



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
June 08, 2021

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, June 08, 2021, via Zoom using the following link:
<https://us02web.zoom.us/j/82777868414?pwd=dU1TTS9RRDJXT3laQTFRQXFqYnZKQT09>
Password: 398592

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 following dial in information:

Dial in #:(669) 900-6833 To Listen and Address the Board when called upon:
Webinar ID: 827 7786 8414
Password: 398592

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 May 11, 2021 – Pg. 3-11 **ACTION**

V. CEO REPORT

VI. CHIEF ADMINISTRATION OFFICER'S REPORT – Pg. 12-13

- 1. LPMP Leasing Update – Pg. 14 **Information**

VII. FINANCIAL REPORTS

- 1. District and LPMP Financial Statements – Pg. 15-25 **ACTION**
- 2. Accounts Receivable Aging Summary – Pg. 26
- 3. District - Deposits – Pg. 27-28
- 4. District - Property tax receipts – Pg. 29
- 5. LPMP – Deposits – Pg. 31
- 6. District – Check Register – Pg. 32-33
- 7. Credit Card – Detail of Expenditures – Pg. 34
- 8. LPMP – Check Register – Pg. 35
- 9. Retirement Protection Plan Update – Pg. 36
- 10. Grant Payment Schedule – Pg. 37

VIII. OTHER MATTERS

- 1. District Office at RAP – Conference Room Buildout – Bid Results & Contract for Construction – \$24,980 – Pg. 38-56 **ACTION**
- 2. Consulting Services Agreement Addendum #2 - Magdalena Martinez dba Personnel 411 Consulting – Compensation Increase \$900/month – Pg. 57-58 **ACTION**



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
June 08, 2021

3. LPMP Lease Agreement – Suite 3W 101 – Global Premier Fertility – 5-Year Lease – Pg. 59-81 **ACTION**

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
May 11, 2021

Directors Present	District Staff Present	Absent
Chair/Director Arthur Shorr President Leticia De Lara, MPH Director Les Zendle, MD	Conrado E. Bázquez, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Donna Craig, Chief Program Officer Meghan Kane, Programs and Research Analyst Eric Taylor, Accounting Manager Andrea S. Hayles, Clerk to the Board	

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 3:35 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director Zendle and Director Shorr to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting April 11, 2021	Chair Shorr motioned to approve the April 11, 2021 minutes. President De Lara joined the meeting shortly after the approval of the minutes.	Moved and seconded by Director Zendle and Director Shorr to approve the April 11, 2021 meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. District & RPP Investment Reports 1Q21 – Keith Stribling, Vice President, Senior Portfolio Manager, Highmark Capital	Chris Christensen, CAO, introduced Keith Stribling, Vice President, Senior Portfolio Manager, High Mark Capital, who provided a summary of the District and RPP investments for Q1, describing the assets allocation summary totaling \$62M with 82% bonds and 17% money market explaining that the bonds are maturing with no yield to buy, and the duration is shortening over time, for instance in 2018 at 2.21 years and currently in 2021 at 1.55 years as the portfolio matures in the Fixed Income Analysis,	



**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021**

	<p>there is a reinvestment risk which is lower than the existing portfolio. The Performance Report is up 2.5% in the three-year period compounded over 1% in the past 10-years reminding the committee that High Mark Capital lowered their fees.</p> <p>Mr. Stribling provided an overview of the Retirement Protection Plan at the end of the March quarter with \$5.22M with 68% stocks and 28% fixed income.</p> <p>Director Zendle inquired on the fixed income and total equities for the one-year period from 2020-2021 and the lack of increase with Mr. Stribling explaining the performance from March 2020 to March 2021, the low of the COVID decline, the stock portfolio was up 59% and the total portfolio was up 33%, further detailing the compounding over the past 10-years.</p> <p>Mr. Christensen noted that approximately \$500k of participant distributions had occurred during the referenced one-year period.</p> <p>Chair Shorr inquired about the party that re-establishes the allocation ratios. According to Mr. Stribling, there is an investment policy statement, and it may be an ideal time to possibly re-evaluate as the</p>	
--	--	--



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021

	<p>document is not readily available, but it is a traditional pension mix with a strategic asset allocation of 60/40 with stocks to bonds.</p> <p>Chair Shorr recommended revisiting the asset allocation at a future F&A Committee meeting.</p>	
<p>VI. Chief Administration Officer's Report</p>	<p>Chris Christensen, CAO, explained the upcoming discussions of the FY 2021-2022 budget, and the week of May 24, staff will commence the remote preliminary field work of the annual audit. President De Lara inquired if the audit firm performs A1 audits for federal funding purposes, explaining that the CARES ACT monies requires an A1 audit; however, Dr. Bárzaga, CEO, explained that this is not a requirement for the District as a subrecipient.</p> <p>The landscape renovation is nearly complete with the 90-day warranty period in place and transitioning the maintenance to the onsite firm.</p> <p>The fire sprinkler project for public bidding will commence in June with bid results to the committee in July, costs estimated at \$250-300k, and is a city requirement. The exterior components are complete that will incorporate the alarm service company with a monthly monitoring fee.</p>	



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021

	<p>The vacancy rate remains the same with three available suites. Staff is working with Dr. Tae Kim on a potential lease to a non-profit organization. Dr. Kim is currently establishing estimates of the tenant improvements, and staff should be presenting a lease for approval in the coming months.</p>	
<p>VII. Financial Reports</p> <ol style="list-style-type: none"> 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule 	<p>Chris Christensen, CAO, thoroughly reviewed the financials, answering questions of the committee.</p> <p>Mr. Christensen described the Year-to-Date Variance Analysis explaining the lower amount of the annual budget by \$1.1M in investments due to the bond market netting zero; however, the property tax revenues are higher at \$750k, the direct expenses are underspent by \$370k due to the vacant staff positions and expenses related to labor or staffing.</p> <p>The general administrative expenses are related to COVID and working from home with no travel or mileage, the medical plaza expense is for the budgeted landscape, but the District is actually capitalizing the project costs, which is reflected on the balance sheet with depreciation over time.</p> <p>The professional fee expenses are under \$700k because of the hospital lease work that was anticipated in 2020, but not</p>	<p>Moved and seconded by Director Zendle and President De Lara to approve the April 2021 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</p>



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021

	<p>spent. The fees are budgeted for the upcoming year.</p> <p>The District has awarded \$2M in grants with \$3.4M budgeted year to date that could be allocated. \$2M remains in the fiscal year grant budget.</p> <p>After an inquiry by Director Zendle concerning advancing unused grant funding, Mr. Christensen suggested determining in June the grant awards with a recommendation to grant funds to the Foundation or commit and reserve on the grant payment schedule a certain amount of grant funds to carry forward to the new fiscal year.</p> <p>President De Lara described the expenses related to vehicle rentals for travel and if it is in the District's best interest to own a fleet vehicle as opposed to costly rentals for consideration in the long-term. Mr. Christensen and the committee clarified that once the vaccinations and other supplies have dwindled, possibly in 6 months, staff will return to the traditional mileage reimbursements. The monthly rentals avert the District from owning a vehicle at a fixed amount covered by the CARES ACT and ELC funding. The possibility of a mobile purchase may change the need of a vehicle.</p>	
--	--	--

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021**

	<p>In the Retirement Protection Plan, two employees have departed or retired from the hospital in March and April with one vested paid out while awaiting another payout.</p>	
<p>VIII. Other Matters</p> <p>1. District Office at RAP – Lease Addendum – One Year Renewal with 10 Additional One-Year Renewal Options</p> <p>2. New Job Description – Senior Program Officer – Public Health</p>	<p>President De Lara recused herself from the discussions as the President and CEO of the Regional Access Project Foundation CEO.</p> <p>Chris Christensen, CAO, described the lease renewal and that the tenant improvements are still underway for the conference room with additional details in June. The lease addendum is effective April 1, 2021, with an annual lease through April 30, 2022, proposing an additional 10-years that the Regional Access Project Foundation has accepted as an individual annual option for renewals subject to the yearly options to renew at \$2k per month through the duration.</p> <p>Chris Christensen, CAO, described the District’s engagement with the community, county, and other partners, and the importance to advance the internal job duties to identify the functions of a Senior Program Officer, Public Health that will be assigned to Meghan Kane, which is well-deserved based</p>	<p>Moved and seconded by Director Zendle and Director Shorr to approve the One Year Renewal with 10 additional One-Year Renewal Options at the Regional Access Project Foundation (RAP) Satellite Office and forward to the Board for approval.</p> <p>Motion passed unanimously.</p>



DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021

<p>3. FY 2021-2022 Annual Budget Review</p>	<p>on her hard work and input of the District and the Foundation.</p> <p>Chris Christensen, CAO, introduced the budget commencing with last year based on uncertainty due to COVID, exceeding the revenue budget with expenses that are significantly under with more normalcy within the coming year and incorporating a 3% increase for the fiscal year of the property taxes at \$7.3M in budgeted revenue.</p> <p>Mr. Christensen provided highlights from the budget, such as the 3% increase, the break-even investment income from the bond portfolio, rental income for the medical plaza at the 92% occupancy and the CAM fees increase at \$.69 per square foot, the salaries and wages increase, professional fees utilizing more contractors throughout the year, and \$4M for the grant budget.</p> <p>Director Shorr inquired on the blended rate for the salary increases for the entire budget. The total salary expenses are projected at \$1.4M with an increase of approximately \$90k with two new hires for Public Policy Analyst and Senior Development Officer.</p> <p>As the committee reviewed the budget, Director Zendle inquired on the \$37k maintenance for the mobile</p>	<p>Moved and seconded by Director Zendle and President De Lara to approve the FY 2021-2022 Annual Budget and forward to the Board for approval.</p> <p>Motion passed unanimously.</p>
--	--	---



**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021**

	<p>unit expense that is contingent on Board approval with the committee agreeing to retain the line item in the event the Board approves the \$175k grant allocation from the Conservation District.</p> <p>Mr. Christensen provided an overview of staff salaries with the proposed changes and the increases at 10% for the low and higher portion of the salary ranges, which has not occurred for several years and should be noted accordingly. Mr. Christensen also explained that the cost-of-living increases, and the Coachella Valley increases in growth are reflected in annual the annual review and increase.</p> <p>Chair Shorr inquired about the most recent salary profile that has been evaluated by an outside agency.</p> <p>After discussion, the committee directed staff to further review the salaries and perform the necessary due diligence consistent as an element of the Strategic Plan, determine how similar organizations as government bodies and foundations standardize salaries, ensuring the matter is discussed as a future agenda item, and inviting Jeff Scott, Legal Counsel to join the meeting. President De Lara recommended the firm Baker</p>	
--	---	--

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
May 11, 2021**

	<p>Tilly review the salaries as an outside entity.</p> <p>In the projected Board-approved grants section of the budget, Director Zendle explained that the subsets in blue under the objectives do not have value and per Chair Shorr and President De Lara staff could provide examples like the cash flow statement and place an asterisk with footnotes for possible grant funding.</p> <p>Dr. Bázquez described the pre-COVID community survey, a summary of the results was provided to the Strategic Planning Committee, the Board reviewed and approved the various access to healthcare for the focus areas with staff elaborating that the line items are place holders until the Strategic Plan is complete, and the objectives guide the grant award funding.</p>	
<p>IV. Adjournment</p>	<p>Director Shorr adjourned the meeting at 4:59 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Agendas-and-Documents</p>

ATTEST: _____
 Arthur Shorr, Director, Board of Directors
 Finance & Administration Committee Member
 Desert Healthcare District Board of Directors

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



Chief Administration Officer's Report

June 08, 2021

Preliminary fieldwork is underway for the FY21 annual audit.

Completion of Automatic Fire Sprinkler System project –

The Bid Packet for the project has been prepared by the engineer and has been approved by the District's legal counsel. Bid documents will be available to contractors June 7, with a pre-bid conference June 17 and the official bid-opening June 29th. The bid results and a contract recommendation will be presented to the F&A Committee in July 2021. As was stated at the April Committee meeting, the rough cost estimate is \$250,000-\$300,000. Note: the fire sprinklers are required to meet City code.

Mr. Fredric Supple -

As the Committee and Board are aware, Mr. Fredric Supple passed away recently. Mr. Supple was a long-time Board member for the District. As a result of Mr. Supple's service and subject to the grandfathered lifetime insurance premium benefit of retired directors at that time, he and his wife, Rozene, have been provided ongoing health insurance coverage. Due to Mr. Supple's passing, the insurance coverage for Mr. Supple will terminate. I have confirmed with the District's legal counsel that the insurance coverage for the surviving spouse will also discontinue. Mr. Supple is the final remaining Board member to receive these benefits.

With regard to the District's financial statements, the passing of Mr. Supple results in the District no longer being required to maintain a Retirement BOD Medical Liability (OPEB) on the Balance Sheet. A net \$35,000 reduction in liabilities and an increase in net income. Additionally, future actuarial valuations will cease.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

92% currently occupied –

Total annual rent including CAM fees is **\$1,266,974**.

Leasing Activity:

Leasing activity has been on the rise recently. It appears medical providers are beginning to resume their normal business plans as the Coronavirus subsidies and vaccinations increase. We have potential leases for the three remaining vacant suites in play.

Suite 3W 101 – We are presenting a lease agreement for Global Premier Fertility at today’s Committee meeting.

Suite 1W 204 – Dr. Kim, with DRMC, the residency program and the family medical practice at the medical plaza, is strongly interested in leasing this suite for a start-up psychology group. Since Behavioral Health is one of the District & Foundation’s primary initiatives, consideration is being given to offer a modified base lease rate (\$.45 per sf) and providing financial support for the tenant improvements. A lease agreement is anticipated to be brought to the Committee in July.

Suite 2W 107 – Rob Wenthold, broker, has indicated strong interest from another potential tenant. We anticipate bringing a draft lease agreement to the Committee in July, should an LOI materialize.

Should these leases occur, the medical plaza will be 100% occupied.

Las Palmas Medical Plaza

Unit Rental Status

As of June 1, 2021

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									
											\$ 0.69		
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-31 - 28 Suites Occupied		\$ 52,519.50				49,356	92.0%	\$ 74,455.88	\$ 893,470.56	\$ 1.64	\$ 31,125.28	\$ 105,581.16	\$ 1,266,973.92
Summary - All Units													
			Occupied	45,396	92.0%								
			Vacant	3,960	8.0%								
			Pending	0	0%								
			Total	49,356	100%								

DESERT HEALTHCARE DISTRICT
MAY 2021 FINANCIAL STATEMENTS
INDEX
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
Cumulative Profit & Loss Budget vs Actual - District Including LPMP
Cumulative Profit & Loss Budget vs Actual - LPMP
Balance Sheet - Condensed View
Balance Sheet - Expanded View
Accounts Receivable Aging
Deposit Detail - District
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
ELEVEN MONTHS ENDED MAY 31, 2021

Scope: \$25,000 Variance per Statement of Operations Summary

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 6,136,178	\$ 6,476,576	\$ (340,398)	Lower interest income and market fluctuations (net) from FRF investments \$1,234k; higher property tax revenues \$929k; lower grant income \$35k
4500 - LPMP	\$ 1,140,431	\$ 1,089,847	\$ 50,584	Higher rent revenue \$51k
5000 - Direct Expenses	\$ 1,096,375	\$ 1,543,355	\$ (446,980)	Lower wage related expenses \$216k due to open positions; lower education expense \$79k; lower board expenses \$76k; lower health insurance expense \$64k; lower workers comp expense \$10k; lower retirement plan expense \$2k
6000-General & Admin Expense	\$ 409,383	\$ 522,445	\$ (113,062)	Lower bank and investment fees expense \$36k; lower computer services expense \$22k; lower travel expense \$18k; higher dues and membership expense \$13k; lower personnel expense \$11k; lower supplies expense \$9k; lower staff mileage expense \$7k; lower meals & entertainment expense \$7k; lower East Valley Office expense \$6k; lower postage expense \$3k; lower cell phone expense \$3k; lower various \$4k
6445 - LPMP Expense	\$ 883,433	\$ 1,077,505	\$ (194,072)	Lower landscaping expense \$149k; lower depreciation expenses \$24k; higher bank charges \$9k; lower marketing expense \$11k; higher bad debt expense \$6k; lower deferred maintenance expense \$6k; lower HVAC maintenance expense \$6k; lower professional fees expense \$3k; lower various \$10k
6500 - Professional Fees Expense	\$ 387,490	\$ 1,153,746	\$ (766,256)	Lower Professional Services expense \$644k; lower PR/Communications expense \$94k; lower legal expense \$28k
7000 - Grants Expense	\$ 2,195,260	\$ 3,743,663	\$ (1,548,403)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year. As of May 31, 2021, there is \$1,846,498 remaining in the fiscal year grant budget.
Las Palmas Medical Plaza - Net	\$ 256,998	\$ 12,342	\$ 244,656	LPMP expenses lower \$194k; LPMP revenue higher \$51k

Desert Healthcare District
Profit & Loss Budget vs. Actual
July 2020 through May 2021

	MONTH			TOTAL		
	May 21	Budget	\$ Over Budget	Jul '20 - May 21	Budget	\$ Over Budget
Income						
4000 · Income	1,406,455	1,362,323	44,132	6,136,178	6,476,576	(340,398)
4500 · LPMP Income	105,436	99,077	6,359	1,140,431	1,089,847	50,584
4501 · Miscellaneous Income	750	950	(200)	8,250	10,450	(2,200)
Total Income	1,512,641	1,462,350	50,291	7,284,859	7,576,873	(292,014)
Expense						
5000 · Direct Expenses	67,002	140,305	(73,303)	1,096,375	1,543,355	(446,980)
6000 · General & Administrative Exp	29,336	47,495	(18,159)	409,383	522,445	(113,062)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	20,000	22,913	(2,913)
6445 · LPMP Expenses	74,606	97,955	(23,349)	883,433	1,077,505	(194,072)
6500 · Professional Fees Expense	36,826	104,886	(68,060)	387,490	1,153,746	(766,256)
6700 · Trust Expenses	7,958	8,792	(834)	92,156	96,712	(4,556)
Total Expense	215,728	401,516	(185,788)	2,888,841	4,416,716	(1,527,875)
7000 · Grants Expense	103,370	340,333	(236,963)	2,195,260	3,743,663	(1,548,403)
Net Income	1,193,543	720,501	473,042	2,200,759	(583,503)	2,784,262

Desert Healthcare District
Profit & Loss Budget vs. Actual
July 2020 through May 2021

	MONTH			TOTAL		
	May 21	Budget	\$ Over Budget	Jul '20 - May 21	Budget	\$ Over Budget
Income						
4000 - Income						
4010 - Property Tax Revenues	1,411,155	1,233,275	177,880	5,986,119	5,057,048	929,071
4200 - Interest Income						
4220 - Interest Income (FRF)	23,698	86,965	(63,267)	903,983	956,615	(52,632)
9999-1 - Unrealized gain(loss) on invest	(33,517)	33,333	(66,850)	(815,311)	366,663	(1,181,974)
Total 4200 - Interest Income	(9,819)	120,298	(130,117)	88,672	1,323,278	(1,234,606)
4300 - DHC Recoveries	1,749	1,750	(1)	19,628	19,250	378
4400 - Grant Income	3,370	7,000	(3,630)	41,759	77,000	(35,241)
Total 4000 - Income	1,406,455	1,362,323	44,132	6,136,178	6,476,576	(340,398)
4500 - LPMP Income	105,436	99,077	6,359	1,140,431	1,089,847	50,584
4501 - Miscellaneous Income	750	950	(200)	8,250	10,450	(2,200)
Total Income	1,512,641	1,462,350	50,291	7,284,859	7,576,873	(292,014)
Expense						
5000 - Direct Expenses						
5100 - Administration Expense						
5110 - Wages Expense	89,822	113,645	(23,823)	911,368	1,250,095	(338,727)
5111 - Allocation to LPMP - Payroll	(5,161)	(5,166)	5	(56,771)	(56,826)	55
5112 - Vacation/Sick/Holiday Expense	5,794	10,000	(4,206)	131,267	110,000	21,267
5114 - Allocation to Foundation	(43,616)	(37,196)	(6,420)	(343,990)	(409,156)	65,166
5115 - Allocation to NEOPB	(3,370)	(7,571)	4,201	(40,873)	(83,281)	42,408
5119 - Allocation to RSS/CVHIP-DHCF	0	(1,431)	1,431	(903)	(15,741)	14,838
5120 - Payroll Tax Expense	7,532	8,694	(1,162)	74,788	95,634	(20,846)
5130 - Health Insurance Expense						
5131 - Premiums Expense	13,702	16,795	(3,093)	138,677	184,745	(46,068)
5135 - Reimb./Co-Payments Expense	595	3,000	(2,405)	15,456	33,000	(17,544)
Total 5130 - Health Insurance Expense	14,297	19,795	(5,498)	154,133	217,745	(63,612)
5140 - Workers Comp. Expense	0	1,193	(1,193)	3,391	13,123	(9,732)
5145 - Retirement Plan Expense	6,901	7,848	(947)	84,155	86,328	(2,173)
5160 - Education Expense	0	7,250	(7,250)	309	79,750	(79,441)
Total 5100 - Administration Expense	72,199	117,061	(44,862)	916,874	1,287,671	(370,797)
5200 - Board Expenses						
5210 - Healthcare Benefits Expense	1,594	5,834	(4,240)	54,481	64,174	(9,693)
5230 - Meeting Expense	0	1,667	(1,667)	1,775	18,337	(16,562)
5235 - Director Stipend Expense	3,885	4,410	(525)	28,245	48,510	(20,265)
5240 - Catering Expense	0	708	(708)	1,506	7,788	(6,282)
5250 - Mileage Reimbursement Expense	0	208	(208)	0	2,288	(2,288)
5270 - Election Fees Expense	(10,676)	10,417	(21,093)	93,494	114,587	(21,093)
Total 5200 - Board Expenses	(5,197)	23,244	(28,441)	179,501	255,684	(76,183)
Total 5000 - Direct Expenses	67,002	140,305	(73,303)	1,096,375	1,543,355	(446,980)

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July 2020 through May 2021

	MONTH			TOTAL		
	May 21	Budget	\$ Over Budget	Jul '20 - May 21	Budget	\$ Over Budget
6000 · General & Administrative Exp						
6110 · Payroll fees Expense	181	208	(27)	1,990	2,288	(298)
6120 · Bank and Investment Fees Exp	5,161	9,833	(4,672)	72,268	108,163	(35,895)
6125 · Depreciation Expense	1,114	1,167	(53)	12,146	12,837	(691)
6126 · Depreciation-Solar Parking lot	15,072	15,072	0	165,792	165,792	0
6130 · Dues and Membership Expense	2,131	3,337	(1,206)	49,312	36,707	12,605
6200 · Insurance Expense	2,343	2,417	(74)	25,823	26,587	(764)
6300 · Minor Equipment Expense	0	42	(42)	0	462	(462)
6305 · Auto Allowance & Mileage Exp	462	600	(138)	5,542	6,600	(1,058)
6306 · Staff- Auto Mileage reimb	0	625	(625)	48	6,875	(6,827)
6309 · Personnel Expense	61	1,167	(1,106)	1,901	12,837	(10,936)
6310 · Miscellaneous Expense	0	42	(42)	0	462	(462)
6311 · Cell Phone Expense	598	776	(178)	6,032	8,536	(2,504)
6312 · Wellness Park Expenses	350	83	267	1,310	913	397
6315 · Security Monitoring Expense	0	42	(42)	557	462	95
6340 · Postage Expense	125	417	(292)	1,849	4,587	(2,738)
6350 · Copier Rental/Fees Expense	16	458	(442)	3,956	5,038	(1,082)
6351 · Travel Expense	0	1,667	(1,667)	0	18,337	(18,337)
6352 · Meals & Entertainment Exp	0	875	(875)	2,675	9,625	(6,950)
6355 · Computer Services Expense	1,163	3,775	(2,612)	19,835	41,525	(21,690)
6360 · Supplies Expense	382	2,167	(1,785)	14,480	23,837	(9,357)
6380 · LAFCO Assessment Expense	0	208	(208)	1,727	2,288	(561)
6400 · East Valley Office	177	2,517	(2,340)	22,140	27,687	(5,547)
Total 6000 · General & Administrative Exp	29,336	47,495	(18,159)	409,383	522,445	(113,062)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	20,000	22,913	(2,913)
6445 · LPMP Expenses	74,606	97,955	(23,349)	883,433	1,077,505	(194,072)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	26,374	77,198	(50,824)	204,710	849,178	(644,468)
6520 · Annual Audit Fee Expense	1,313	1,313	0	14,668	14,443	225
6530 · PR/Communications/Website	454	11,375	(10,921)	31,054	125,125	(94,071)
6560 · Legal Expense	8,685	15,000	(6,315)	137,058	165,000	(27,942)
Total 6500 · Professional Fees Expense	36,826	104,886	(68,060)	387,490	1,153,746	(766,256)
6700 · Trust Expenses						
6720 · Pension Plans Expense						
6721 · Legal Expense	0	167	(167)	0	1,837	(1,837)
6725 · RPP Pension Expense	7,500	7,500	0	82,500	82,500	0
6728 · Pension Audit Fee Expense	458	1,125	(667)	9,656	12,375	(2,719)
Total 6700 · Trust Expenses	7,958	8,792	(834)	92,156	96,712	(4,556)
Total Expense Before Grants	215,728	401,516	(185,788)	2,888,841	4,416,716	(1,527,875)
7000 · Grants Expense						
7010 · Major Grant Awards Expense	100,000	333,333	(233,333)	2,153,501	3,666,663	(1,513,162)
7027 · Grant Exp - NEOPB	3,370	7,000	(3,630)	41,759	77,000	(35,241)
Total 7000 · Grants Expense	103,370	340,333	(236,963)	2,195,260	3,743,663	(1,548,403)
Net Income	1,193,543	720,501	473,042	2,200,759	(583,503)	2,784,262

Las Palmas Medical Plaza
Profit & Loss Budget vs. Actual
July 2020 through May 2021

	MONTH			TOTAL		
	May 21	Budget	\$ Over Budget	Jul '20 - May 21	Budget	\$ Over Budget
Income						
4500 · LPMP Income						
4505 · Rental Income	74,311	71,672	2,639	824,422	788,392	36,030
4510 · CAM Income	31,125	27,372	3,753	316,009	301,092	14,917
4513 · Misc. Income	0	33	(33)	0	363	(363)
Total 4500 · LPMP Income	105,436	99,077	6,359	1,140,431	1,089,847	50,584
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	2,599	2,750	(151)	28,589	30,250	(1,661)
6425 · Building - Depreciation Expense	21,487	21,879	(392)	236,146	240,669	(4,523)
6426 · Tenant Improvements -Dep Exp	15,320	16,833	(1,513)	165,370	185,163	(19,793)
6427 · HVAC Maintenance Expense	0	1,333	(1,333)	8,453	14,663	(6,210)
6428 · Roof Repairs Expense	0	208	(208)	0	2,288	(2,288)
6431 · Building -Interior Expense	0	833	(833)	10,235	9,163	1,072
6432 · Plumbing -Interior Expense	0	333	(333)	6,228	3,663	2,565
6433 · Plumbing -Exterior Expense	0	208	(208)	0	2,288	(2,288)
6434 · Allocation Internal Prop. Mgmt	5,161	5,166	(5)	56,771	56,826	(55)
6435 · Bank Charges	23	1,125	(1,102)	21,040	12,375	8,665
6437 · Utilities -Vacant Units Expense	179	83	96	2,062	913	1,149
6439 · Deferred Maintenance Repairs Ex	1,000	833	167	3,000	9,163	(6,163)
6440 · Professional Fees Expense	10,825	10,472	353	111,995	115,192	(3,197)
6441 · Legal Expense	0	83	(83)	0	913	(913)
6455 · Bad Debt Expense	0	0	0	5,543	0	5,543
6458 · Elevators - R & M Expense	240	1,000	(760)	9,393	11,000	(1,607)
6460 · Exterminating Service Expense	175	333	(158)	1,925	3,663	(1,738)
6463 · Landscaping Expense	500	14,167	(13,667)	6,880	155,837	(148,957)
6467 · Lighting Expense	0	500	(500)	4,118	5,500	(1,382)
6468 · General Maintenance Expense	0	83	(83)	0	913	(913)
6471 · Marketing-Advertising	0	1,250	(1,250)	2,507	13,750	(11,243)
6475 · Property Taxes Expense	6,000	6,008	(8)	66,000	66,088	(88)
6476 · Signage Expense	435	125	310	601	1,375	(774)
6480 · Rubbish Removal Medical Waste E	1,579	1,583	(4)	16,278	17,413	(1,135)
6481 · Rubbish Removal Expense	2,301	2,250	51	25,090	24,750	340
6482 · Utilities/Electricity/Exterior	456	625	(169)	5,433	6,875	(1,442)
6484 · Utilties - Water (Exterior)	971	625	346	6,896	6,875	21
6485 · Security Expenses	5,355	7,167	(1,812)	81,120	78,837	2,283
6490 · Miscellaneous Expense	0	100	(100)	1,760	1,100	660
6445 · LPMP Expenses	74,606	97,955	(23,349)	883,433	1,077,505	(194,072)
Net Income	30,830	1,122	29,708	256,998	12,342	244,656

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of May 31, 2021

			May 31, 21	May 31, 20
ASSETS				
Current Assets				
Checking/Savings				
	1000	CHECKING CASH ACCOUNTS	2,589,883	2,941,159
	1100	INVESTMENT ACCOUNTS	61,651,373	58,792,009
Total Checking/Savings			64,241,256	61,733,168
Total Accounts Receivable			71,022	60,155
Other Current Assets				
	1204.1	Rent Receivable-Deferred COVID	161,473	0
	1270	Prepaid Insurance -Ongoing	8,668	65,692
	1279	Pre-Paid Fees	5,652	8,686
	1281	NEOPB Receivable	7,076	13,423
	1295	Property Tax Receivable	9,138	1,862,874
Total Other Current Assets			192,007	1,950,675
Total Current Assets			64,504,285	63,743,998
Fixed Assets				
	1300	FIXED ASSETS	4,913,920	4,913,164
	1335-00	ACC DEPR	(2,220,325)	(2,004,766)
	1400	LPMP Assets	7,075,069	6,872,014
Total Fixed Assets			9,768,664	9,780,412
Other Assets				
	1700	OTHER ASSETS	2,909,152	2,867,136
TOTAL ASSETS			77,182,086	76,391,546

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of May 31, 2021

				May 31, 21	May 31, 20
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			2000 - Accounts Payable	1,774,431	20,411
			2001 - LPMP Accounts Payable	4,852	7,521
			Total Accounts Payable	1,779,283	27,932
Other Current Liabilities					
			2002 - LPMP Property Taxes	(5,950)	(4,924)
			2131 - Grant Awards Payable	1,203,389	6,608,655
			2133 - Accrued Accounts Payable	139,550	138,550
			2141 - Accrued Vacation Time	83,867	44,173
			2188 - Current Portion - LTD	1,234	1,234
			2190 - Investment Fees Payable	21,284	11,401
			Total Other Current Liabilities	1,443,374	6,799,089
			Total Current Liabilities	3,222,657	6,827,021
Long Term Liabilities					
			2170 - RPP - Pension Liability	4,686,754	3,505,623
			2171 - RPP-Deferred Inflows-Resources	370,700	1,643,743
			2280 - Long-Term Disability	28,809	40,626
			2281 - Grants Payable - Long-term	6,660,000	5,400,000
			2286 - Retirement BOD Medical Liabilit	46,729	71,587
			2290 - LPMP Security Deposits	52,520	61,962
			Total Long Term Liabilities	11,845,512	10,723,541
			Total Liabilities	15,068,169	17,550,562
Equity					
			3900 - *Retained Earnings	59,913,158	55,207,356
			Net Income	2,200,759	3,633,630
			Total Equity	62,113,917	58,840,986
TOTAL LIABILITIES & EQUITY				77,182,086	76,391,546

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of May 31, 2021

			May 31, 21	May 31, 20
ASSETS				
Current Assets				
Checking/Savings				
1000 · CHECKING CASH ACCOUNTS				
		1010 · Union Bank - Checking	2,505,017	2,668,769
		1046 · Las Palmas Medical Plaza	84,366	271,890
		1047 · Petty Cash	500	500
		Total 1000 · CHECKING CASH ACCOUNTS	2,589,883	2,941,159
1100 · INVESTMENT ACCOUNTS				
		1130 · Facility Replacement Fund	60,878,595	57,278,892
		1135 · Unrealized Gain(Loss) FRF	772,778	1,513,117
		Total 1100 · INVESTMENT ACCOUNTS	61,651,373	58,792,009
		Total Checking/Savings	64,241,256	61,733,168
Accounts Receivable				
		1201 · Accounts Receivable		
		1204 · LPMP Accounts Receivable	(4,909)	(2,194)
		1205 · Misc. Accounts Receivable	1,500	7,927
		1211 · A-R Foundation - Exp Allocation	74,431	54,422
		Total Accounts Receivable	71,022	60,155
Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID	161,473	0
		1270 · Prepaid Insurance -Ongoing	8,668	65,692
		1279 · Pre-Paid Fees	5,652	8,686
		1281 · NEOPB Receivable	7,076	13,423
		1295 · Property Tax Receivable	9,138	1,862,874
		Total Other Current Assets	192,007	1,950,675
		Total Current Assets	64,504,285	63,743,998
Fixed Assets				
1300 · FIXED ASSETS				
		1310 · Computer Equipment	94,790	94,034
		1315 · Computer Software	68,770	68,770
		1320 · Furniture and Fixtures	33,254	33,254
		1325 · Offsite Improvements	300,849	300,849
		1331 · DRMC - Parking lot	4,416,257	4,416,257
		Total 1300 · FIXED ASSETS	4,913,920	4,913,164
1335-00 · ACC DEPR				
		1335 · Accumulated Depreciation	(222,597)	(210,452)
		1336 · Acc. Software Depreciation	(68,770)	(68,770)

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of May 31, 2021

		May 31, 21	May 31, 20
	1337 · Accum Deprec- Solar Parking Lot	(1,763,595)	(1,582,731)
	1338 · Accum Deprec - LPMP Parking Lot	(165,363)	(142,813)
	Total 1335-00 · ACC DEPR	(2,220,325)	(2,004,766)
	1400 · LPMP Assets		
	1401 · Building	8,705,680	8,705,680
	1402 · Land	2,165,300	2,165,300
	1403 · Tenant Improvements -New	2,187,796	2,168,677
	1404 · Tenant Improvements - CIP	129,550	129,550
	1406 · Building Improvements		
	1406.1 · LPMP-Replace Parking Lot	676,484	676,484
	1406.2 · Building Improvements-CIP	566,146	0
	1406 · Building Improvements - Other	1,581,558	1,575,296
	Total 1406 · Building Improvements	2,824,188	2,251,780
	1407 · Building Equipment Improvements	375,185	364,891
	1409 · Accumulated Depreciation		
	1410 · Accum. Depreciation	(7,624,664)	(7,389,240)
	1412 · T I Accumulated Dep.-New	(1,687,966)	(1,524,624)
	Total 1409 · Accumulated Depreciation	(9,312,630)	(8,913,864)
	Total 1400 · LPMP Assets	7,075,069	6,872,014
	Total Fixed Assets	9,768,664	9,780,412
	Other Assets		
	1700 · OTHER ASSETS		
	1731 · Wellness Park	1,693,800	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,204,238	1,159,189
	1741 · OPEB-Deferrred Outflows-Resourc	11,114	14,147
	Total Other Assets	2,909,152	2,867,136
	TOTAL ASSETS	77,182,086	76,391,546

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of May 31, 2021

			May 31, 21	May 31, 20
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
		2000 - Accounts Payable	1,774,431	20,411
		2001 - LPMP Accounts Payable	4,852	7,521
		Total Accounts Payable	1,779,283	27,932
Other Current Liabilities				
		2002 - LPMP Property Taxes	(5,950)	(4,924)
		2131 - Grant Awards Payable	1,203,389	6,608,655
		2133 - Accrued Accounts Payable	139,550	138,550
		2141 - Accrued Vacation Time	83,867	44,173
		2188 - Current Portion - LTD	1,234	1,234
		2190 - Investment Fees Payable	21,284	11,401
		Total Other Current Liabilities	1,443,374	6,799,089
		Total Current Liabilities	3,222,657	6,827,021
Long Term Liabilities				
		2170 - RPP - Pension Liability	4,686,754	3,505,623
		2171 - RPP-Deferred Inflows-Resources	370,700	1,643,743
		2280 - Long-Term Disability	28,809	40,626
		2281 - Grants Payable - Long-term	6,660,000	5,400,000
		2286 - Retirement BOD Medical Liabilit	46,729	71,587
		2290 - LPMP Security Deposits	52,520	61,962
		Total Long Term Liabilities	11,845,512	10,723,541
		Total Liabilities	15,068,169	17,550,562
Equity				
		3900 - *Retained Earnings	59,913,158	55,207,356
		Net Income	2,200,759	3,633,630
		Total Equity	62,113,917	58,840,986
TOTAL LIABILITIES & EQUITY			77,182,086	76,391,546

Desert Healthcare District
A/R Aging Summary
As of May 31, 2021

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Desert Healthcare Foundation-	43,616	21	30,794	0	0	74,431	Due from Foundation
EyeCare Services Partners Management LLC	0	194	0	0	0	194	Unpaid CAMS
Hassan Bencheqroun, M.D.	0	143	0	0	0	143	Unpaid CAMS
Laboratory Corporation of America	0	(4,409)	0	0	0	(4,409)	Prepaid
Quest Diagnostics Incorporated	0	(3,710)	0	0	0	(3,710)	Prepaid
Ramy Awad, M.D.	0	3,423	0	0	0	3,423	Slow pay
Sleep Treatment Partners, Inc.	0	(550)	0	0	0	(550)	Prepaid
Sovereign	0	750	750	0	0	1,500	Slow pay
TOTAL	43,616	(4,138)	31,544	0	0	71,021	

Desert Healthcare District
Deposit Detail
 May 2021

Type	Date	Name	Amount
Deposit	05/04/2021		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	05/05/2021		231
		Miscellaneous	(231)
TOTAL			(231)
Deposit	05/10/2021		14,120
		Riverside County Treasurer - Property Tax	(14,120)
TOTAL			(14,120)
Deposit	05/12/2021		25,845
		Riverside County Treasurer - Property Tax	(25,845)
TOTAL			(25,845)
Deposit	05/17/2021		3,716
		Riverside County Treasurer - Property Tax	(3,716)
TOTAL			(3,716)
Deposit	05/18/2021		74,793
		Riverside County Treasurer - Property Tax	(74,793)
TOTAL			(74,793)
Deposit	05/19/2021		7,056
		Riverside County Treasurer - CalFresh	(2,106)
		Riverside County Treasurer - CalFresh	(4,950)
TOTAL			(7,056)

Desert Healthcare District
Deposit Detail
 May 2021

Type	Date	Name	Amount
Deposit	05/26/2021		1,292,682
		Riverside County Treasurer - Property Tax	(1,292,682)
TOTAL			(1,292,682)
		TOTAL	1,420,192

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2020 - 2021										
RECEIPTS - ELEVEN MONTHS ENDED MAY 31, 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	0.0%	\$ -	\$ (168,407)	2.5%	\$ 154,934	0.0%	\$ -	\$ (154,934)
Aug	1.6%	\$ 107,780	2.9%	\$ 207,292	\$ 99,512	1.6%	\$ 99,158	2.4%	\$ 149,547	\$ 50,390
Sep	2.6%	\$ 175,143	0.0%	\$ -	\$ (175,143)	2.6%	\$ 161,131	0.0%	\$ -	\$ (161,131)
Oct	0.0%	\$ -	2.2%	\$ 158,895	\$ 158,895	0.0%	\$ -	2.6%	\$ 162,968	\$ 162,968
Nov	0.4%	\$ 26,945	0.0%	\$ -	\$ (26,945)	0.4%	\$ 24,789	0.0%	\$ -	\$ (24,789)
Dec	16.9%	\$ 1,138,429	17.1%	\$ 1,222,723	\$ 84,294	16.9%	\$ 1,047,354	20.6%	\$ 1,279,429	\$ 232,075
Jan	31.9%	\$ 2,148,868	31.1%	\$ 2,228,697	\$ 79,829	31.9%	\$ 1,976,959	41.9%	\$ 2,596,795	\$ 619,836
Feb	0.0%	\$ -	1.0%	\$ 69,468	\$ 69,468	0.0%	\$ -	1.5%	\$ 94,294	\$ 94,294
Mar	0.3%	\$ 20,209	1.0%	\$ 71,486	\$ 51,277	0.3%	\$ 18,592	0.3%	\$ 18,789	\$ 196
Apr	5.5%	\$ 370,495	5.7%	\$ 405,506	\$ 35,012	5.5%	\$ 340,855	6.8%	\$ 422,690	\$ 81,835
May	19.9%	\$ 1,340,517	1.4%	\$ 101,619	\$ (1,238,897)	19.9%	\$ 1,233,275	22.8%	\$ 1,411,155	\$ 177,880
June	18.4%	\$ 1,239,473	37.6%	\$ 2,695,867	\$ 1,456,394	18.4%	\$ 1,140,315	0.0%		
Total	100%	\$ 6,736,264	100.0%	\$ 7,161,553	\$ 425,289	100.00%	\$ 6,197,363	99.0%	\$ 6,135,666	\$ 1,078,618

**Las Palmas Medical Plaza
Deposit Detail - LPMP
May 2021**

Type	Date	Name	Amount
Deposit	05/05/2021		9,855
Payment	05/05/2021	Hassan Bencheqroun, M.D.	(2,639)
Payment	05/05/2021	EyeCare Services Partners Management LLC	(7,217)
TOTAL			(9,856)
Deposit	05/05/2021		11,354
Payment	05/05/2021	Desert Family Medical Center	(3,753)
Payment	05/05/2021	Sleep Treatment Partners, Inc.	(550)
Payment	05/05/2021	Palmtree Clinical Research	(7,051)
TOTAL			(11,354)
Deposit	05/06/2021		14,342
Payment	05/05/2021	Aijaz Hashmi, M.D., Inc.	(2,975)
Payment	05/05/2021	Brad A. Wolfson, M.D.	(3,620)
Payment	05/05/2021	Cohen Musch Thomas Medical Group	(4,610)
Payment	05/05/2021	Cure Cardiovascular Consultants	(3,138)
TOTAL			(14,343)
Deposit	05/10/2021		3,268
Payment	05/10/2021	Peter Jamieson, M.D.	(3,268)
TOTAL			(3,268)
Deposit	05/10/2021		2,420
Payment	05/10/2021	Pathway Pharmaceuticals, Inc.	(2,420)
TOTAL			(2,420)
Deposit	05/10/2021		6,277
Payment	05/10/2021	Derakhsh Fozouni, M.D.	(6,277)
TOTAL			(6,277)

**Las Palmas Medical Plaza
Deposit Detail - LPMP
May 2021**

Type	Date	Name	Amount
Deposit	05/19/2021		44,997
Payment	05/19/2021	Tenet HealthSystem Desert, Inc.	(33,048)
Payment	05/19/2021	Tenet HealthSystem Desert, Inc	(6,369)
Payment	05/19/2021	Desert Regional Medical Center	(5,580)
TOTAL			(44,997)
Deposit	05/24/2021		550
Payment	05/24/2021	Sleep Treatment Partners, Inc.	(550)
TOTAL			(550)
Deposit	05/25/2021		4,859
Payment	05/24/2021	Laboratory Corporation of America	(4,859)
TOTAL			(4,859)
Deposit	05/27/2021		3,948
Payment	05/26/2021	Quest Diagnostics Incorporated	(3,948)
TOTAL			(3,948)
		TOTAL	101,870

Desert Healthcare District
Check Register
As of May 31, 2021

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1010 - Union Bank - Checking				
Bill Pmt -Check	05/05/2021	16439	First Bankcard (Union Bank)	(251)
Bill Pmt -Check	05/05/2021	16440	First Bankcard (Union Bank)	(661)
Bill Pmt -Check	05/05/2021	16441	Staples Credit Plan	(321)
Bill Pmt -Check	05/05/2021	16442	Chris Christensen - Mileage Reimbursement	(37)
Bill Pmt -Check	05/05/2021	16443	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	05/05/2021	16444	HARC, INC.	(4,470)
Bill Pmt -Check	05/05/2021	16445	So.Cal Computer Shop	(810)
Bill Pmt -Check	05/05/2021	16446	Underground Service Alert of Southern Cal	(5)
Bill Pmt -Check	05/05/2021	16447	Xerox Financial Services	(394)
Bill Pmt -Check	05/05/2021	16448	Desert Recreation Foundation	(5,000)
Bill Pmt -Check	05/05/2021	16449 - VOID	Soroptimist House of Hope, Inc.	0
Bill Pmt -Check	05/05/2021	16450	Soroptimist House of Hope, Inc.	(5,000)
Check	05/06/2021	Auto Pay	Calif. Public Employees'Retirement System	(11,600)
Bill Pmt -Check	05/06/2021	16451	IntelliCorp Records,Inc.	(61)
Bill Pmt -Check	05/06/2021	16452	Rauch Communication Consultants	(7,665)
Bill Pmt -Check	05/10/2021	16453	Arthur Shorr - Stipend	(315)
Bill Pmt -Check	05/10/2021	16454	Carmina Zavala - Stipend & Health Premium Reimbursement	(1,227)
Bill Pmt -Check	05/10/2021	16455	Leticia De Lara - Stipend	(1,155)
Bill Pmt -Check	05/10/2021	16456	Rogers, Carole - Stipend	(630)
Bill Pmt -Check	05/10/2021	16457	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	05/10/2021	16458	Time Warner Cable	(250)
Bill Pmt -Check	05/10/2021	16459	United Cerebral Palsy of Inland Empire	(10,000)
Bill Pmt -Check	05/12/2021	16460	Lani Garfield	(250)
Liability Check	05/14/2021		QuickBooks Payroll Service	(46,906)
Bill Pmt -Check	05/19/2021	16461	CoPower Employers' Benefits Alliance	(2,034)
Bill Pmt -Check	05/19/2021	16462	Galilee Center	(67,500)
Bill Pmt -Check	05/19/2021	16463	Neuro Vitality Center-Stroke Recovery	(10,000)
Bill Pmt -Check	05/19/2021	16464	Principal Life Insurance Co.	(1,973)
Bill Pmt -Check	05/19/2021	16465	Purchase Power	(125)
Bill Pmt -Check	05/19/2021	16467	Chris Christensen - Expense Reimbursement	(250)
Check	05/25/2021		Bank Service Charge	(661)
Bill Pmt -Check	05/27/2021	16468	Evet PerezGil - Stipend	(420)
Bill Pmt -Check	05/27/2021	16469	Image Source	(224)
Bill Pmt -Check	05/27/2021	16470	Ready Refresh	(50)
Bill Pmt -Check	05/27/2021	16471	Regional Access Project Foundation	(177)
Bill Pmt -Check	05/27/2021	16472	Top Shop	(204)
Bill Pmt -Check	05/27/2021	16473	Zendle, Les - Stipend	(420)

Desert Healthcare District
Check Register
As of May 31, 2021

Type	Date	Num	Name	Amount
Bill Pmt -Check	05/27/2021	16474	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	05/27/2021	16475	Cielo Vista Charter School Parent Teacher	(10,000)
Bill Pmt -Check	05/27/2021	16476	Veralon	(16,250)
Liability Check	05/28/2021		QuickBooks Payroll Service	(46,839)
TOTAL				(254,695)

**Las Palmas Medical Plaza
Check Register - LPMP
As of May 31, 2021**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	05/05/2021	10350	Best Signs, Inc.	(166)
Bill Pmt -Check	05/05/2021	10351	Desert Water Agency	(1,256)
Bill Pmt -Check	05/05/2021	10352	INPRO-EMS Construction	(1,850)
Bill Pmt -Check	05/05/2021	10353	Palm Springs Disposal Services Inc	(2,301)
Bill Pmt -Check	05/05/2021	10354	Stericycle, Inc.	(1,710)
Bill Pmt -Check	05/06/2021	10355	Imperial Security	(1,785)
Bill Pmt -Check	05/10/2021	10356	Marina Landscape, Inc.	(138,883)
Bill Pmt -Check	05/12/2021	10357	Frazier Pest Control, Inc.	(175)
Bill Pmt -Check	05/19/2021	10358	Frontier Communications	(240)
Bill Pmt -Check	05/19/2021	10359	Imperial Security	(1,785)
Bill Pmt -Check	05/19/2021	10360-VOID	Southern California Edison	0
Bill Pmt -Check	05/19/2021	10361	Southern California Edison	(635)
Check	05/25/2021		Bank Service Charge	(560)
Bill Pmt -Check	05/27/2021	10362	Best Signs, Inc.	(435)
Bill Pmt -Check	05/27/2021	10363	Imperial Security	(1,785)
Bill Pmt -Check	05/27/2021	10364	INPRO-EMS Construction	(10,825)
TOTAL				(164,391)

Desert Healthcare District
Details for Credit Card Expenditures
Credit card purchases - April 2021 - Paid May 2021

Number of credit cards held by District personnel -2

Credit Card Limit - \$10,000

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							
Year	Month Charged	Total Charges	Expense Type	Amount	Purpose	Description	Participants		
		\$ 911.55							
Chris' Statement:									
2021	April	\$ 250.55	District						
			GL	Dollar	Descr				
			6355	\$ 51.71	ASUS replacement harddrive for laptop				
			6355	\$ 26.62	Premiere Global Services				
			6360	\$ 130.59	Zoom Videoconference/Webinar Expense				
			6355	\$32.22	Dropbox				
			6360	\$ 9.41	Additional Zoom Videoconference/Webinar License				
				\$ 250.55					
Conrado's Statement:									
2021	April	\$ 661.00	District						
			GL	Dollar	Descr				
			5240	\$ 6.20	Uber Eats Fee				
			5240	\$ 50.00	Board of Directors' Meeting Food 4/16/21				
			5240	\$ 200.00	Board of Directors' Meeting Food 4/16/21				
			5160	\$ 325.00	SoCal Grantmakers Implicit Bias Training				
			6352	\$ 79.80	Daily Grill Meeting - Conrado, Director De Lara, Heather Vaikona - Lift To Rise				
				\$ 661.00					



MEMORANDUM

DATE: June 8, 2021

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>Apr</u>	<u>May</u>
Active – still employed by hospital	91	90
Vested – no longer employed by hospital	59	59
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>157</u>	<u>156</u>

The outstanding liability for the RPP is approximately **\$3.7M** (Actives - \$2.3M and Vested - \$1.4M). US Bank investment account balance \$5.2M. Per the June 30, 2020 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$4.6M**. A monthly accrual of \$7.5K is being recorded each month as an estimate for FY2021.

The payouts, excluding monthly annuity payments, made from the Plan for the Eleven (11) months ended May 31, 2021 totaled **\$522K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
May 31, 2021							
TWELVE MONTHS ENDED JUNE 30, 2021							
Grant ID Nos.	Name	Approved Grants - Prior Yrs	6/30/2020 Bal Fwd	Current Yr 2020-2021	Total Paid Prior Yrs July-June	Total Paid Current Yr July-June	Open BALANCE
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000	\$ 8,330,000		\$ 1,670,000		\$ 6,660,000
2018-974-BOD-09-25-18	HARC - 2019 Coachella Valley Community Health Survey - 2 Yr	\$ 399,979	\$ 39,999		\$ 39,998		\$ -
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		\$ 236,250		\$ 148,750
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		\$ 8,855		\$ 145
	3 Unexpended funds Grant #1017				\$ -		\$ (145)
2019-1023-BOD-10-22-19	CVRM - Transportation for Seniors & Homeless Hospital Discharge Referrals - 1 Yr	\$ 216,200	\$ 118,910		\$ 113,586		\$ 5,324
	3 Unexpended funds Grant #1023				\$ -		\$ (5,324)
2019-1021-BOD-11-26-19	Neuro Vitality Center - Community Based Adult Services Program - 6 Months	\$ 143,787	\$ 79,083		\$ 50,323		\$ 28,760
	1 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		\$ 270,933		\$ 40,136
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		\$ 22,500		\$ 5,000
2020-1057-BOD-05-26-20	Desert Cancer Foundation - Patient Assistance Program	\$ 150,000	\$ 82,500		\$ 67,500		\$ 15,000
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	1 Desert Healthcare Foundation - Addressing Healthcare Needs of Black Communities			\$ 600,000		\$ 600,000	\$ -
2020-1139-BOD-09-22-20	1 CSU San Bernardino Palm Desert Campus Street Medicine Program - 1 Yr			\$ 50,000		\$ 22,500	\$ 27,500
2020-1135-BOD-11-24-20	5 Hope Through Housing Foundation - Family Resilience - 1 Yr			\$ 20,000		\$ 9,000	\$ 11,000
2020-1149-BOD-12-15-20	1 Voices for Children - Court Appointed Special Advocate Program - 1 Yr			\$ 40,000		\$ 18,000	\$ 22,000
2021-1136-BOD-01-26-21	1 Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr			\$ 119,432		\$ 53,744	\$ 65,688
2021-1147-BOD-01-26-21	4 Alzheimer's Association - Critical Program Support - 1 Yr			\$ 33,264		\$ 14,969	\$ 18,295
2021-1162-BOD-01-26-21	2 Joslyn Center - Wellness Center Program Support - 1 Yr			\$ 109,130		\$ 49,108	\$ 60,022
2021-1170-BOD-02-23-21	2 Jewish Family Services - Mental Health Counseling for Underserved Residents - 1 yr			\$ 80,000		\$ 36,000	\$ 44,000
2021-BOD-02-23-21	5 COVID-19 Recovery Grants in Collaboration with Regional Access Project Foundation			\$ 100,000		\$ 90,000	\$ 10,000
2021-1141-BOD-03-23-21	3 Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr			\$ 210,905		\$ 94,907	\$ 115,998
2021-1171-BOD-03-23-21	1 Blood Bank of San Bernardino and Riverside Counties - Bloodmobiles for Coachella Valley			\$ 150,000		\$ 67,500	\$ 82,500
2021-1174-BOD-03-23-21	4 Mizell Center - Geriatric Case Management Program			\$ 100,000		\$ 45,000	\$ 55,000
2021-1266-BOD-04-27-21	3 Galilee Center - Our Lady of Guadalupe Shelter - 1 yr			\$ 150,000		\$ 67,500	\$ 82,500
2021-1277-BOD-04-27-21	5 Lift To Rise - United Lift Rental Assistance 2021 - 8 Months			\$ 300,000		\$ -	\$ 300,000
2021-1280-BOD-05-25-21	1 Desert AIDS Project - DAP Health Expands Access to Healthcare - 1yr			\$ 100,000		\$ -	\$ 100,000
TOTAL GRANTS		\$ 13,106,979	\$ 9,748,358	\$ 2,162,731	\$ 2,845,242	\$ 1,168,228	\$ 7,863,389
Amts available/remaining for Grant/Programs - FY 2020-21:							
Amount budgeted 2020-2021			\$ 4,000,000				
Amount granted through May 31, 2021:			\$ (2,162,731)			G/L Balance:	5/31/2021
Mini Grants:	1132, 1163, 1178, 1190		\$ (20,000)			2131	\$ 1,203,389
Financial Audits of Non-Profits	8/15/20		\$ (5,000)			2281	\$ 6,660,000
Net adj - Grants not used:	1017, 1021, 1023		\$ 34,229			Total	\$ 7,863,389
Matching external grant contributions			\$ -				\$ (0)
Balance available for Grants/Programs			\$ 1,846,498				
Strategic Focus Areas FY20-21:							
		Grant Budget	Granted YTD	Available			
1	Healthcare Infrastructure and Services	\$ 1,500,000	\$ (1,030,672)	\$ 469,328			
2	Behavioral Health/Mental Health	\$ 500,000	\$ (189,130)	\$ 310,870			
3	Homelessness	\$ 500,000	\$ (360,436)	\$ 139,564			
4	Vital Human Services to People with Chronic Conditions	\$ 1,000,000	\$ (138,264)	\$ 861,736			
5	Economic Protection, Recovery and Food Security	\$ 500,000	\$ (435,000)	\$ 65,000			
Balance available for Grants/Programs		\$ 4,000,000	\$ (2,153,502)	\$ 1,846,498			



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: June 8, 2021
To: Finance & Administration Committee
Subject: District Office at the RAP offices – Conference Room Buildout – Bid Results & Contract for Construction to INPRO-EMS Construction - \$24,980

Staff Recommendation: Consideration to approve a Contract for Construction with INPRO-EMS Construction for the Conference Room Buildout at the District Office at the RAP offices - \$24,980.

Background:

- The District presently leases a 1,000 square foot office space at the RAP offices.
- The suite includes a large section that can be converted to a conference room suitable for committee meetings and other District/Foundation meetings.
- At the March 2021 F&A Committee meeting, the Committee approved a Professional Services Authorization with Prest Vuksic Greenwood Architects (Chris Mills) to provide architectural and project management fees.
- Under Chris Mills' management, two bids were obtained for the project, which was designed by Chris Mills and approved by the Committee.
 - INPRO-EMS Construction - \$24,980
 - DW Johnston Construction - \$79,964
- Staff performed due diligence to gain confidence in the low bidder's submission.
- Included in the packet is the bid documents for INPRO-EMS.
- Staff is working with Legal Counsel to provide a Contract for Construction to disburse to the Committee by Monday, June 7, 2021.
- Staff recommends approval of the Contract for Construction with INPRO-EMS Construction.

Fiscal Impact:

\$24,980, which will be capitalized and depreciated over 10 years (the anticipated lease period). The annual depreciation expense will be \$2,498.

AGREEMENT

**DESERT HEALTHCARE DISTRICT RAP CONFERENCE ROOM TENANT IMPROVEMENTS
4155 ECLECTERIC STREET, STE. G100 PALM DESERT, CALIFORNIA**

This Agreement is made and entered into by and between DESERT HEALTHCARE DISTRICT, a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq. (hereinafter referred to as “District” or “Owner”), and INPRO–EMS CONSTRUCTION, a corporation organized and existing under the laws of the State of California (hereinafter referred to as “Contractor”).

WITNESSETH: That District and Contractor, for the consideration hereinafter named, agree as follows:

- (1) **CONTRACT:** Contractor will furnish all materials and will perform all of the work in accordance with the Plans and Specifications for this project, the General Conditions attached hereto as Exhibit “A,” the Scope of Work provisions attached hereto as Exhibit “B,” and the other Contract Documents.
- (2) **TIME FOR COMPLETION:** The work shall be completed within the times set forth in the General Provisions. District and Contractor have discussed the provisions of Civil Code Section 1671 and the damages that may be incurred by District if the work is not completed within the time specified in this Agreement. District and Contractor hereby represent that, at the time of signing of this Agreement, it is impractical and extremely difficult to fix the actual damage that will be incurred by District if the work is not completed within the number of calendar days allowed. Accordingly, District and Contractor agree that the amount of Two Hundred Fifty Dollars (\$250) per day is a reasonable amount to assess as damages to District by reason of the failure of Contractor to complete the work within the time specified. For each day completion is delayed beyond the specified time, Contractor shall forfeit and pay to District Two Hundred Fifty Dollars (\$250) per day, which may be deducted from any payments due or to become due to Contractor.
- (3) **PRICE:** Contractor agrees to perform all of the work described in the Contract Documents and comply with the terms therein for Twenty-Four Thousand Nine Hundred Eighty Dollars (\$24,980).
- (4) **PAYMENTS:** Progress payments and the final payment will be made in accordance with Section 7 (Estimates and Payments) of the General Provisions. Contractor agrees to provide documentation satisfactory to District as provided for in the General Provisions. The filing of the Notice of Completion by District shall be preceded by acceptance of the work made only by an action of the Board of Directors of District in session. Contractor agrees that final payment will occur only after acceptance of the work.
- (5) **COMPLIANCE WITH PUBLIC CONTRACT LAW:** District is a public agency in the State of California and is subject to the provisions of law relating to contracts where public funds are used. It is agreed that all provisions of law applicable to contracts where public funds are used are a part of this Agreement to the same extent as though set forth fully herein and will be complied with by Contractor.
- (7) **LICENSE:** In accordance with California Public Contracts Code, Section 3300, and the California Business and Professions Code, Section 7059, Contractor certifies that Contractor was, at the time of submission of the bid, and is now licensed as a General Contractor (B) License No. 667637.

IN WITNESS WHEREOF, this Agreement is executed by the President and Secretary of District pursuant to action of its Board of Directors authorizing same, and Contractor has caused this Agreement to be executed by its authorized representative.

DISTRICT:

DESERT HEALTHCARE DISTRICT
1140 Indian Canyon Drive
Palm Springs, CA 92262

Dated: _____, 2021

By: _____
(President)

Attest: _____
(Secretary)

CONTRACTOR:

INPRO-EMS CONSTRUCTION
362 Hamilton Street
Costa Mesa, CA 92627

Dated: _____, 2021

By: _____

(Name and Title)

EXHIBIT "A"

GENERAL CONDITIONS

SECTION 1 CONTRACT REQUIREMENTS AND CONDITIONS

1-1 CONTRACTOR'S LICENSE

Contractor must be, and Contractor shall require that its subcontractors are, licensed to conduct business in the State of California and possess the State Contractor's license for the class of work to be performed.

1-2 CONTRACTOR REPRESENTATIONS

Contractor represents to Owner:

- (a) The Contract Sum is reasonable compensation, and the Contract Time is adequate time, for performance of the work.
- (b) Contractor is financially capable to perform the work and capable of furnishing the labor, tools, equipment, machinery, materials, and supplies required to complete the work and has the experience and competence to do so.

1-3 INSURANCE REQUIREMENTS

Contractor will be required to furnish Owner with proof of full compliance with all insurance requirements as specified in Section 6 (Contractor's Insurance). The forms of certificate of insurance and endorsement that Contractor will be required to furnish must be acceptable to Owner.

1-4 FAILURE TO EXECUTE CONTRACT

Failure of Contractor to execute the contract or to furnish the required bonds or insurance certificates and endorsements shall be just cause for cancelation of the contract.

SECTION 2 SCOPE OF WORK

2-1 WORK TO BE DONE

The work to be done consists of furnishing all labor, materials, plants, equipment, services, permits, and all other items necessary to complete the work set forth on the Exhibit "B" Scope of Work attached to the Agreement.

2-2 CHANGES IN THE WORK

Owner may require changes in, additions to, or deductions from the Scope of Work, including complete termination thereof. Adjustments in the amounts to be paid to Contractor by reason of any such change, addition, or deduction shall be mutually agreed upon by Owner and Contractor. Owner's Representative may order minor changes in the work not involving an increase or decrease in the contract amount, not involving a change in the time for completion, and not inconsistent with the purposes for which the work is being constructed. If Contractor believes that any order for minor changes in the work involves changes in the contract amount or time for completion, Contractor shall within five (5) days of the receipt of such order notify Owner's Representative in writing of Contractor's estimate of the changes in the contract amount and time for completion.

No payment for changes in the work will be made, and no changes in the time for completion by reason of changes in the work will be made, unless the changes are covered by a written change order approved by Owner in advance of Contractor's proceeding with the changed work.

2-3 FINAL CLEANUP

Upon completion and before making application for acceptance of the work, Contractor shall clean all grounds occupied in connection with the work of all rubbish, excess materials, and equipment, and all parts of the work and grounds occupied by Contractor shall be left in a neat and presentable condition.

2-4 ACCEPTANCE OF WORK

Upon completion of the work, the project shall be presented to the District Board of Directors for the filing of a Notice of Completion. District shall have no obligation to accept the project or file a Notice of Completion until all work has been completed to the satisfaction of District.

SECTION 3 SUPERVISION AND QUALITY OF THE WORK

3-1 SUPERVISION

Contractor shall supervise and direct the work competently and efficiently, devoting such attention thereto and applying such skills and expertise as may be necessary to perform the Scope of Work. Contractor shall be solely responsible for the means, methods, techniques, sequences, and procedures of the work.

3-2 QUALITY OF MATERIALS AND EQUIPMENT

All materials and equipment that are supplied and incorporated in the work shall be of good quality and workmanship

3-3 OBSERVATION OF WORK BY OWNER'S REPRESENTATIVE

Owner may appoint a representative (referred to herein as "Owner's Representative"), who shall at all times have access to the work during construction and shall be furnished with every reasonable facility for ascertaining full knowledge respecting the progress, workmanship, and character of materials and equipment used and employed in the work.

SECTION 4 PROGRESS AND COMPLETION

4-1 TIME FOR COMPLETION AND FORFEITURE DUE TO DELAY

Contractor shall complete all or any designated portion of the work called for under the contract within thirty (30) calendar days after receiving the Notice to Proceed. Time is of the essence in this contract. Failure of Contractor to perform any covenant or condition contained in the contract documents within the time period specified shall constitute a material breach of this contract entitling the Owner to terminate the contract unless Contractor applies for, and receives, an extension of time in accordance with the procedures set forth in Section 4-2 Extension of Time.

In accordance with Government Code section 53069.85, Contractor agrees to forfeit and pay Owner the amount of Two Hundred Fifty (\$250) per day which may be deducted from any payments due or to become due to Contractor. Contractor shall not be deemed in breach of this contract and no forfeiture due to delay shall be made because of any delays in the completion of the work due to unforeseeable causes beyond the control and without the fault or negligence of Contractor provided Contractor requests an extension of time in accordance with the procedures set forth herein. Unforeseeable causes

of delay beyond the control of Contractor shall include acts of God, acts of a public enemy, acts of the government, acts of Owner, or acts of another contractor in the performance of a contract with Owner, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and weather, or delays of subcontractors due to such causes, or delays caused by failure of Owner or the owner of a utility to provide for removal or relocation of existing utility facilities. Delays caused by actions or neglect of Contractor or its agents, servants, employees, officers, subcontractors, directors, or of any party contracting to perform part or all of the work or to supply any equipment or materials shall not be excusable delays. Excusable delays (those beyond Contractor's control) shall not entitle Contractor to any additional compensation. The sole remedy of Contractor shall be to seek an extension of time.

4-2 EXTENSION OF TIME

Contractor shall not be entitled to any increase in the contract price as a result of Owner's approval of any extension of time except to the extent that Owner approves an increase in the contract price on a properly executed change order. The time specified for completion of all of the work, or any part of the work, may be extended only by a written change order executed by Owner or other written form executed by Owner.

SECTION 5 LEGAL RELATIONS AND RESPONSIBILITIES

5-1 OBSERVING LAWS AND ORDINANCES

Contractor shall keep fully informed of all existing and future laws, ordinances, and regulations that in any manner affect those engaged or employed in the work or the materials used in the work, or which in any way affect the conduct of the work, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over same. Contractor shall at all times observe and comply with, and shall cause all his agents, employees, subcontractors, and suppliers to observe and comply with, all such existing and future laws, ordinances, regulations, orders, and decrees, and shall hold harmless, indemnify, and defend Owner, Owner's Representative, and their consultants, and each of their directors, officers, employees, and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order, or decree by Contractor or Contractor's employees, agents, subcontractors, or suppliers.

5-2 PERMITS AND LICENSES

Owner shall provide building permits. Contractor shall procure all licenses, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work.

5-3 PUBLIC CONVENIENCE AND SAFETY

Contractor shall so conduct its operations as to offer the least possible obstruction and inconvenience to the public, and Contractor shall have under construction no greater length or amount of work than can be properly prosecuted with due regard to the rights of the public.

5-4 RESPONSIBILITY FOR LOSS, DAMAGE, OR INJURIES

Contractor shall be responsible for all claims, demands, or liability from any cause arising out of or resulting from or in connection with the performance of the work, excepting only those as may be caused solely and exclusively by the fault or negligence of Owner, Owner's Representative, or their consultants, or their directors, officers, employees, and agents. Such responsibility shall extend to claims, demands, or liability for loss, damage, or injuries occurring after completion of the work as well as during the progress of the work.

In the event any hazardous materials, including but not limited to asbestos, are utilized in the work or hazardous materials are otherwise encountered during the work, Contractor shall take all appropriate precautions to protect persons and property

and shall comply with all applicable regulations for the installation and handling of such hazardous materials. Contractor is solely responsible for protection of persons and property that could be affected by the work and Contractor's handling of such hazardous materials.

5-5 CONTRACTOR'S RESPONSIBILITY FOR THE WORK

Until the acceptance of the work, Contractor shall have the responsible charge and care of the work and of the materials to be used therein (including materials for which he has received partial payment or materials which have been furnished by Owner) and shall bear the risk of injury, loss, or damage to any part thereof by the action of the elements or from any other cause, whether arising from the execution or from the non-execution of the work. In an emergency affecting the safety of life or property, including adjoining property, Contractor, without special instructions or authorizations, is authorized to act at its discretion to prevent such threatened loss or injury.

Notwithstanding the foregoing provisions of this article, Contractor shall not be responsible for the cost of repairing or restoring damage to the work, which damage is determined to have been proximately caused by an act of God, in excess of five percent (5%) of the contracted amount, provided that the work damaged is built in accordance with accepted and applicable building standards and the plans and specifications.

5-6 PRESERVATION OF PROPERTY

Contractor shall exercise due care to avoid injury to existing improvements or facilities.

5-7 SAFETY

In accordance with generally accepted construction practices, Contractor shall be solely and completely responsible for conditions of the job site, including safety of all persons and property during performance of the work, and Contractor shall fully comply with all state, federal, and other laws, rules, regulations, and orders relating to safety of the public and workers. The right of Owner's Representative to conduct construction review or observation of Contractor's performance will not include review or observation of the adequacy of Contractor's safety measures in, on, or near the construction site.

5-8 PERSONAL LIABILITY

No director, officer, employee, or agent of Owner shall be personally responsible for any liability arising under or by virtue of the contract.

5-9 INDEMNITY

To the fullest extent permitted by law, Contractor shall indemnify and hold harmless Owner, Owner's Representative, and each of their directors, officers, agents, and employees from and against all claims, damages, losses, expenses, and other costs, including costs of defense and attorneys' fees, arising out of or resulting from or in connection with the performance of the work, both on and off the job site, provided that any of the foregoing (1) is attributable to personal injury, bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself), including the loss of use resulting therefrom, and (2) is caused in whole or in part by any act or omission of Contractor, any subcontractor, any supplier, anyone directly or indirectly employed by any of them or anyone for whose acts or omissions any of them may be liable.

In any and all claims against the indemnified parties by any employee of Contractor, any subcontractor, any supplier, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Contractor, or any subcontractor, or any supplier or other persons under workers' compensation acts, disability benefit acts, or other employee acts.

Contractor shall also indemnify and hold harmless Owner and each of their directors, officers, employees, and agents from and against all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respect to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of Contractor's obligations under the contract. This indemnity shall include claims by Owner for damage arising from improper design or workmanship by Contractor. Such costs, expenses, and damages shall include all cost, including attorney fees, incurred by the indemnified parties in any lawsuit to which they are a party.

5-10 HOURS OF LABOR

Contractor shall forfeit as a penalty to Owner the amount of Twenty-Five Dollars (\$25) for each worker employed in the execution of the contract by the Contractor or any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code and, in particular, sections 1810 to 1815 thereof, inclusive, except that work performed by employees of Contractor in excess of eight (8) hours per day and forty (40) hours during any one week shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half (12) times the basic rate of pay as provided in said section 1815.

5-11 PREVAILING WAGE

Contractor shall comply with Labor Code section 1775. In accordance with said section 1775, Contractor shall forfeit as a penalty to the Owner the amount of Fifty Dollars (\$50) for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under the contract by him or her or by any subcontractor under him or her in violation of the provisions of the Labor Code and in particular, Labor Code sections 1770 to 1780, inclusive. In addition to said penalty and pursuant to said section 1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by Contractor. Pursuant to Labor Code section 1775, to the extent there is insufficient money due Contractor to cover all penalties forfeited and amounts due, the Division of Labor Standards Enforcement shall be notified of the violation and the Division of Labor Standards Enforcement shall be entitled to maintain an action in any court of competent jurisdiction to recover the penalties and the amounts due pursuant to Labor Code section 1775.

Section 1776 of the Labor Code requires each contractor and its subcontractors to keep accurate payroll records showing the name, address, social security number, work classification, straight time, and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the work required by these Contract Documents. These payroll records shall be made available for inspection or furnished to all employees, any representative of Owner, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations. Contractor shall provide a certified copy of these payroll records to any of the aforementioned parties within ten (10) calendar days after receipt of a written request for these records. In the event that Contractor fails to comply, Contractor shall as a penalty forfeit the amount of Twenty-Five Dollars (\$25) for each calendar day or portion thereof and for each worker until Contractor comes into strict compliance with the code. Contractor understands that it is the responsibility of Contractor to ensure that these payroll records are maintained by Contractor and all subcontractors performing the work in accordance with Labor Code section 1776(h). The payroll records shall be on forms provided by the Division of Labor Standards Enforcement or provide the same information as the information required by this form.

Pursuant to Labor Code section 1777.1, whenever any contractor or subcontractor performing a public works project is found by the Labor Commissioner or the Owner to be in violation of Labor Code section 1770 et seq., except section 1775, Contractor, or subcontractor or any firm, corporation, partnership, or association of which Contractor or any subcontractor has a substantial interest, shall be ineligible to bid on or to receive any public works contract for a period of not less than

one (1) year or more than three (3) years. The period of debarment shall run from the date the determination of the violation is made by the Labor Commissioner.

Owner shall be entitled to withhold wages and penalties due as a result of any violation of the Labor Code from payments due the contractor in accordance with Labor Code section 1726. These withheld amounts shall be paid to the Labor Commissioner for disbursement in accordance with Labor Code section 1730. Contractor's right to recover these wages and penalties shall be limited as provided in the Labor Code. A copy of the current state prevailing rate of per diem wages is available at Owner's office.

5-12 TERMINATION FOR BREACH

If Contractor refuses or fails to prosecute the work or any separable part thereof with such diligence as will ensure its completion within the time specified herein, or any extension thereof, or fails to complete such work within such time, or if Contractor should be adjudged a bankrupt, or if Contractor should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, or if Contractor files a petition to take advantage of any debtor's act, or if Contractor or any of its subcontractors should violate any of the provisions of the contract, or if Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to supply enough properly skilled workmen or proper materials to complete the work in the time specified, or if Contractor should fail to make prompt payment to subcontractors or for material or labor, or if Contractor should persistently disregard laws, ordinances, or instructions given by Owner or Owner's Representative, Owner may, without prejudice to any other right or remedy, serve written notice upon Contractor and its surety of Contractor's intention to terminate the contract, said notice to contain the reasons for such intention to terminate the contract, and unless within ten (10) days after the service of such notice such violations shall cease and satisfactory arrangements for the corrections thereof be made, the contract shall upon the expiration of said ten days cease and terminate. In such case, Contractor shall not be entitled to receive any further payment until the work is finished. In the event of any such termination, Owner shall immediately serve written notice thereof upon the surety and Contractor, and the surety shall have the right to take over and perform the contract; provided, however, that if the surety within ten (10) calendar days after the serving upon it of a notice of termination does not give Owner written notice of its intention to take over and perform the contract or does not commence performance thereof within thirty (30) calendar days from the date of serving said notice, Owner may take over the work and prosecute the same to completion by contract or by any other method it may deem advisable for the account and at the expense of Contractor, and Contractor's surety shall be liable to Owner for any excess cost or other damage occasioned Owner thereby, and in such event Owner may, without liability for so doing, take possession of and utilize in completing the work such materials, appliances, plants, and other property belonging to Contractor that may be on the site of the work and be necessary therefor. For any portion of such work that Owner elects to complete by furnishing its own employees, materials, tools, and equipment, Owner shall be compensated for such in accordance with the schedule of compensation for force account work in Section 7-1 (Payment for Changes in the Work).

If the unpaid balance of the contract price exceeds the direct and indirect costs of completing the work, including, but not limited to, all costs to Owner arising from professional services and attorneys' fees and all costs generated to insure or bond the work of substituted contractors or subcontractors utilized to complete the work, such excess shall be paid to Contractor. If such costs exceed the unpaid balance, Contractor shall pay the difference to Owner promptly upon demand; on failure of Contractor to pay, the Surety shall pay on demand by Owner. Any portion of such difference not paid by Contractor or surety within thirty (30) calendar days following the mailing of a demand for such costs by Owner shall earn interest at the rate of ten percent (10%) per annum or the maximum rate authorized by California law, whichever is lower. The foregoing provisions are in addition to and not in limitation of any other rights or remedies available to Owner.

5-13 TERMINATION BY OWNER FOR CONVENIENCE

In addition to termination for breach, Owner may at any time terminate the contract for Owner's convenience and without cause. Upon receipt of written notice from Owner of such termination for the Owner's convenience, Contractor shall:

- (1) Cease operations as directed by Owner in the notice;
- (2) Take actions necessary, or which Owner may direct, for protection and preservation of the work; and
- (3) Except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts, and purchase orders and enter into no further subcontracts or purchase orders.

In case of such termination for Owner's convenience, Contractor shall be entitled to receive payment from Owner for work completed to the date of termination stated in the notice.

5-14 NOTICE AND SERVICE THEREOF

Any notice required or given under the contract shall be in writing, be dated, and signed by the party giving such notice or his duly authorized representative, and be served as follows:

- (1) If to Owner, by personal delivery or by deposit in the United States mail.
- (2) If to Contractor, by personal delivery to Contractor or to its authorized representative at the site of the project or by deposit in the United States mail.
- (3) If to the surety or any other person, by personal delivery to said surety or other person or by deposit in the United States mail.
- (4) All mailed notices shall be in sealed envelopes, shall be sent by certified mail with postage prepaid, and shall be addressed to the addresses in the contract documents or such substitute addresses which a party designates in writing and serves as set forth herein.

5-15 PARTIAL INVALIDITY

If any provision of this contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

5-16 WAIVER OF RIGHTS

Except as otherwise specifically provided in the contract documents, no action or failure to act by Owner, Owner's Representative, or Contractor shall constitute a waiver of any right or duty afforded any of them under the contract documents, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder.

5-17 TAXES

Contractor shall pay all sales, consumer, use, and other taxes.

5-18 PAYROLL RECORDS

It shall be the responsibility of Contractor to maintain an accurate payroll record showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each employee in accordance with Labor Code section 1776, and to ensure that each subcontractor also complies with all provisions of Labor Code section 1776 and this contract provision. All payroll records shall be certified as accurate

by the applicable contractor or subcontractor or its agent having authority over such matters. Contractor shall ensure that all payroll records are available for inspection at Contractor's principal office during normal business hours and shall notify Owner, in writing, of the place where all payroll records are located from time to time.

Contractor shall furnish a copy of all payroll records, upon request, to employees or their authorized agents, to Owner, to the Division of Labor Standards Enforcement, and to the Division of Apprenticeship Standards of the Department of Industrial Relations. Contractor shall also furnish a copy of payroll records to the general public upon request provided the public request is made through Owner, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement of the Department of Industrial Relations. In no event shall members of the general public be given access to payroll records at Contractor's principal office.

Records made available to the general public in accordance with the prior paragraph shall be marked or obliterated in such a manner that the name and address of Contractor and/or subcontractor and the name, address, and telephone number of all employees does not appear on the modified record. Contractor shall file a certified copy of any requested payroll records with the entity that requested such records within ten days of the date a written request for payroll records has been received.

Failure of Contractor to comply with any provisions of this section or Labor Code section 1776 within ten (10) days of the date a written request for compliance is received shall result in a forfeiture of up to Fifty Dollars (\$50) per calendar day or portion thereof, for each worker, until strict compliance is obtained. Upon notification by the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement of the Department of Industrial Relations, Owner shall withhold penalties under this article or Labor Code section 1776 from the Contractor's payments then due.

5-19 VENUE

In the event of any legal or equitable proceeding to enforce the terms or conditions of this contract, the parties agree that venue shall lie only in the federal or state courts in or nearest to the City of Palm Springs, County of Riverside, State of California.

5-20 HAZARDOUS WASTE

It shall be the responsibility of Contractor to pay all fees and costs associated with removal and cleanup of any hazardous waste used at or brought to the job site by Contractor, any subcontractor, or any agent, representative, or employee of Contractor or any subcontractor. Contractor shall identify and remove all such hazardous waste in accordance with all federal, state, and local rules and regulations and shall promptly notify Owner's Representative of any such hazardous waste. If hazardous waste is discovered during performance of the work which has not been brought to, or used at, the job site by Contractor, any subcontractor, or any agent, representative, or employee of the Contractor or any subcontractor, Contractor shall identify and remove this hazardous waste in accordance with all federal, state, and local rules and regulations and in accordance with directions of Owner, and Contractor shall be entitled to request an increase in compensation due for these removal and cleanup costs.

SECTION 6 CONTRACTOR'S INSURANCE

6-1 GENERAL

Contractor shall not commence or continue to perform any work unless all required insurance is in full force and effect. Contractor shall not permit any subcontractor to perform work on this project unless the Workers' Compensation Insurance requirements have been complied with by such subcontractor. The types of insurance Contractor shall obtain and maintain are Workers' Compensation Insurance and Employers' Liability Insurance and Liability Insurance. Workers' Compensation Insurance and Employers' Liability Insurance and Liability Insurance shall be maintained in effect for the

full guarantee period. Insurers must be authorized to do business and have an agent for service of process in California, have an “A-” or better policyholder’s rating and a financial rating of at least Class VI in accordance with the most current rating by A.M. Best Company. As evidence of specified insurance coverage, Contractor shall provide certificates of insurance to Owner.

6-2 WORKERS’ COMPENSATION INSURANCE AND EMPLOYERS’ LIABILITY INSURANCE

Upon execution of the Agreement, Contractor shall provide a certificate(s) of insurance certifying that he has obtained for the period of the contract full Workers’ Compensation Insurance coverage for no less than the statutory limits and Employers’ Liability Insurance coverage in limits not less than the amounts set forth in the Special Provisions, for all persons whom Contractor employs or may employ in carrying out the work under the contract. At the same time, Contractor shall provide the insurance endorsement(s) to Owner. This insurance shall be in strict accordance with the requirements of the most current and applicable state Workers’ Compensation Insurance laws.

6-3 LIABILITY INSURANCE

Upon execution of the Agreement, Contractor shall provide a certificate(s) of insurance for Liability Insurance coverage in limits not less than \$1,000,000 per occurrence. Included in such insurance shall be contractual coverage sufficiently broad to insure the matters set forth in Section 5-10 (Indemnity) except those matters set forth in the third paragraph thereof. All liability insurance shall include occurrence coverage with a deductible amount not exceeding the amount specified on the liability certificate form.

The Liability Insurance shall include as additional insureds: Owner, Owner’s Representative, and their consultants, and each of their directors, officers, agents, and employees. The insurance afforded to these additional insureds shall be primary insurance. If the additional insureds have other insurance which might be applicable to any loss, the amount of the insurance provided under this article shall not be reduced or prorated by the existence of such other insurance

6-4 CONTRACTOR’S LIABILITY NOT LIMITED BY INSURANCE

Nothing contained in these insurance requirements is to be construed as limiting the liability of Contractor or Contractor’s sureties.

SECTION 7. ESTIMATES AND PAYMENT

7-1 PAYMENT FOR CHANGES IN THE WORK

Contractor shall not be entitled to any increase in the Contract price due to any change in the work unless Contractor submits a written request within ten (10) calendar days from the date of the event which causes Contractor to request a change in the price. Changes in, additions to, or deductions from the work, including increases or decreases in the quantity of any item or portion of the work, shall be set forth in a written change order executed by Owner and by Contractor which shall specify:

- (1) The changes, additions, and deductions to be made.
- (2) The increase or decrease in compensation due Contractor, if any.
- (3) Adjustment in the time of completion, if any.

Adjustment in the compensation due Contractor shall be determined by one or more of the following methods in the order of precedence listed below:

- (1) Mutually agreeable lump sum or unit prices. If requested by Owner's Representative, Contractor shall furnish an itemized breakdown of the quantities and prices used in computing proposed lump sum and unit prices.

Force account whereby Contractor is compensated for furnishing labor, materials, tools, and equipment as follows:

- (1) Cost of labor plus fifteen percent (15%) for workers directly engaged in the performance of the work. Cost of labor shall include actual wages paid including employer payments to or on behalf of the workers for health and welfare, pension, vacation, and similar purposes plus payments imposed on payroll amounts by state and federal laws plus subsistence and travel allowance payments to workers.
- (2) Cost of material plus fifteen percent (15%). Cost of material shall include sales tax, freight, and delivery charges. Owner reserves the right to furnish such materials as he deems advisable, and Contractor shall not be paid the fifteen percent (15%) markup on such materials.
- (3) For tools and equipment actually engaged in the performance of the work, rental rates fifteen percent (15%). The rental rates shall be those prevailing in the area where the work is performed. No rental charge shall be made for the use of tools or equipment having a replacement value of Five Hundred Dollars (\$500) or less.
- (4) Subcontractor invoices to Contractor plus five percent (5%). Subcontractor invoices shall be based on the above-described cost of labor plus fifteen percent (15%), cost of material plus fifteen percent (15%), and tool and equipment rental rates plus fifteen percent (15%).
- (5) No payment shall be made for any item not set forth above, including without limitation, Contractor's overhead, general administrative expense, supervision, or damages claimed for delay in prosecuting the remainder of the work.

For force account work, Contractor shall submit to Owner's Representative for his verification, daily work sheets showing an itemized breakdown of labor, materials, tools, and equipment used in performing the work. No payment will be made for work not verified by Owner's Representative.

7-2 PROGRESS PAYMENTS

Contractor shall not be entitled to any progress payment until Contractor has completed and signed the progress payment form and submitted the form to Owner for processing. No progress payment will be processed unless all information required by the progress payment form has been completed, the progress payment form has been signed by Contractor, and the progress payment form has been submitted to Owner for review. Each progress payment request will be reviewed by Owner as soon as practicable after receipt to determine whether the payment request is a proper payment request. Any progress payment request determined not to be a proper payment request by Owner, in Owner's sole discretion, shall be returned to Contractor as soon as practicable but not later than seven (7) days after receipt. Progress payment requests which are returned by Owner will include a letter explaining the reasons why the payment request is not proper or fails to include information for payment determined necessary by Owner.

Owner shall not be required to pay any portion of a progress payment which is disputed by Owner. Properly submitted progress payment requests which are not disputed by Owner shall be paid within thirty (30) days after receipt. Undisputed and properly submitted progress payment requests not paid within this thirty (30) day period shall earn interest at the legal rate set forth in subdivision (a) of section 685.010 of the Code of Civil Procedure. The number of days available to Owner to make a payment without incurring interest shall be reduced by the number of days by which Owner exceeds the seven (7) day return requirement set forth above. The parties agree that the thirty (30) day period for payment of undisputed and

properly submitted progress payments shall not commence running until Contractor has submitted a progress payment form containing all information determined necessary by Owner to properly process the progress payment request.

7-3 FINAL ESTIMATE AND PAYMENT

Contractor shall not make any request for the final payment until all work required by the plans and specifications and Contract Documents has been completed to the satisfaction of Owner's Representative. Upon receipt of a request from Contractor for final payment, Owner's Representative will make a final inspection of the work done and advise the Contractor of additional work required before final payment will be processed. All prior progress estimates and payments shall be subject to correction in the final estimate and payment.

7.4 OWNER'S RIGHT TO WITHHOLD CERTAIN AMOUNTS

Owner may withhold a sufficient amount or amounts from any payment otherwise due to Contractor as in his judgment may be necessary to cover:

- (1) Payments which may be past due and payable for properly filed claims against Contractor or any subcontractors for labor or materials furnished in or about the performance of the work on the project under this contract.
- (2) Estimated or actual costs for correcting defective work not remedied.
- (3) Amounts claimed by Owner as forfeiture due to delay or other offsets.

Owner may apply such withheld amount or amounts to the payment of such claims in his discretion. In so doing, Owner shall be deemed the agent of Contractor and any payments so made by Owner shall be considered as a payment made under the contract by Owner to Contractor, and Owner shall not be liable to Contractor for such payment made in good faith.

7-5 REQUIRED RELEASES

Contractor shall not be entitled to any payment specified in this Contract which is undisputed until such time as the Contractor has executed the release form provided by Owner and releasing Owner from all claims relating to work for which Contractor is being paid. The release form shall provide space for the Contractor to claim any disputed amount and to designate the retention amount for each period associated with the release. Contractor hereby expressly agrees that failure on his part to designate any disputed amount or to designate the correct retention amount for each release period on the release form shall constitute an express waiver of the right of the Contractor to claim any disputed amount or any retention amount at any later date.

EXHIBIT “B”

SCOPE OF WORK

The following is the scope of work to complete the tenant improvements per plans provided for Suite 100. Pricing includes all labor and materials to complete the described scope of work to create a conference room and ADA accessibility at the entry/exit of Suite 100.

SCOPE OF WORK:

Install glass wall to create an enclosed conference room. Clear glass with clear anodized store front frame to include two 3-0' x 6'-8" doors. Connect from floor to T- bar main runner with lateral bracing as per plans. Provide TV power and DATA port for new 60-inch TV.

Install 2x2 return air with damper in new conference area and connect to existing HVAC systems as detailed on reflected ceiling plane.

Reconfigure front entry area to create ADA egress as shown on plans provided. Restore all finishes and flooring to match existing.

Paint all areas to match existing color and sheen.

Price to complete the tenant improvements period associated with the release.

INPRO-EMS Construction
362 Hamilton
Costa Mesa, CA 92627

5/5/2021

RE:

Tenant Improvement
41550 Eclectic, Suite 100
Palm Desert, CA 92260

To:
Desert Healthcare District
1140 North Palm Canyon Drive
Palm Springs, CA

The following is our proposal to complete the tenant improvements per plans provided for Suite 100:

Our pricing includes all labor and materials to complete the described scope of work to create a conference room and ADA accessibility at the entry/exit of Suite 100.

SCOPE OF WORK:

Install glass wall to create an enclosed conference room. Clear glass with clear anodized store front frame to include two 3'-0" x 6'-8" doors. Connect from floor to T-bar main runner with lateral bracing as per plans. Provide TV power and DATA port for new 60-inch TV.

Install 2x2 return air with damper in new conference area and connect to existing HVAC systems as detailed on reflected ceiling plan.

Reconfigure front entry area to create ADA egress as shown on plans provided. Restore all finishes and flooring to match existing.

Paint all areas to match existing color and sheen.

* * *

Our price to complete the tenant improvements for Suite 100 is \$24,980.00 *Twenty Four Thousand Nine Hundred Ninety.....00/100*

Respectfully,



Dan George
949-280-9964

BIDDER: INPAD - EMS CONSTRUCTION

The undersigned Bidder hereby declares that it has carefully examined the location of the proposed Work, and has read and examined the Contract Documents, including all plans, specifications, and all addenda, if any, for the following Work:

**DESERT HEALTHCARE DISTRICT RAP CONFERENCE ROOM T.I.
41550 ECLECTIC ST. STE G100, PALM DESERT**

The Contract Time shall commence on the date stated in the District's Notice to Proceed or as provided above. In no case shall the Contractor commence construction prior to the date stated in the District's Notice to Proceed, or before providing evidence of insurance.

Bidder certifies that it is licensed in accordance with the California law providing for the registration of Contractors License No. 667637, Expiration Date 03/31/2023, class of license required: "B".

The undersigned acknowledges receipt, understanding and full consideration of the following addenda to the Contract Documents.

Addenda No. _____

Addenda No. _____

Addenda No. _____

PREVAILING WAGES

The District has obtained from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages in the locality in which this work is to be performed for each craft or type of worker needed to execute the Contract. These rates are on file and available at the District or may be obtained online at <http://www.dir.ca.gov/dlsr>. Bidders are advised that a copy of these rates must be posted by the successful Bidder at the job site(s).

BID FORM

1

DHCD RAP CONFERENCE ROOM T.I.

DESERT HEALTH DISTRICT RAP CONFERENCE ROOM T.I.

In Palm Desert,
California

TOTAL BID PRICE :
For the lump sum of

\$ 24,980.00

(price in figures)

Twenty four thousand nine hundred eighty and no ⁰⁰/₁₀₀

(price in words)

INPRO - EMS CONSTRUCTION

362 HAMILTON COSTA MESA, CA 92627

(Name of Bidder)

TIME OF COMPLETION

The contractor agrees to complete the construction within 30 successive calendar days after receiving the Notice to Proceed.

I declare under the penalty of perjury under the laws of the State of California that all of the information submitted in connection with this Bid and all of the representations made herein are true and correct.

Name of Bidder DANIEL D. GEORGE -

Signature 

Name and Title DANIEL GEORGE - OWNER

Dated 6/2/2021

BID FORM
2

DHCD RAP CONFERENCE ROOM T.I.

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract.

Name of Bidder INPRO - EMS CONSTRUCTION

Signature *Dan George*

Name DANIEL GEORGE

Title OWNER

Dated 6/2/2021

BID FORM
3

DHCD RAP CONFERENCE ROOM T.1.



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: June 08, 2021
To: Finance & Administration Committee
Subject: Addendum #2 to the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting – increasing to \$900/month plus special projects fees and extending the period to June 30, 2022

Staff Recommendation: Consideration to approve Addendum #2 to the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting – increasing to \$900/month plus special projects fees and extending the period to June 30, 2022.

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.
- Ms. Martinez continues to assist the district with human resource administrative guidance.
- Addendum #2 both, increases the monthly fee from \$833.33 to \$900, plus fees for special projects and extends the service agreement period to June 30, 2022.
- Staff recommends approval of Addendum #2 of the Consulting Services Agreement for Magdalena Martinez dba Personnel 411 HR Consulting.

Fiscal Impact:

\$900 per month (\$10,800 annually), plus fees for special projects.

The HR Consultant is included in the District's FY21-22 annual budget.

**CONSULTING SERVICES AGREEMENT
ADDENDUM #2**

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 \$900.00.
3. Term. The term of this Addendum shall run from July 1, 2021 to June 30, 2022.
4. All other terms remain unchanged.

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

“District”:

“Consultant”:

Desert Healthcare District

Personnel 411 HR Consulting

By: _____
Leticia DeLara, President

By: _____
Magdalena Martinez

Date: _____

Date: _____



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: June 8, 2021
To: Finance & Administration Committee
Subject: Lease Agreement – Las Palmas Medical Plaza – Suite 3W 101 – Global Premier Fertility

Staff Recommendation: Consideration to approve the draft lease agreement for Global Premier Fertility at the Las Palmas Medical Plaza.

Background:

- Global Premier Fertility (GPF) will be a clinical office specializing in OB/GYN, reproductive medicine, etc.
- Rob Wenthold, our broker, submitted the LOI on behalf of GPF recently.
- Staff has submitted a counter-offer, which has not officially been accepted. However, Mr. Wenthold believes the offer will be accepted.
- The attached draft lease agreement includes the terms of the counter-offer, assuming GPF accepts.
- Staff has requested additional information, including credit and financial reports, to offer to the Committee at the June 8th meeting.
- The basic terms of the lease are as follows:
 - \$1.80 per sf base rate and \$.69 per sf CAMs
 - Approximately \$20 per sf tenant improvements (TI) - \$32,500
 - 5-year lease beginning 7/1/21, with the first 6 months rent waived to allow for completion of tenant improvements.
 - Additional 5-year option to include the first year increase of the greater of market rate or 3% increase of rate at the end of the first term.
- The draft lease agreement is included in the packet for your review.
- Staff recommends approval of the draft lease agreement.

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$233,723

Estimated cost of Tenant Improvement Allowance (approximately \$20.00/sf) - \$32,500

Broker Fee (6%) – \$10,321

OFFICE BUILDING LEASE

Between

**DESERT HEALTHCARE DISTRICT,
DOING BUSINESS AS LAS PALMAS MEDICAL PLAZA
AS LANDLORD**

And

**Global Premier Fertility LLC
AS TENANT**

DATED

July 1, 2021

Table of Contents

	Page
1. LEASE OF PREMISES.....	1
2. DEFINITIONS.....	1
3. EXHIBITS AND ADDENDA.....	2
4. DELIVERY OF POSSESSION.....	2
5. RENT.....	2
6. INTEREST AND LATE CHARGES.....	6
7. SECURITY DEPOSIT.....	6
8. TENANT’S USE OF THE PREMISES.....	6
9. SERVICES AND UTILITIES.....	7
10. CONDITION OF THE PREMISES.....	7
11. CONSTRUCTION, REPAIRS AND MAINTENANCE.....	8
12. ALTERATIONS AND ADDITIONS.....	9
13. LEASEHOLD IMPROVEMENTS; TENANT’S PROPERTY.....	9
14. RULES AND REGULATIONS.....	9
15. CERTAIN RIGHTS RESERVED BY LANDLORD.....	10
16. ASSIGNMENT AND SUBLETTING.....	10
17. HOLDING OVER.....	11
18. SURRENDER OF PREMISES.....	11
19. DESTRUCTION OR DAMAGE.....	12
20. EMINENT DOMAIN.....	12
21. INDEMNIFICATION.....	13
22. TENANT’S INSURANCE.....	13
23. WAIVER OF SUBROGATION.....	14
24. SUBORDINATION AND ATTORNMENT.....	14
25. TENANT ESTOPPEL CERTIFICATE.....	14
26. TRANSFER OF LANDLORD’S INTEREST.....	15
27. DEFAULT.....	15
28. BROKERAGE FEES.....	17
29. NOTICES.....	17
30. GOVERNMENT ENERGY OR UTILITY CONTROLS.....	17
31. RELOCATION OF PREMISES.....	17
32. QUIET ENJOYMENT.....	17
33. OBSERVANCE OF LAW.....	18
34. FORCE MAJEURE.....	18
35. CURING TENANT’S DEFAULTS.....	18
36. SIGN CONTROL.....	18

OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Global Premier Fertility, a Limited Liability Company hereinafter referred to as "Tenant", and is dated July 1, 2021.

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): \$ Seventeen Thousand, Eight-Hundred Eighty-Four & 80/100 Dollars (17,884.80) per year.

b. Base Year: The calendar year of July 1 to June 30.

c. Broker(s):
Landlord's: Coldwell Banker Commercial Lyle & Associates
Tenant's: _____

In the event that _____ 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: July 1, 2021.

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: June 30, 2026, 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. 3W-101 Palm Springs, CA 92262.

h. Monthly Installments of Base Rent (initial): \$ Two-Thousand, Nine-Hundred Eighty & 80/100 Dollars (\$2,980.80) per month beginning on January 1, 2022.

i. Project Operating Costs (CAMS): Currently Sixty-Nine Cents (\$.69) per square foot per month.

j. Tenant Improvement Allowance (TI): Thirty-Two Thousand, Five-Hundred & 00/100 Dollars (\$32,500).

k. Parking: Tenant shall be permitted, to park 8 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 1,656 square feet of Rentable Area, located in Building 3W and known as Suite 101.

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): \$ Four-Thousand Seven & 52/100 Dollars (\$4,007.52).

_____ District _____ Recipient

- 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*: 3.36%. 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)*: Medically related 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.
- b. Such adjustment shall be the greater of 3% over the preceding year or Consumer Price Index.

5.3 *Project Operating Costs (CAMs)*:

- a. In order that the Rent payable during the Term reflect 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,

_____ District _____ Recipient

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

_____ District _____ Recipient

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.

5.7 *Tenant Improvement Allowance*: In recognition for Tenant completing all improvements 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. 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. 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 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.

7. SECURITY DEPOSIT.

_____ District _____ Recipient

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.

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 devise 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

_____ District _____ Recipient

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.

_____ District _____ Recipient

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

_____ District _____ Recipient

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 “D” 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

_____ District _____ Recipient

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 fifty percent (150%) 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.

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.

_____ District _____ Recipient

- 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.

_____ District _____ Recipient

- 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 ATTORNMENT.

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.

_____ District _____ Recipient

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.

_____ District _____ Recipient

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.

_____ District _____ Recipient

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.

_____ District _____ Recipient

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

_____ District _____ Recipient

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:	<u>Desert Healthcare District</u>	Tenant:	<u>Global Premier Fertility LLC</u>
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Conrado Bárzaga</u>	By:	_____

_____ District _____ Recipient

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.

DRAFT

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 entry door and directory shall be printed, painted, affixed, or inscribed at the expense of Landlord by a person approved by Landlord outside the Premises; provided, however, that Landlord may furnish and install a Building standard interior 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.

_____ District _____ Recipient

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

DRAFT

ADDENDUM

Addendum to that certain Office Building Lease dated July 1, 2021 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Global Premier Fertility LLC, 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: July 1, 2021
- 2. Expiration Date: June 30, 2026
- 3. Rent Schedule:

07/01/2021 - 12/31/2021	\$ 0.00	
01/01/2022 - 06/30/2022	\$2,980.80	
07/01/2022 - 06/30/2023	\$3,070.22	Greater of 3% or CPI
07/01/2023 - 06/30/2024	\$3,162.33	Greater of 3% or CPI
07/01/2024 - 06/30/2025	\$3,257.20	Greater of 3% or CPI
07/01/2025 - 06/30/2026	\$3,354.92	Greater of 3% or CPI
- 4. CAMs: Currently \$.69 per square foot.
- 5. Security Deposit: Four Thousand & 52/100 Dollars (\$4,007.52)
- 6. Renewal Options: One optional five (5)-year term. Base rent for the first year of the Option Term shall be at "Market Rate", which shall not be less than the last month of the Initial Term plus a three percent (3%) increase with three percent (3%) annual increases thereafter.

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: Global Premier Fertility LLC

dba: Las Palmas Medical Plaza

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____