	2019
Inactive plan members and beneficiaries currently receiving benefits	8	8
Inactive plan members entitled to but not yet receiving benefits	61	61
Active plan members	114	114
Total members	183	183

Desert Hospital Retirement Protection Plan
GASB Nos. 67 & 68 Report as of Fiscal Year Ending June 30, 2020
Statement of Fiduciary Net Position

Assets	06/30/2020	06/30/2019
Cash and deposits	\$ 305,434	\$ 63,666
Securities lending cash collateral	0	0
Total cash	\$ 305,434	\$ 63,666
Receivables:		
Contributions	\$ 0	\$ 0
Due from broker for investments sold	0	0
Investment income	0	0
Other	0	0
Total receivables	\$ 0	\$ 0
Investments:		
Domestic fixed income securities	\$ 1,622,025	\$ 1,577,753
Domestic equities	2,050,476	2,169,916
International equities	712,188	910,960
International fixed income securities	101,435	199,801
Total investments	\$ 4,486,124	\$ 4,858,430
Total assets	\$ 4,791,558	\$ 4,922,096
Liabilities		
Payables:		
Investment management fees	\$ 7,595	\$ 8,189
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	0	0
Total liabilities	\$ 7,595	\$ 8,189
Net position restricted for pensions	\$ 4,783,963	\$ 4,913,907

Desert Hospital Retirement Protection Plan
 GASB Nos. 67 & 68 Report as of Fiscal Year Ending June 30, 2020
 Statement of Changes in Fiduciary Net Position

	06/30/2020	06/30/2019
Additions		
Contributions:		
Employer	\$ 0	\$ 0
Member	0	0
Nonemployer contributing entity	0	0
Total contributions	\$ 0	\$ 0
Investment income:		
Net increase in fair value of investments	\$ (4,863)	\$ 146,984
Interest and dividends	114,527	121,717
Less investment expense, other than from securities lending	(31,524)	(32,836)
Net income other than from securities lending	\$ 78,140	\$ 235,865
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	\$ 0	\$ 0
Net investment income	\$ 78,140	\$ 235,865
Other	0	0
Total additions	\$ 78,140	\$ 235,865
Deductions		
Benefit payments, including refunds of member contributions	\$ 208,084	\$ 511,792
Administrative expense	0	0
Other	0	0
Total deductions	\$ 208,084	\$ 511,792
Net increase in net position	\$ (129,944)	\$ (275,927)
Net position restricted for pensions		
Beginning of year	4,913,907	5,189,834
End of year	\$ 4,783,963	\$ 4,913,907

Desert Hospital Retirement Protection Plan
GASB Nos. 67 & 68 Report as of Fiscal Year Ending June 30, 2020
Schedule of Changes in Net Pension Liability and Related Ratios

	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2017</u>	<u>06/30/2016</u>
Total pension liability					
Service cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	374,170	385,951	399,298	321,990	397,980
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	0	(802,110)	0	(437,093)	(493,455)
Changes of assumptions	912,601	769,854	315,705	(2,852,163)	1,944,607
Benefit payments, including refunds of member contributions	(208,084)	(511,792)	(466,670)	(382,380)	(459,397)
Net change in total pension liability	<u>1,078,687</u>	<u>(158,097)</u>	<u>248,333</u>	<u>(3,349,646)</u>	<u>1,389,735</u>
Total pension liability - beginning	<u>8,309,530</u>	<u>8,467,627</u>	<u>8,219,294</u>	<u>11,568,940</u>	<u>10,179,205</u>
Total pension liability - ending (a)	\$ 9,388,217	\$ 8,309,530	\$ 8,467,627	\$ 8,219,294	\$ 11,568,940
Plan fiduciary net position					
Contributions - employer	\$ 0	\$ 0	\$ 0	\$ 3,400,000	\$ 0
Contributions - member	0	0	0	0	0
Contributions - nonemployer contributing member	0	0	0	0	0
Net investment income	78,140	235,865	347,969	426,828	(6,638)
Benefit payments, including refunds of member contributions	(208,084)	(511,792)	(466,670)	(382,380)	(459,397)
Administrative expenses	0	0	(35,638)	(24,513)	(14,983)
Other	0	0	0	0	0
Net change in plan fiduciary net position	<u>\$ (129,944)</u>	<u>\$ (275,927)</u>	<u>\$ (154,339)</u>	<u>\$ 3,419,935</u>	<u>\$ (481,018)</u>
Plan fiduciary net position - beginning	<u>4,913,907</u>	<u>5,189,834</u>	<u>5,344,173</u>	<u>1,924,238</u>	<u>2,405,256</u>
Plan fiduciary net position - ending (b)	\$ 4,783,963	\$ 4,913,907	\$ 5,189,834	\$ 5,344,173	\$ 1,924,238
Net pension liability - ending (a) - (b)	\$ 4,604,254	\$ 3,395,623	\$ 3,277,793	\$ 2,875,121	\$ 9,644,702
Plan fiduciary net position as a percentage of the total pension liability	50.96%	59.14%	61.29%	65.02%	16.63%
Covered-employee payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as percentage of covered-employee payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	06/30/2015
Total pension liability	
Service cost	\$ 0
Interest	418,035
Changes of benefit terms	0
Differences between expected and actual experience	(537,578)
Changes of assumptions	0
Benefit payments, including refunds of member contributions	(304,264)
Net change in total pension liability	(423,807)
Total pension liability - beginning	10,603,012
Total pension liability - ending (a)	\$ 10,179,205
 Plan fiduciary net position	
Contributions - employer	\$ 0
Contributions - member	0
Contributions - nonemployer contributing member	0
Net investment income	70,805
Benefit payments, including refunds of member contributions	(304,264)
Administrative expenses	(17,892)
Other	0
Net change in plan fiduciary net position	\$ (251,351)
Plan fiduciary net position - beginning	2,656,607
Plan fiduciary net position - ending (b)	\$ 2,405,256
Net pension liability - ending (a) - (b)	\$7,773,949
 Plan fiduciary net position as a percentage of the total pension liability	23.63%
 Covered-employee payroll	Not Applicable
 Net pension liability as percentage of covered-employee payroll	Not Applicable

Fiscal year ending	06/30/2020	06/30/2019
Service cost	\$ 0	\$ 0
Interest on total pension liability	374,170	385,951
Projected earnings on pension plan investments	(328,033)	(336,495)
Changes of benefit terms	0	0
Employee contributions	0	0
Pension plan administrative expense	0	0
Other changes	0	0
Current period recognition of deferred outflows/(inflows) of resources		
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	\$ (475,335)	\$ (582,848)
Changes of assumptions	315,627	11,424
Differences between Projected & Actual Earnings on Pension Plan Investments	4,110	(39,996)
Total	\$ (109,461)	\$ (561,964)

Desert Hospital Retirement Protection Plan
GASB Nos. 67 & 68 Report as of Fiscal Year Ending June 30, 2020
Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Differences between expected and actual experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 0	3.0	\$ 0	\$ 0
June 30, 2019	\$ (802,110)	3.0	\$ (267,370)	\$ (267,370)
June 30, 2017	\$ (437,093)	4.0	\$ (109,274)	\$ 0
June 30, 2016	\$ (493,455)	5.0	\$ (98,691)	\$ 0
			<u>\$ (475,335)</u>	<u>\$ (267,370)</u>

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 912,601	3.0	\$ 304,200	\$ 608,401
June 30, 2019	\$ 769,854	3.0	\$ 256,618	\$ 256,618
June 30, 2018	\$ 315,705	4.0	\$ 78,926	\$ 78,927
June 30, 2017	\$ (2,852,163)	4.0	\$ (713,040)	\$ 0
June 30, 2016	\$ 1,944,607	5.0	\$ 388,923	\$ 0
			<u>\$ 315,627</u>	<u>\$ 943,946</u>

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 249,893	5.0	\$ 49,979	\$ 199,914
June 30, 2019	\$ 100,630	5.0	\$ 20,126	\$ 60,378
June 30, 2018	\$ (93,318)	5.0	\$ (18,664)	\$ (37,326)
June 30, 2017	\$ (330,020)	5.0	\$ (66,004)	\$ (66,004)
June 30, 2016	\$ 93,361	5.0	\$ 18,673	\$ 0
			<u>\$ 4,110</u>	<u>\$ 156,962</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (267,370)
Changes of Assumptions	\$ 943,946	\$ 0
Net difference between projected and actual earnings on pension plan investments	\$ 260,292	\$ (103,330)
	\$ 1,204,238	\$ (370,700)

The balances as of June 30, 2020 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending June 30.

6/30/2021	\$ 357,812
6/30/2022	\$ 355,644
6/30/2023	\$ 70,105
6/30/2024	\$ 49,977
6/30/2025	\$ 0
Thereafter	\$ 0

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic fixed income securities Domestic equities	36.0%	2.50%
International equities	45.0%	5.50%
International fixed income securities Cash	15.0%	6.50%
	2.0%	2.50%
Total	2.0%	0.00%
	100.0%	

Long-term expected rate of return is 6.82%.

Money-weighted rate of return for the fiscal year was 1.62%.

Discount rate

The discount rate used to measure the total pension liability was 3.77%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted for current members during the 2036-2037 fiscal year. Therefore, the long-term expected rate of return 6.82% was used to discount funded projected benefit payments and the municipal bond rate 2.45% was used to discount unfunded projected benefit payments to determine the total pension liability. The single effective discount rate was 3.77%.

Note the discount rate changed from 4.56% as of June 30, 2019 to 3.77% as of June 30, 2020 measurement date.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 3.77%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Net pension liability	\$ 5,988,086	\$ 4,604,254	\$ 3,471,841

Desert Hospital Retirement Protection Plan
 GASB Nos. 67 & 68 Report as of Fiscal Year Ending June 30, 2020
 Schedule of Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 366,275	\$ 288,378	\$ 288,378	\$ 928,460	\$ 928,460
Contributions in relation to the actuarially determined contribution	0	0	0	3,400,000	0
Contribution deficiency (excess)	\$ 366,275	\$ 288,378	\$ 288,378	\$ (2,471,540)	\$ 928,460
Covered-employee payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions as a percentage of covered-employee payroll					

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,631,186	\$ 1,631,186	\$ 0	\$ 0	\$ 0
Contributions in relation to the actuarially determined contribution	0	0	0	0	0
Contribution deficiency (excess)	\$ 1,631,186	\$ 1,631,186	\$ 0	\$ 0	\$ 0
Covered-employee payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions as a percentage of covered-employee payroll					

The total pension liability as of June 30, 2020 was determined using the following actuarial assumptions:

Inflation	2.75%
Discount rate	3.77%, net of pension plan investment expense, including inflation.
Measurement date	June 30, 2020, based on a valuation date of June 30, 2019.
Ad-hoc cost-of-living increases	Not applicable.
Mortality	Pre-Retirement: None. Post-Retirement: PubG-2010 sex distinct mortality tables projected generationally with Scale MP-2018.

As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.

Experience study	Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions. The plan is frozen to new participants and benefit accruals.
Retirement	100% retirement at age 65.
Termination	Participants* are assumed to work until Normal Retirement Age.
Other assumptions	See actuarial assumptions provided in the June 30, 2019 funding valuation for other relevant assumptions.

* Former Desert Hospital employees employed with Tenet Healthsystem Desert, Inc.

The actuarially determined contributions as of June 30, 2020 was determined using the following actuarial assumptions:

Inflation	2.75%				
Discount rate	6.82%, net of pension plan investment expense, including inflation.				
Measurement date	June 30, 2019, based on a valuation date of June 30, 2019.				
Ad-hoc cost-of-living increases	Not applicable.				
Mortality	<table border="0" style="width: 100%;"> <tr> <td style="width: 150px;">Pre-Retirement:</td> <td>None.</td> </tr> <tr> <td>Post-Retirement:</td> <td>PubG-2010 sex distinct mortality tables projected generationally with Scale MP-2018.</td> </tr> </table>	Pre-Retirement:	None.	Post-Retirement:	PubG-2010 sex distinct mortality tables projected generationally with Scale MP-2018.
Pre-Retirement:	None.				
Post-Retirement:	PubG-2010 sex distinct mortality tables projected generationally with Scale MP-2018.				

As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.

Experience study	Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions. The plan is frozen to new participants and benefit accruals.
Retirement	100% retirement at age 65.
Termination	Participants* are assumed to work until Normal Retirement Age.
Other assumptions	See actuarial assumptions provided in the June 30, 2019 funding valuation for other relevant assumptions.

* Former Desert Hospital employees employed with Tenet Healthsystem Desert, Inc.

The Plan provisions used for measuring liabilities in this report match those shown in the June 30, 2019 funding valuation.