



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
July 13, 2021

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, July 13, 2021, via Zoom using the following link:
<https://us02web.zoom.us/j/82415855032?pwd=SHdmOVQ5bEZOTVAyWDA1RkRoWJDJ4UT09>
Password: 907820

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: 824 1585 5032
Password: 907820

AGENDA

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. PUBLIC COMMENT

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

IV. APPROVAL OF MINUTES

1. F&A Minutes – Meeting July 08, 2021 – Pg. 3-8

ACTION

V. CEO REPORT

VI. CHIEF ADMINISTRATION OFFICER'S REPORT – Pg. 9-11

1. LPMP Leasing Update – Pg. 12

Information

VII. FINANCIAL REPORTS

ACTION

1. District and LPMP Financial Statements – Pg. 13-23
2. Accounts Receivable Aging Summary – Pg. 24
3. District - Deposits – Pg. 25-26
4. District - Property tax receipts – Pg. 27
5. LPMP – Deposits – Pg. 28-29
6. District – Check Register – Pg. 30-31
7. Credit Card – Detail of Expenditures – Pg. 32
8. LPMP – Check Register – Pg. 33
9. Retirement Protection Plan Update – Pg. 34
10. Grant Payment Schedule – Pg. 35

VIII. OTHER MATTERS

1. Las Palmas Medical Plaza – Interior Fire Sprinkler Installation – Bid Results & Authorization to Issue a Construction Agreement with INPRO-EMS Construction, not to exceed \$498,000 – Pg. 36-37

ACTION



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| 2. LPMP Lease Agreement – Suite 2W 207 – Desert Oasis Health Care – 3-Year Lease – Pg. 38-60 | ACTION |
| 3. Lease Agreement – Suite 3W 101 – Global Premier Fertility – 5-Year Lease – Pg. 61-83 | 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
June 08, 2021

Directors Present	District Staff Present	Absent
Chair/Director Arthur Shorr President Leticia De Lara, MPH Director Les Zendle, MD	Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Donna Craig, Chief Program Officer 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 3:32 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director Zendle and President De Lara to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting May 11, 2021	Chair Shorr motioned to approve the May 11, 2021, minutes.	Moved and seconded by President De Lara and Director Zendle to approve the May 11, 2021, meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. Chief Administration Officer’s Report	Chris Christensen, CAO, explained that the annual preliminary audit is complete, and staff is preparing for the year-end work after June 30, the end of the fiscal year. Completion of the automatic fire system is in progress with a bidder’s conference scheduled for June 17 and public bid opening June 29. There are two publications in the Desert Sun and a listing on the District website. Mr. Ric Supple, a long-term Board member, and his wife were grandfathered into the insurance premium benefits for	



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	<p>retired directors. As a result of Mr. Supple’s passing, the insurance coverage for him and his wife has been terminated. As the remaining retired Board member receiving the benefits, the District will no longer be required to maintain an OPEB liability on the books. As a result, there will be a net \$35k reduction in liabilities and an increase in net income for FY21. Additionally, all future actuarial valuations will cease.</p> <p>Lease activity is moving forward with a lease agreement for approval and interest from parties in all three of the vacant suites, which would bring the building to full occupancy with a discounted rate for Dr. Kim, Desert Regional Medical Center (DRMC) behavioral health services at \$1.45 per square foot.</p> <p>Director Zendle explained that Tenet and Eisenhower receive ample funding for their behavioral health programs, such as for GME, including a stipend, and supplemental income by having a graduate program based on the number of residences in the program.</p> <p>Mr. Christensen described the tenant improvement estimates underway by Dr. Kim that is currently \$20 per square foot and offering to cover the tenant improvement work that requires upgrading, which</p>	
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	<p>would be presented to the committee once the lease negotiations commence.</p> <p>President De Lara prefers increasing the costs of the tenant improvements than reducing the square footage rate if DRMC receives reimbursements.</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>Chair Shorr and Chris Christensen, CAO, thoroughly reviewed the financials, answering questions of the committee related to the interest income, the Retirement Protection Plan, which has not changed significantly, and explaining that the remaining unallocated funds for grants will be recommended to the Board for carry-forward into FY 2022.</p> <p>Donna Craig, Chief Program Officer, described the \$1M discussion at the upcoming Program Committee meeting to reserve for the Lift to Rise Housing Catalyst grant request over 2 years that if not approved by the Board would roll over to FY 2022.</p>	<p>Moved and seconded by President De Lara and Director Zendle to approve the May 2021 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</p>
<p>VIII. Other Matters</p> <ol style="list-style-type: none"> 1. District Office at RAP – Conference Room Buildout – Bid Results & Contract for Construction – \$24,980 	<p>President De Lara recused herself from the discussion as the CEO of the Regional Access Project Foundation (RAP); however, since the funding does not affect RAP, Mrs. De Lara requested that staff inquire with legal to determine</p>	<p>Moved and seconded by Director Zendle and Director Shorr to approve the District Office at RAP – Conference Room Buildout – Bid Results & Contract for Construction – \$24,980 and forward to the Board for approval. Motion passed unanimously.</p>



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	<p>if recusal is necessary when the matter is presented to the Board.</p> <p>Director Zandle inquired about the considerable differences in the costs of the two bids.</p> <p>Mr. Christensen, CAO, detailed last month's approval of the 11-year lease consisting of 1-year at a time with the option to renew each year at the same rate. The bidding process that did not require a public bid and managed by the architect Chris Mills pursued estimates for work soliciting several contractors to obtain at least 2 to 3 bids. However, challenges followed given that the buildout is a small project, many contractors are busy with larger projects. DW Johnston, well known throughout the Valley, and having a good rapport with Chris Mills estimated the costs at a much higher completion rate without concern whether they would be awarded the job. INPRO-EMS, the maintenance service at Las Palmas Medical Plaza also provided an estimate detailing the largest component, the storefront for the glass and metal wall creating the divider for the room. All costs have been confirmed to prevent submitting change orders. The initial \$80k quote from DW Johnston included \$15-\$20k for the wall. The cost of the wall is</p>	
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<p>2. Consulting Services Agreement Addendum #2 - Magdalena Martinez dba Personnel 411 Consulting – Compensation Increase \$900/month</p>	<p>included in INPRO-EMS' estimated budget.</p> <p>Chris Christensen, CAO, explained that Maggie Martinez has been the HR consultant for 2 years by assisting and guiding the District. The Addendum increases the monthly fee from \$833.33 to \$900 per month, including fees for special projects and extends the agreement to June 30, 2022. It was also noted that Ms. Martinez will be performing an upcoming audit of the employee files.</p>	<p>Moved and seconded by Director Zendle and President De Lara to approve the Consulting Services Agreement Addendum #2 - Magdalena Martinez dba Personnel 411 Consulting – Compensation Increase \$900/month and forward to the Board for approval. Motion passed unanimously.</p>
<p>3. LPMP Lease Agreement – Suite 3W 101 – Global Premier Fertility – 5-Year Lease</p>	<p>Chris Christensen, CAO described the Letter of Intent (LOI) to rent the suite directly across the street from the hospital with easy access to providers for a fertility clinic with practice rights at Desert Regional Medical Center. Staff submitted a counteroffer to the LOI that has not been officially accepted. The lease terms would be \$1.80/sq. ft. base rent, \$.69/sq. ft. in CAM fees, and \$20/sq. ft. in tenant improvements totaling \$32k.</p> <p>The 5-year lease would commence July 1, 2021, with the first 6 months' rent waived to allow for completion of tenant improvements and an additional 5-year option to include the first-year increase of the greater of market rate or</p>	<p>Moved and seconded by Director Zendle and President De Lara to table the LPMP Lease Agreement – Suite 3W 101 – Global Premier Fertility – 5-Year Lease. Motion passed unanimously.</p>

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	<p>3% increase of rate at the end of the first term.</p> <p>The potential tenant has counteroffered with a 5-year lease to commence on January 1, 2022, with a 6-month waiver of the rent payments. The District could accept the tenant improvements, but shorten the period from July 1, 2021, to December 1, 2021.</p> <p>The committee requested that staff continue to negotiate the terms of the lease and table the matter until the July committee meeting.</p>	
<p>IV. Adjournment</p>	<p>Director Shorr adjourned the meeting at 4:26 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

July 13, 2021

Staff is in the midst of fiscal yearend work. Preliminary financial statements are presented in the packet pending additional yearend entries, etc.

Mr. Fredric Supple -

At the June F&A Committee, Staff reported the passing of Mr. Fredric Supple, a retired Board member who receives insurance premium benefits from the District for Mr. & Mrs. Supple. Due to Mr. Supple's passing, the insurance coverage terminates for both Mr. Supple and his surviving spouse.

The District recently received an email from Debbie Supple Miller, the daughter of Mrs. Supple, inquiring about the terminated insurance coverage. Staff worked with the District's legal counsel to provide a thoughtful response regarding the terminated insurance benefits. The letter to Ms. Miller is included in the packet.

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 subsides and vaccinations increase. We have potential leases for the three remaining vacant suites in play.

Suite 3W 101 – A lease agreement with Global Premier Fertility will be presented at today's Committee meeting.

Suite 2W 107 – A lease agreement with Desert Oasis Healthcare will be presented at today's Committee meeting.

Suite 1W 204 – Dr. Kim, with DRMC, the residency program and the family medical practice at the medical plaza, continues interest 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 (\$1.45 per sf) and providing financial support for the tenant improvements. Staff is working with Dr. Kim to develop a draft lease agreement to bring to the September Committee meeting.

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



VIA EMAIL

June 29, 2021

Debbie Supple Miller
debbiesmiller2@gmail.com

Thank you for your email of June 24, 2021. On behalf of the Board of Directors and staff of the Desert Healthcare District, I would like to express our heartfelt condolences to you and the entire Supple family on the passing of Frederic E. Supple. The impact that Rick and Rozene Supple have had on Desert Hospital, the District, and the Foundation is unparalleled in the history of the Desert Healthcare District.

It is not lost on the District that for over five decades Rick and Rozene Supple devoted their time, talent, and charity to help Desert Hospital grow from a small community-based hospital into a major medical center serving the entire Coachella Valley. A portrait commemorating their service and contributions hangs in the main lobby of the hospital and serves as a reminder that the lives of many in the Coachella Valley are better because of Rick and Rozene Supple. If you have a few moments, I invite your attention to the first part of the May 25, 2021, Desert Healthcare District Regular Board Meeting, which was devoted to honoring Rick and Rozene Supple. The Zoom recording can be found here:
<https://www.dhcd.org/media/1522/052521%20Board%20of%20Directors%20Meeting%20Video%20Recording.mp4>

The health insurance that has been provided by the District to Mr. and Mrs. Supple over the last few decades has been through CalPERS, which is considered one of the most comprehensive plans in the nation. Because the health insurance coverage is paid through public funds, it is governed by both state law and CalPERS regulations. Over the years, District staff has thoroughly looked into this issue for other surviving spouses and discussed it with CalPERS representatives. Staff discussed it again after receipt of your email. Unfortunately, state law and CalPERS regulations does not allow the continuance of health benefits for a surviving spouse (including reimbursement of Medicare benefits) once a former Board member has passed away. We sincerely wish this were not the case, but we have been advised by legal counsel that the District has to follow the state law and CalPERS regulations in this area.

Thank you again for your email, and if you have any questions, please feel free to contact me at (760) 219-5619.

Sincerely,

Conrado E. Bárzaga, MD
Chief Executive Officer

Las Palmas Medical Plaza

Unit Rental Status

As of July 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
JUNE 2021 FINANCIAL STATEMENTS
INDEX
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Year to Date Variance Analysis
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Retirement Protection Plan Update
Grants Schedule

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

Preliminary

Scope: \$25,000 Variance per Statement of Operations Summary				
	YTD		Over(Under)	
Account	Actual	Budget	Budget	Explanation
4000 - Income	\$ 7,910,358	\$ 7,745,939	\$ 164,419	Higher property tax revenues; lower interest income and market fluctuations (net) from FRF investments \$1,356k; lower grant income \$35k
4500 - LPMP	\$ 1,246,012	\$ 1,188,924	\$ 57,088	Higher rent revenue \$57k
5000 - Direct Expenses	\$ 1,169,211	\$ 1,683,660	\$ (514,449)	Lower wage related expenses \$263k due to open positions; lower board expenses \$90k; lower education expense \$84k; lower health insurance expense \$64k; lower workers comp expense \$10k; lower retirement plan expense \$3k
6000-General & Admin Expense	\$ 449,084	\$ 569,940	\$ (120,856)	Lower bank and investment fees expense \$41k; lower computer services expense \$24k; lower travel expense \$20k; higher dues and membership expense \$16k; lower personnel expense \$12k; lower supplies expense \$10k; lower meals & entertainment expense \$8k; lower staff mileage expense \$7k; lower East Valley Office expense \$4k; lower postage expense \$3k; lower cell phone expense \$3k; lower various \$5k
6445 - LPMP Expense	\$ 965,983	\$ 1,175,460	\$ (209,477)	Lower landscaping expense \$163k; lower depreciation expenses \$26k; lower marketing expense \$12k; higher bank charges \$8k; lower deferred maintenance expense \$7k; higher bad debt expense \$6k; higher security expense \$6k; lower HVAC maintenance expense \$4k; lower professional fees expense \$3k; lower various \$14k
6500 - Professional Fees Expense	\$ 409,932	\$ 1,258,632	\$ (848,700)	Lower Professional Services expense \$717k; lower PR/Communications expense \$100k; lower legal expense \$32k
7000 - Grants Expense	\$ 4,047,556	\$ 4,083,996	\$ (36,440)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year. As of June 30, 2021, there is \$1,100 remaining in the fiscal year grant budget.
Las Palmas Medical Plaza - Net	\$ 280,029	\$ 13,464	\$ 266,565	LPMP expenses lower \$210k; LPMP revenue higher \$57k

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

Preliminary	MONTH			TOTAL		
	Jun 21	Budget	\$ Over Budget	Jul '20 - Jun 21	Budget	\$ Over Budget
Income						
4000 · Income	1,774,180	1,269,363	504,817	7,910,358	7,745,939	164,419
4500 · LPMP Income	105,581	99,077	6,504	1,246,012	1,188,924	57,088
4501 · Miscellaneous Income	750	950	(200)	9,000	11,400	(2,400)
Total Income	1,880,511	1,369,390	511,121	9,165,372	8,946,266	219,106
Expense						
5000 · Direct Expenses	72,836	140,305	(67,469)	1,169,211	1,683,660	(514,449)
6000 · General & Administrative Exp	39,701	47,495	(7,794)	449,084	569,940	(120,856)
6325 · CEO Discretionary Fund	20,000	2,083	17,917	40,000	25,000	15,000
6445 · LPMP Expenses	82,408	97,955	(15,547)	965,983	1,175,460	(209,477)
6500 · Professional Fees Expense	22,442	104,886	(82,444)	409,932	1,258,632	(848,700)
6700 · Trust Expenses	7,958	8,792	(834)	100,114	105,504	(5,390)
Total Expense	245,345	401,516	(156,171)	3,134,330	4,818,236	(1,683,906)
7000 · Grants Expense	1,852,296	340,333	1,511,963	4,047,556	4,083,996	(36,440)
Net Income	(217,130)	627,541	(844,671)	1,983,486	44,034	1,939,452

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

	Preliminary	MONTH			TOTAL		
		Jun 21	Budget	\$ Over Budget	Jul '20 - Jun 21	Budget	\$ Over Budget
Income							
4000 - Income							
4010 - Property Tax Revenues		1,766,865	1,140,315	626,550	7,752,984	6,197,363	1,555,621
4200 - Interest Income							
4220 - Interest Income (FRF)		150,185	86,965	63,220	1,054,168	1,043,580	10,588
9999-1 - Unrealized gain(loss) on invest		(151,517)	33,333	(184,850)	(966,828)	399,996	(1,366,824)
Total 4200 - Interest Income		(1,332)	120,298	(121,630)	87,340	1,443,576	(1,356,236)
4300 - DHC Recoveries		1,749	1,750	(1)	21,377	21,000	377
4400 - Grant Income		6,898	7,000	(102)	48,657	84,000	(35,343)
Total 4000 - Income		1,774,180	1,269,363	504,817	7,910,358	7,745,939	164,419
4500 - LPMP Income		105,581	99,077	6,504	1,246,012	1,188,924	57,088
4501 - Miscellaneous Income		750	950	(200)	9,000	11,400	(2,400)
Total Income		1,880,511	1,369,390	511,121	9,165,372	8,946,266	219,106
Expense							
5000 - Direct Expenses							
5100 - Administration Expense							
5110 - Wages Expense		100,102	113,645	(13,543)	1,011,470	1,363,740	(352,270)
5111 - Allocation to LPMP - Payroll		(5,161)	(5,166)	5	(61,932)	(61,992)	60
5112 - Vacation/Sick/Holiday Expense		9,575	10,000	(425)	140,842	120,000	20,842
5114 - Allocation to Foundation		(70,979)	(37,196)	(33,783)	(414,969)	(446,352)	31,383
5115 - Allocation to NEOPB		(6,470)	(7,571)	1,101	(47,343)	(90,852)	43,509
5119 - Allocation to RSS/CVHIP-DHCF		0	(1,431)	1,431	(903)	(17,172)	16,269
5120 - Payroll Tax Expense		7,166	8,694	(1,528)	81,954	104,328	(22,374)
5130 - Health Insurance Expense							
5131 - Premiums Expense		16,850	16,795	55	155,527	201,540	(46,013)
5135 - Reimb./Co-Payments Expense		2,294	3,000	(706)	17,750	36,000	(18,250)
Total 5130 - Health Insurance Expense		19,144	19,795	(651)	173,277	237,540	(64,263)
5140 - Workers Comp. Expense		862	1,193	(331)	4,253	14,316	(10,063)
5145 - Retirement Plan Expense		6,897	7,848	(951)	91,052	94,176	(3,124)
5160 - Education Expense		2,515	7,250	(4,735)	2,824	87,000	(84,176)
Total 5100 - Administration Expense		63,651	117,061	(53,410)	980,525	1,404,732	(424,207)
5200 - Board Expenses							
5210 - Healthcare Benefits Expense		1,360	5,834	(4,474)	55,841	70,008	(14,167)
5230 - Meeting Expense		225	1,667	(1,442)	2,000	20,004	(18,004)
5235 - Director Stipend Expense		6,825	4,410	2,415	35,070	52,920	(17,850)
5240 - Catering Expense		775	708	67	2,281	8,496	(6,215)
5250 - Mileage Reimbursement Expense		0	208	(208)	0	2,496	(2,496)
5270 - Election Fees Expense		0	10,417	(10,417)	93,494	125,004	(31,510)
Total 5200 - Board Expenses		9,185	23,244	(14,059)	188,686	278,928	(90,242)
Total 5000 - Direct Expenses		72,836	140,305	(67,469)	1,169,211	1,683,660	(514,449)

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

	Preliminary	MONTH			TOTAL		
		Jun 21	Budget	\$ Over Budget	Jul '20 - Jun 21	Budget	\$ Over Budget
6000	General & Administrative Exp						
	6110 · Payroll fees Expense	181	208	(27)	2,171	2,496	(325)
	6120 · Bank and Investment Fees Exp	5,140	9,833	(4,693)	77,408	117,996	(40,588)
	6125 · Depreciation Expense	1,151	1,167	(16)	13,297	14,004	(707)
	6126 · Depreciation-Solar Parking lot	15,072	15,072	0	180,864	180,864	0
	6130 · Dues and Membership Expense	6,948	3,337	3,611	56,260	40,044	16,216
	6200 · Insurance Expense	2,393	2,417	(24)	28,216	29,004	(788)
	6300 · Minor Equipment Expense	0	42	(42)	0	504	(504)
	6305 · Auto Allowance & Mileage Exp	462	600	(138)	6,004	7,200	(1,196)
	6306 · Staff- Auto Mileage reimb	146	625	(479)	194	7,500	(7,306)
	6309 · Personnel Expense	0	1,167	(1,167)	1,901	14,004	(12,103)
	6310 · Miscellaneous Expense	0	42	(42)	0	504	(504)
	6311 · Cell Phone Expense	444	776	(332)	6,476	9,312	(2,836)
	6312 · Wellness Park Expenses	0	83	(83)	1,310	996	314
	6315 · Security Monitoring Expense	0	42	(42)	557	504	53
	6340 · Postage Expense	0	417	(417)	1,849	5,004	(3,155)
	6350 · Copier Rental/Fees Expense	0	458	(458)	3,956	5,496	(1,540)
	6351 · Travel Expense	0	1,667	(1,667)	0	20,004	(20,004)
	6352 · Meals & Entertainment Exp	147	875	(728)	2,822	10,500	(7,678)
	6355 · Computer Services Expense	1,431	3,775	(2,344)	21,266	45,300	(24,034)
	6360 · Supplies Expense	1,922	2,167	(245)	16,402	26,004	(9,602)
	6380 · LAFCO Assessment Expense	0	208	(208)	1,727	2,496	(769)
	6400 · East Valley Office	4,264	2,517	1,747	26,404	30,204	(3,800)
	Total 6000 · General & Administrative Exp	39,701	47,495	(7,794)	449,084	569,940	(120,856)
	6325 · CEO Discretionary Fund	20,000	2,083	17,917	40,000	25,000	15,000
	6445 · LPMP Expenses	82,408	97,955	(15,547)	965,983	1,175,460	(209,477)
	6500 · Professional Fees Expense						
	6516 · Professional Services Expense	4,792	77,198	(72,406)	209,502	926,376	(716,874)
	6520 · Annual Audit Fee Expense	1,313	1,313	0	15,981	15,756	225
	6530 · PR/Communications/Website	5,412	11,375	(5,963)	36,466	136,500	(100,034)
	6560 · Legal Expense	10,925	15,000	(4,075)	147,983	180,000	(32,017)
	Total 6500 · Professional Fees Expense	22,442	104,886	(82,444)	409,932	1,258,632	(848,700)
	6700 · Trust Expenses						
	6720 · Pension Plans Expense						
	6721 · Legal Expense	0	167	(167)	0	2,004	(2,004)
	6725 · RPP Pension Expense	7,500	7,500	0	90,000	90,000	0
	6728 · Pension Audit Fee Expense	458	1,125	(667)	10,114	13,500	(3,386)
	Total 6700 · Trust Expenses	7,958	8,792	(834)	100,114	105,504	(5,390)
	Total Expense Before Grants	245,345	401,516	(156,171)	3,134,330	4,818,236	(1,683,906)
	7000 · Grants Expense						
	7010 · Major Grant Awards Expense	1,845,398	333,333	1,512,065	3,998,899	3,999,996	(1,097)
	7027 · Grant Exp - NEOPB	6,898	7,000	(102)	48,657	84,000	(35,343)
	Total 7000 · Grants Expense	1,852,296	340,333	1,511,963	4,047,556	4,083,996	(36,440)
	Net Income	(217,130)	627,541	(844,671)	1,983,486	44,034	1,939,452

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

	Preliminary	MONTH			TOTAL		
		Jun 21	Budget	\$ Over Budget	Jul '20 - Jun 21	Budget	\$ Over Budget
Income							
4500 · LPMP Income							
	4505 · Rental Income	74,456	71,672	2,784	898,878	860,064	38,814
	4510 · CAM Income	31,125	27,372	3,753	347,134	328,464	18,670
	4513 · Misc. Income	0	33	(33)	0	396	(396)
	Total 4500 · LPMP Income	105,581	99,077	6,504	1,246,012	1,188,924	57,088
Expense							
6445 · LPMP Expenses							
	6420 · Insurance Expense	2,599	2,750	(151)	31,188	33,000	(1,812)
	6425 · Building - Depreciation Expense	21,557	21,879	(322)	257,703	262,548	(4,845)
	6426 · Tenant Improvements -Dep Exp	15,320	16,833	(1,513)	180,690	201,996	(21,306)
	6427 · HVAC Maintenance Expense	3,357	1,333	2,024	11,810	15,996	(4,186)
	6428 · Roof Repairs Expense	0	208	(208)	0	2,496	(2,496)
	6431 · Building -Interior Expense	0	833	(833)	10,235	9,996	239
	6432 · Plumbing -Interior Expense	0	333	(333)	6,228	3,996	2,232
	6433 · Plumbing -Exterior Expense	0	208	(208)	0	2,496	(2,496)
	6434 · Allocation Internal Prop. Mgmt	5,161	5,166	(5)	61,932	61,992	(60)
	6435 · Bank Charges	164	1,125	(961)	21,346	13,500	7,846
	6437 · Utilities -Vacant Units Expense	499	83	416	2,561	996	1,565
	6439 · Deferred Maintenance Repairs Ex	0	833	(833)	3,000	9,996	(6,996)
	6440 · Professional Fees Expense	10,825	10,472	353	122,820	125,664	(2,844)
	6441 · Legal Expense	0	83	(83)	0	996	(996)
	6455 · Bad Debt Expense	0	0	0	5,543	0	5,543
	6458 · Elevators - R & M Expense	240	1,000	(760)	9,633	12,000	(2,367)
	6460 · Exterminating Service Expense	175	333	(158)	2,100	3,996	(1,896)
	6463 · Landscaping Expense	0	14,167	(14,167)	6,880	170,004	(163,124)
	6467 · Lighting Expense	0	500	(500)	4,118	6,000	(1,882)
	6468 · General Maintenance Expense	0	83	(83)	0	996	(996)
	6471 · Marketing-Advertising	0	1,250	(1,250)	2,507	15,000	(12,493)
	6475 · Property Taxes Expense	5,950	6,008	(58)	71,950	72,096	(146)
	6476 · Signage Expense	385	125	260	986	1,500	(514)
	6480 · Rubbish Removal Medical Waste E	1,579	1,583	(4)	17,857	18,996	(1,139)
	6481 · Rubbish Removal Expense	2,301	2,250	51	27,391	27,000	391
	6482 · Utilities/Electricity/Exterior	467	625	(158)	5,900	7,500	(1,600)
	6484 · Utilities - Water (Exterior)	967	625	342	7,863	7,500	363
	6485 · Security Expenses	10,862	7,167	3,695	91,982	86,004	5,978
	6490 · Miscellaneous Expense	0	100	(100)	1,760	1,200	560
	6445 · LPMP Expenses	82,408	97,955	(15,547)	965,983	1,175,460	(209,477)
	Net Income	23,173	1,122	22,051	280,029	13,464	266,565

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of June 30, 2021

		Preliminary	Jun 30, 21	Jun 30, 20
ASSETS				
Current Assets				
Checking/Savings				
		1000 · CHECKING CASH ACCOUNTS	2,185,935	3,092,499
		1100 · INVESTMENT ACCOUNTS	61,649,768	58,887,967
		Total Checking/Savings	63,835,703	61,980,466
		Total Accounts Receivable	28,863	93,253
Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID	156,481	129,011
		1270 · Prepaid Insurance -Ongoing	75,253	63,035
		1279 · Pre-Paid Fees	5,500	7,500
		1281 · NEOPB Receivable	10,267	5,646
		1295 · Property Tax Receivable	128,740	158,685
		Total Other Current Assets	376,241	363,877
		Total Current Assets	64,240,807	62,437,596
Fixed Assets				
		1300 · FIXED ASSETS	4,830,847	4,913,164
		1335-00 · ACC DEPR	(2,153,172)	(2,021,717)
		1400 · LPMP Assets	7,082,670	6,879,276
		Total Fixed Assets	9,760,345	9,770,723
Other Assets				
		1700 · OTHER ASSETS	2,909,152	2,909,152
TOTAL ASSETS			76,910,304	75,117,471

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of June 30, 2021

Preliminary			Jun 30, 21	Jun 30, 20
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
		2000 · Accounts Payable	13,787	54,640
		2001 · LPMP Accounts Payable	39,415	19,377
		Total Accounts Payable	53,202	74,017
Other Current Liabilities				
		2003 · Prepaid Rents	23,610	14,767
		2006 · Unearned income	1,749	1,749
		2101 · *Payroll Liabilities	16,351	9,685
		2131 · Grant Awards Payable	2,828,251	3,088,358
		2133 · Accrued Accounts Payable	129,550	129,550
		2141 · Accrued Vacation Time	82,975	48,184
		2145 · Payroll Liability	(77)	0
		2188 · Current Portion - LTD	0	14,803
		2190 · Investment Fees Payable	25,784	30,110
		Total Other Current Liabilities	3,108,193	3,337,206
		Total Current Liabilities	3,161,395	3,411,223
Long Term Liabilities				
		2170 · RPP - Pension Liability	4,694,254	4,604,254
		2171 · RPP-Deferred Inflows-Resources	370,700	370,700
		2280 · Long-Term Disability	28,809	28,809
		2281 · Grants Payable - Long-term	6,660,000	6,660,000
		2286 · Retirement BOD Medical Liabilit	45,965	67,364
		2290 · LPMP Security Deposits	52,520	61,962
		Total Long Term Liabilities	11,852,248	11,793,089
		Total Liabilities	15,013,643	15,204,312
Equity				
		3900 · *Retained Earnings	59,913,158	55,207,356
		Net Income	1,983,486	4,705,802
		Total Equity	61,896,644	59,913,158
TOTAL LIABILITIES & EQUITY			76,910,304	75,117,471

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of June 30, 2021

		Preliminary	Jun 30, 21	Jun 30, 20
ASSETS				
Current Assets				
Checking/Savings				
1000 · CHECKING CASH ACCOUNTS				
		1010 · Union Bank - Checking	2,011,794	2,809,657
		1046 · Las Palmas Medical Plaza	173,641	282,342
		1047 · Petty Cash	500	500
		Total 1000 · CHECKING CASH ACCOUNTS	2,185,935	3,092,499
1100 · INVESTMENT ACCOUNTS				
		1130 · Facility Replacement Fund	61,024,045	57,451,230
		1135 · Unrealized Gain(Loss) FRF	625,723	1,436,737
		Total 1100 · INVESTMENT ACCOUNTS	61,649,768	58,887,967
		Total Checking/Savings	63,835,703	61,980,466
Accounts Receivable				
1201 · Accounts Receivable				
		1204 · LPMP Accounts Receivable	0	7,656
		1205 · Misc. Accounts Receivable	1,500	3,859
		1211 · A-R Foundation - Exp Allocation	27,363	81,738
		Total Accounts Receivable	28,863	93,253
Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID	156,481	129,011
		1270 · Prepaid Insurance -Ongoing	75,253	63,035
		1279 · Pre-Paid Fees	5,500	7,500
		1281 · NEOPB Receivable	10,267	5,646
		1295 · Property Tax Receivable	128,740	158,685
		Total Other Current Assets	376,241	363,877
		Total Current Assets	64,240,807	62,437,596
Fixed Assets				
1300 · FIXED ASSETS				
		1310 · Computer Equipment	80,487	94,034
		1315 · Computer Software	0	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	4,830,847	4,913,164

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of June 30, 2021

	Preliminary	Jun 30, 21	Jun 30, 20
	1335-00 · ACC DEPR		
	1335 · Accumulated Depreciation	(207,263)	(210,452)
	1336 · Acc. Software Depreciation	0	(68,770)
	1337 · Accum Deprec- Solar Parking Lot	(1,778,667)	(1,597,803)
	1338 · Accum Deprec - LPMP Parking Lot	(167,242)	(144,692)
	Total 1335-00 · ACC DEPR	(2,153,172)	(2,021,717)
	1400 · LPMP Assets		
	1401 · Building	8,705,680	8,705,680
	1402 · Land	2,165,300	2,165,300
	1403 · Tenant Improvements -New	2,182,516	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	600,263	58,704
	1406 · Building Improvements - Other	1,581,558	1,559,534
	Total 1406 · Building Improvements	2,858,305	2,294,722
	1407 · Building Equipment Improvements	383,668	364,891
	1409 · Accumulated Depreciation		
	1410 · Accum. Depreciation	(7,644,343)	(7,409,192)
	1412 · T I Accumulated Dep.-New	(1,698,006)	(1,540,352)
	Total 1409 · Accumulated Depreciation	(9,342,349)	(8,949,544)
	Total 1400 · LPMP Assets	7,082,670	6,879,276
	Total Fixed Assets	9,760,345	9,770,723
	Other Assets		
	1700 · OTHER ASSETS		
	1731 · Wellness Park	1,693,800	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,204,238	1,204,238
	1741 · OPEB-Deferrred Outflows-Resourc	11,114	11,114
	Total Other Assets	2,909,152	2,909,152
	TOTAL ASSETS	76,910,304	75,117,471

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of June 30, 2021

		Preliminary	Jun 30, 21	Jun 30, 20
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
	2000 - Accounts Payable		13,787	54,640
	2001 - LPMP Accounts Payable		39,415	19,377
	Total Accounts Payable		53,202	74,017
Other Current Liabilities				
	2003 - Prepaid Rents		23,610	14,767
	2006 - Unearned income		1,749	1,749
	2101 - *Payroll Liabilities		16,351	9,685
	2131 - Grant Awards Payable		2,828,251	3,088,358
	2133 - Accrued Accounts Payable		129,550	129,550
	2141 - Accrued Vacation Time		82,975	48,184
	2145 - Payroll Liability		(77)	0
	2188 - Current Portion - LTD		0	14,803
	2190 - Investment Fees Payable		25,784	30,110
	Total Other Current Liabilities		3,108,193	3,337,206
	Total Current Liabilities		3,161,395	3,411,223
Long Term Liabilities				
	2170 - RPP - Pension Liability		4,694,254	4,604,254
	2171 - RPP-Deferred Inflows-Resources		370,700	370,700
	2280 - Long-Term Disability		28,809	28,809
	2281 - Grants Payable - Long-term		6,660,000	6,660,000
	2286 - Retirement BOD Medical Liabilit		45,965	67,364
	2290 - LPMP Security Deposits		52,520	61,962
	Total Long Term Liabilities		11,852,248	11,793,089
	Total Liabilities		15,013,643	15,204,312
Equity				
	3900 - *Retained Earnings		59,913,158	55,207,356
	Net Income		1,986,486	4,705,802
	Total Equity		61,899,644	59,913,158
TOTAL LIABILITIES & EQUITY			76,910,304	75,117,471

Desert Healthcare District
A/R Aging Summary
As of June 30, 2021

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Desert Healthcare Foundation-	27,363	0	0	0	0	27,363	Due from Foundation
EyeCare Services Partners Management LLC	(7,023)	0	0	0	0	(7,023)	Prepaid
Hassan Bencheqroun, M.D.	(2,424)	0	0	0	0	(2,424)	Prepaid
Laboratory Corporation of America	0	(4,397)	0	0	0	(4,397)	Prepaid
Quest Diagnostics Incorporated	0	(3,590)	0	0	0	(3,590)	Prepaid
Sleep Treatment Partners, Inc.	0	(550)	0	0	0	(550)	Prepaid
Sovereign	0	750	750	0	0	1,500	Slow pay
Steven Gundry, M.D.	0	(5,625)	0	0	0	(5,625)	Prepaid
TOTAL	17,916	(13,412)	750	0	0	5,254	

Desert Healthcare District
Deposit Detail
June 2021

Type	Date	Name	Amount
Deposit	06/02/2021		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	06/03/2021		750
Payment	06/03/2021	Sovereign	(750)
TOTAL			(750)
Deposit	06/04/2021		1,641,218
		Riverside County Treasurer - Property Tax	(1,641,218)
TOTAL			(1,641,218)
Deposit	06/16/2021		3,706
		Riverside County Treasurer - CalFresh	(3,706)
TOTAL			(3,706)
Deposit	06/16/2021		54
		Riverside County Treasurer - Property Tax	(54)
TOTAL			(54)
Deposit	06/25/2021		5,990
		Riverside County Treasurer -Property Tax	(5,990)
TOTAL			(5,990)
Deposit	06/29/2021		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	06/30/2021		274

Desert Healthcare District
Deposit Detail
 June 2021

Type	Date	Name	Amount
		Principal Financial Group	(274)
TOTAL			(274)
Deposit	06/30/2021		118,036
Payment	06/30/2021	Desert Healthcare Foundation-	(118,036)
TOTAL			(118,036)
		TOTAL	1,773,526

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2020 - 2021										
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2021										
	FY 2019-2020 Projected/Actual					FY 2020-2021 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 168,407	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	26.6%	\$ 1,647,263	\$ 506,948
Total	100%	\$ 6,736,264	100.0%	\$ 7,161,553	\$ 425,289	100.00%	\$ 6,197,363	125.6%	\$ 7,782,929	\$ 1,585,566

Las Palmas Medical Plaza
Deposit Detail - LPMP
 June 2021

Type	Date	Name	Amount
Deposit	06/03/2021		15,481
Payment	06/03/2021	Hassan Bencheqroun, M.D.	(2,639)
Payment	06/03/2021	Steven Gundry, M.D.	(5,625)
Payment	06/03/2021	EyeCare Services Partners Management LLC	(7,217)
TOTAL			(15,481)
Deposit	06/04/2021		7,051
Payment	06/04/2021	Palmtree Clinical Research	(7,051)
TOTAL			(7,051)
Deposit	06/07/2021		6,277
Payment	06/07/2021	Derakhsh Fozouni, M.D.	(6,277)
TOTAL			(6,277)
Deposit	06/08/2021		14,403
Payment	06/07/2021	Aijaz Hashmi, M.D., Inc.	(3,035)
Payment	06/07/2021	Brad A. Wolfson, M.D.	(3,620)
Payment	06/07/2021	Cohen Musch Thomas Medical Group	(4,610)
Payment	06/07/2021	Cure Cardiovascular Consultants	(3,138)
TOTAL			(14,403)
Deposit	06/09/2021		3,268
Payment	06/09/2021	Peter Jamieson, M.D.	(3,268)
TOTAL			(3,268)
Deposit	06/14/2021		3,753
Payment	06/14/2021	Desert Family Medical Center	(3,753)
TOTAL			(3,753)
Deposit	06/16/2021		47,417
Payment	06/16/2021	Pathway Pharmaceuticals, Inc.	(2,420)

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

Type	Date	Name	Amount
Payment	06/16/2021	Desert Regional Medical Center	(5,580)
Payment	06/16/2021	Tenet HealthSystem Desert, Inc.	(33,048)
Payment	06/16/2021	Tenet HealthSystem Desert, Inc	(6,369)
TOTAL			(47,417)
Deposit	06/16/2021		6,845
Payment	06/16/2021	Ramy Awad, M.D.	(6,845)
TOTAL			(6,845)
Deposit	06/21/2021		550
Payment	06/21/2021	Sleep Treatment Partners, Inc.	(550)
TOTAL			(550)
Deposit	06/25/2021		3,948
Payment	06/25/2021	Quest Diagnostics Incorporated	(3,948)
TOTAL			(3,948)
Deposit	06/28/2021		5,625
Payment	06/28/2021	Steven Gundry, M.D.	(5,625)
TOTAL			(5,625)
Deposit	06/28/2021		4,859
Payment	06/24/2021	Laboratory Corporation of America	(4,859)
TOTAL			(4,859)
Deposit	06/30/2021		10,049
Payment	06/30/2021	Hassan Bencheqroun, M.D.	(2,639)
Payment	06/30/2021	EyeCare Services Partners Management LLC	(7,410)
TOTAL			(10,049)
		TOTAL	129,526

Desert Healthcare District
Check Register
As of June 30, 2021

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1010 - Union Bank - Checking				
Bill Pmt -Check	06/03/2021	16477	County of Riverside/Registrar of Voters	(93,494)
Bill Pmt -Check	06/03/2021	16478	HARC, INC.	(1,091)
Bill Pmt -Check	06/03/2021	16479	Inland Congregation United for Change	(10,000)
Bill Pmt -Check	06/03/2021	16480	Leticia De Lara - Stipend	(315)
Bill Pmt -Check	06/03/2021	16481	Llft To Rise	(90,000)
Bill Pmt -Check	06/03/2021	16482	Maggie Martinez	(833)
Bill Pmt -Check	06/03/2021	16483	Reynaldo J. Carreón M.D. Foundation	(5,000)
Bill Pmt -Check	06/03/2021	16484	Shred-It	(108)
Bill Pmt -Check	06/03/2021	16485	So.Cal Computer Shop	(810)
Bill Pmt -Check	06/03/2021	16486	Underground Service Alert of Southern Cal	(2)
Bill Pmt -Check	06/03/2021	16487	Verizon Wireless	(721)
Bill Pmt -Check	06/03/2021	16488	Xerox Financial Services	(16)
Bill Pmt -Check	06/03/2021	16489	Eric Taylor - Expense Reimbursement	(2,273)
Bill Pmt -Check	06/03/2021	16490	Karen Borja - Stipend	(2,100)
Bill Pmt -Check	06/03/2021	16491	Lund & Guttry LLP	(3,500)
Check	06/07/2021	Auto Pay	Calif. Public Employees' Retirement System	(14,652)
Bill Pmt -Check	06/09/2021	16492	First Bankcard (Union Bank)	(924)
Bill Pmt -Check	06/09/2021	16493	CVAG	(1,670,000)
Bill Pmt -Check	06/09/2021	16494	First Bankcard (Union Bank)	(173)
Bill Pmt -Check	06/09/2021	16495	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	06/09/2021	16496 - VOID	Palms to Pines Printing	0
Bill Pmt -Check	06/09/2021	16497	Regional Access Project Foundation	(2,000)
Bill Pmt -Check	06/09/2021	16498	Rogers, Carole - Stipend	(630)
Bill Pmt -Check	06/09/2021	16499	Staples Credit Plan	(494)
Bill Pmt -Check	06/09/2021	16500	State Compensation Insurance Fund	(862)
Bill Pmt -Check	06/09/2021	16501	Palms to Pines Printing	(193)
Bill Pmt -Check	06/09/2021	16502	SDRMA	(71,627)
Bill Pmt -Check	06/09/2021	ACH 060921	Law Offices of Scott & Jackson	(8,685)
Liability Check	06/11/2021		QuickBooks Payroll Service	(46,583)
Bill Pmt -Check	06/16/2021	16503	Calif. State University, San Bernardino	(22,500)
Bill Pmt -Check	06/16/2021	16504	Desert AIDS Project	(45,000)
Bill Pmt -Check	06/16/2021	16505	Michael C. Ferreira	(5,033)
Bill Pmt -Check	06/16/2021	16506	Regional Access Project Foundation	(2,000)
Bill Pmt -Check	06/16/2021	ACH 061621	Law Offices of Scott & Jackson	(8,775)
Bill Pmt -Check	06/23/2021	16507	CoPower Employers' Benefits Alliance	(1,860)
Bill Pmt -Check	06/23/2021	16508	Find Food Bank, Inc.	(39,036)
Bill Pmt -Check	06/23/2021	16509	Hope Through Housing Foundation	(9,000)

Desert Healthcare District
Check Register
As of June 30, 2021

Type	Date	Num	Name	Amount
Bill Pmt -Check	06/23/2021	16510	Principal Life Insurance Co.	(1,765)
Bill Pmt -Check	06/23/2021	16511	Vanessa Smith - Expense Reimbursement	(163)
Bill Pmt -Check	06/23/2021	16512	Regional Access Project Foundation	(264)
Bill Pmt -Check	06/23/2021	16513 - VOID	Canyon Print & Signs	0
Bill Pmt -Check	06/23/2021	16514	ACHD	(20,000)
Liability Check	06/25/2021		QuickBooks Payroll Service	(46,557)
Check	06/25/2021		Bank Service Charge	(640)
Bill Pmt -Check	06/29/2021	16515	So.Cal Computer Shop	(2,662)
Bill Pmt -Check	06/30/2021	16516	Alejandro Espinoza - Expense Reimbursement	(71)
Bill Pmt -Check	06/30/2021	16517	Canyon Print & Signs	(191)
Bill Pmt -Check	06/30/2021	16518	Dale Barnhart	(950)
Bill Pmt -Check	06/30/2021	16519	Image Source	(300)
Bill Pmt -Check	06/30/2021	16520	Ready Refresh	(50)
Bill Pmt -Check	06/30/2021	16521	Shred-It	(106)
Bill Pmt -Check	06/30/2021	16522	Verizon Wireless	(522)
Bill Pmt -Check	06/30/2021	16523	Arthur Shorr - Stipend	(630)
Bill Pmt -Check	06/30/2021	16524	Carmina Zavala - Stipend & Insurance Reimburse	(1,647)
Bill Pmt -Check	06/30/2021	16525	Evet PerezGil - Stipend	(315)
Bill Pmt -Check	06/30/2021	16526	Karen Borja - Stipend	(630)
Bill Pmt -Check	06/30/2021	16527	Leticia De Lara - Stipend	(420)
Bill Pmt -Check	06/30/2021	16528	Meghan Kane - Expense Reimbursement	(66)
Bill Pmt -Check	06/30/2021	16529	Zendle, Les - Stipend	(525)
Bill Pmt -Check	06/30/2021	16530	Southern California Grantmakers	(5,067)
Bill Pmt -Check	06/30/2021	16533	Rogers, Carole - Stipend	(525)
Bill Pmt -Check	06/30/2021	16534	HARC, INC.	(2,507)
TOTAL				(2,247,363)

Desert Healthcare District
Details for Credit Card Expenditures
Credit card purchases - May 2021 - Paid June 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	Total Charges	Expense Type	Amount	Purpose	Description	Participants		
		\$ 1,097.03							
Chris' Statement:									
2021	May	\$ 172.88	District						
			GL	Dollar	Descr				
			6360	\$ 146.26	Zoom Videoconference/Webinar Expense				
			6355	\$ 26.62	Premiere Global Services				
				\$ 172.88					
Conrado's Statement:									
2021	May	\$ 924.15	District						
			GL	Dollar	Descr				
			5240	\$ 25.00	Board of Directors' Meeting Food 4/27/21 (Uber Eats)				
			5240	\$ 200.00	Board of Directors' Meeting Food 4/27/21 (Grubhub)				
			5230	\$ 340.00	2021 Virtual Special District Legislative Days - Director Rogers				
			5160	\$ 225.00	2021 Virtual Special District Legislative Days - Chris				
			5160	\$ 225.00	2021 Virtual Special District Legislative Days - Conrado				
			5230	\$ (115.00)	Price Adjustment for 2021 Virtual Special District Legislative Days				
			5160	\$ (225.00)	Price Adjustment for 2021 Virtual Special District Legislative Days				
			6352	\$ 49.15	El Pecado Meeting - Conrado, Mayor Hernandez - Coachella				
			5240	\$ 25.00	Board of Directors' Meeting Food 5/26/21 (Uber Eats)				
			5240	\$ 175.00	Board of Directors' Meeting Food 5/26/21 (Grubhub)				
				\$ 924.15					

**Las Palmas Medical Plaza
Check Register - LPMP
As of June 30, 2021**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	06/03/2021	10365	Desert Water Agency	(971)
Bill Pmt -Check	06/03/2021	10366	Elena Adina Peterson	(4,500)
Bill Pmt -Check	06/03/2021	10367	Palm Springs Disposal Services Inc	(2,301)
Bill Pmt -Check	06/03/2021	10368	Stericycle, Inc.	(1,579)
Bill Pmt -Check	06/03/2021	10369	Desert Air Conditioning Inc.	(533)
Bill Pmt -Check	06/03/2021	10370	Marina Landscape, Inc.	(2,565)
Bill Pmt -Check	06/09/2021	10371	Frazier Pest Control, Inc.	(175)
Bill Pmt -Check	06/09/2021	10372	Imperial Security	(1,785)
Bill Pmt -Check	06/09/2021	10373	Imperial Security	(3,722)
Bill Pmt -Check	06/16/2021	10374	Best Signs, Inc.	(385)
Bill Pmt -Check	06/16/2021	10375	Desert Air Conditioning Inc.	(2,414)
Bill Pmt -Check	06/16/2021	10376	Frontier Communications	(240)
Bill Pmt -Check	06/16/2021	10377	Imperial Security	(1,785)
Bill Pmt -Check	06/16/2021	10378	Southern California Edison	(966)
Bill Pmt -Check	06/23/2021	10379	Imperial Security	(1,785)
Bill Pmt -Check	06/23/2021	10380	INPRO-EMS Construction	(10,825)
Check	06/28/2021		Bank Service Charge	(559)
Bill Pmt -Check	06/30/2021	10381	Desert Water Agency	(967)
Bill Pmt -Check	06/30/2021	10382	Imperial Security	(1,785)
Bill Pmt -Check	06/30/2021	10384	Desert Air Conditioning Inc.	(410)
TOTAL				(40,252)



MEMORANDUM

DATE: July 13, 2021

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>May</u>	<u>June</u>
Active – still employed by hospital	90	88
Vested – no longer employed by hospital	59	58
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>156</u>	<u>153</u>

The outstanding liability for the RPP is approximately **\$3.5M** (Actives - \$2.2M and Vested - \$1.3M). 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 Twelve (12) months ended June 30, 2021 totaled **\$642K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
June 30, 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	3 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	5 FIND Food Bank - Ending Hunger Today, Tomorrow, and for a Lifetime - 1 Yr	\$ 401,380	\$ 311,069		\$ 309,969		\$ 1,100
	Unexpended funds Grant #1045						\$ (1,100)
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		\$ 45,000	\$ 5,000
2020-1135-BOD-11-24-20	5 Hope Through Housing Foundation - Family Resilience - 1 Yr			\$ 20,000		\$ 18,000	\$ 2,000
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		\$ 100,000	\$ -
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		\$ 90,000	\$ 210,000
2021-1280-BOD-05-25-21	1 Desert AIDS Project - DAP Health Expands Access to Healthcare - 1yr			\$ 100,000		\$ 45,000	\$ 55,000
2021-21-02-BOD-06-22-21	Carry over of remaining Fiscal Year 2020/2021 Funds			\$ 1,841,498		\$ -	\$ 1,841,498
TOTAL GRANTS		\$ 13,106,979	\$ 9,748,358	\$ 4,004,229	\$ 2,884,278	\$ 1,344,728	\$ 9,488,251
Amts available/remaining for Grant/Programs - FY 2020-21:							
Amount budgeted 2020-2021			\$ 4,000,000			G/L Balance:	6/30/2021
Amount granted through June 30, 2021:			\$ (4,004,229)				
Mini Grants:	1132, 1163, 1178, 1190, 1276		\$ (25,000)			2131	\$ 2,828,251
Financial Audits of Non-Profits	8/15/20		\$ (5,000)			2281	\$ 6,660,000
Net adj - Grants not used:	1017, 1021, 1023, 1045		\$ 35,329			Total	\$ 9,488,251
Matching external grant contributions			\$ -				\$ (0)
Balance available for Grants/Programs			\$ -				
Strategic Focus Areas FY20-21:							
		Grant Budget	Granted YTD	Available			
1	Healthcare Infrastructure and Services	\$ 1,500,000	\$ (1,035,672)	\$ 464,328			
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	\$ (433,900)	\$ 66,100			
	Balance available for Grants/Programs	\$ 4,000,000	\$ (3,998,900)	\$ -			



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: July 13, 2021
To: Finance & Administration Committee
Subject: Las Palmas Medical Plaza Interior Fire Sprinkler System – Bid Results and authorization to produce a Construction Agreement with INPRO – EMS Construction in the amount of \$498,000.

Staff Recommendation: Las Palmas Medical Plaza Interior Fire Sprinkler System – Bid Results and authorization to produce a Construction Agreement with INPRO – EMS Construction in the amount of \$498,000.

Background:

- The District has been in process of installing the fire sprinkler system at the Las Palmas Medical Plaza.
- The exterior infrastructure was installed in 2019.
- The original plan was to install the interior fire sprinklers when each tenant renewed their lease or with a new tenant lease and include with the Tenant Improvement allowance.
- We have learned that most tenants desire the District to complete this work separate from their Tenant Improvements.
- To date, approximately \$13,000 square feet has been completed. Approximately 37,000 square feet remains.
- The preliminary estimate by the architect was \$250,000-\$300,000.
- The Finance & Administration Committee authorized staff to complete a public bidding process.

Update:

- The project was advertised in the Desert Sun, on the District's website, on the DIR website, as well as by word of mouth by the architect/project manager.
- The public bid opening was held at the District office July 8, 2021.
- Only one general contractor provided a bid, INPRO-EMS Construction.
- The bid amount is \$498,000.
- The architect/project manager indicated we may have limited bidders as there are limited specialty contractors for fire sprinkler installation. Additionally, construction in the valley is flourishing and contractors have an abundance of work.
- This project is unique due to the suites being tenant occupied. This will require several starts and stops, including nights and weekends work, and several inspections, which increases the cost of the project. Material costs are high due to the pandemic along with lead time for materials.
- Labor on the project is paid at prevailing wage, which increases the labor costs by 30-40%.
- With limited fire sprinkler installation contractors, costs of materials and labor, and the unique challenges to the project, the District is planning to attract additional contractors to

bid the project was a challenge.

- The fire sprinkler system is a requirement of the City of Palm Springs and needs to be completed.
- Staff would like to commence the project as soon as possible, as the medical plaza will become busier due to the increased population during the winter months. Completing the project sooner than later will be easier on the tenants and their increased patient load.
- Staff recommends authorizing a construction agreement with INPRO-EMS Construction in the amount of \$498,000 be developed for review by the District's legal counsel to bring to the full Board for consideration of approval.

Fiscal Impact:

\$498,000

The FY2021-2022 budget includes an estimate of \$300,000 with a contingency for increased medical plaza improvements of \$200,000 for capital expenditures. The cost will be capitalized and depreciated to expense over 10 years.



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: July 13, 2021
To: Finance & Administration Committee
Subject: Lease Agreement – Desert Medical Group, Inc. (d.b.a. Desert Oasis Healthcare Medical Group) 2W 107

Staff Recommendation: Consideration to approve the draft lease agreement for Desert Medical Group, Inc. (d.b.a. Desert Oasis Healthcare Medical Group) at the Las Palmas Medical Plaza.

Background:

- Desert Oasis Healthcare (DOHC) has been a long-standing tenant in a previous suite at the Las Palmas Medical Plaza
- This is a new lease in one of the suites that has been vacant for several months.
- DOHC has requested a lease of three years, with a base rent of \$1.75/square foot and a Tenant Improvement Allowance of \$20,480 (\$20/sf).
- Lease date September 1, 2021 with the commencement date of rent payments March 1, 2022. (6-month waiver).
- DOHC also requests one (1) three (3) year optional term.
- Annual increases for both the base and optional terms are 2.5%.
- Note: Due to the impacts of the pandemic on material and construction costs, including length of construction time, consideration was given to an increased Tenant Improvement Allowance and deferral of the commencement date of rent payments.
- Staff recommends approval of the lease agreement.
- Draft lease agreement is attached for review.

Fiscal Impact:

Estimated Revenue from Rent and CAMs for life of the base lease - \$86,577

Estimated Costs:

Tenant Improvement Allowance (\$20.00/sf) - \$20,480

Broker Commission - \$3,753

Net Lease Income (base lease) - \$62,344

OFFICE BUILDING LEASE

Between

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

And

**DESERT MEDICAL GROUP, INC.
DOING BUSINESS AS DESERT OASIS HEALTHCARE MEDICAL GROUP
AS TENANT**

DATED

September 1, 2021

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Desert Medical Group, a California Corporation d.b.a. Desert Oasis Healthcare Medical Group hereinafter referred to as "Tenant", and is dated September 01, 2021.

I. 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, Nine Hundred Twenty & No/Dollars (\$17,920) per year.

b. Base Year: The calendar year of 2022.

c. Broker(s):

Landlord's: Coldwell Banker Commercial Lyle & Associates.

Tenant's: _____

In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.

d. Commencement Date: The earlier of Tenant's Open for Business Date or March 1, 2022.

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: December 31, 2024, 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. 2W-107, Palm Springs, CA 92262.

h. Monthly Installments of Base Rent (initial): \$ One Thousand, Seven Hundred Ninety-Two & No/100 (\$1,792.00) per month.

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

j. Tenant Improvement Allowance (TI): Twenty Thousand, Four Hundred Eighty & 00/100 Dollars (\$20,480)

k. Parking: Tenant shall be permitted, to park 5 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 1,024 square feet of Rentable Area, located in Building 2W and known as Suite 107.

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.

_____ District _____ Recipient

- o. *Security Deposit (Section 7)*: \$ Two Thousand, Four Hundred Fifty-Seven & 60/100 Dollars (\$2,457.60).
- 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 10 months.
- r. *Tenant's Proportionate Share*: 2.075 %. 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. Nurses Administration Office.
- 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 upon the Commencement Date.

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 2.5% over the preceding year or Consumer Price Index.
- c.

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

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

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

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

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

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

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

(d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.

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

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

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

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

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.

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7. SECURITY DEPOSIT.

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,

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

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

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

10. CONDITION OF THE PREMISES.

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

11. 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.

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

12. ALTERATIONS AND ADDITIONS.

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

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

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

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.

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

14. RULES AND REGULATIONS.

Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit "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;

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(4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

(5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.

- c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sub lessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises under Article 8 remains unchanged.
- d. No subletting or assignment shall release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or sub lettings or amendments or modifications to the Lease with assignees of tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereof and any such actions shall not relieve Tenant of liability under this Lease.
- e. If Tenant assigns the Lease or sublets the Premises or requests the consent of Landlord to any assignment or subletting or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, then Tenant shall, upon demand, pay Landlord an administrative fee of One Hundred Fifty and No/100 Dollars (\$150.00) plus any attorney's fees reasonably incurred by Landlord in connection with such act or request.

17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred 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)

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days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

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

20. EMINENT DOMAIN.

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

21. INDEMNIFICATION.

- a. Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Tenant or any other person, or for any injury to or death of any person, arising out of: (1) Tenant's use and occupancy of the Premises, or any work, activity, or other things allowed or suffered by Tenant to be done in, on, or about the Premises; (2) any breach or default by Tenant of any of the Tenant's obligations under this Lease; or (3) any negligent or otherwise tortious 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.

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22. TENANT'S INSURANCE.

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

23. WAIVER OF SUBROGATION.

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

24. SUBORDINATION AND 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.

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

25. TENANT ESTOPPEL CERTIFICATE.

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

26. TRANSFER OF LANDLORD'S INTEREST.

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

27. DEFAULT.

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

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

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

- a. Terminate this Lease and Tenant's right to possession of the Premises and re-enter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or
- b. Continue this Lease in effect, re-enter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or

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- c. Re-enter the Premises under the provisions of subparagraph b and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

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

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

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

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

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

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

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28. BROKERAGE FEES.

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

29. NOTICES.

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

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

31. RELOCATION OF PREMISES.

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

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

32. QUIET ENJOYMENT.

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

33. OBSERVANCE OF LAW.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

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34. FORCE MAJEURE.

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

35. CURING TENANT'S DEFAULTS.

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

36. SIGN CONTROL.

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

37. MISCELLANEOUS.

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

_____ District _____ Recipient

Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	Desert Medical Group, Inc.
	<u>dba: Las Palmas Medical Plaza</u>		<u>dba: Desert Oasis Healthcare Medical Group</u>
			_____ District _____ Recipient

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____

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

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

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 September 1, 2021 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Desert Medical Group, Inc. doing business as Desert Oasis Healthcare Medical Group, 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:** The earlier of Tenant’s Open for Business Date or March 1, 2022.
- 2. **Expiration Date:** December 31, 2024
- 3. **Rent Schedule:** Earlier of Tenant’s Open for Business Date in the Premises or

09/01/2021 – 02/28/2022	\$ 0.00	
03/01/2022 – 12/31/2022	\$1,792.00	
01/01/2023 – 12/31/2023	\$1,836.80	2.5% or CPI
01/01/2021 – 12/31/2021	\$1,882.72	2.5% or CPI
- 4. **CAMs:** Currently \$.69 per square foot.
- 5. **Security Deposit:** Upon execution of Lease, Tenant shall deposit \$2,457.60, amount equal to one month’s rent for security deposit.
- 6. **Option Term:** One (1) three (3) year Option 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 two and one-half per cent (2.5%) increase with two and one-half percent (2.5%) annual increases thereafter.

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District
dba: Las Palmas Medical Plaza

Tenant: Desert Medical Group, Inc.
dba: Desert Oasis Healthcare Medical Group

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: July 13, 2021
To: Finance & Administration Committee
Subject: Lease Agreement – Global Premier Fertility 3W 101

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

Background:

- Global Premier Fertility (Global Premier) is a new proposed tenant at the Las Palmas Medical Plaza.
- This is a new lease in one of the suites that has been vacant for several months.
- Global Premier has requested a lease of five (5) years, with a base rent of \$1.80/square foot and a Tenant Improvement Allowance of \$40,000 (approximately \$24/sf).
- Lease date August 1, 2021 with the commencement date of rent payments March 1, 2022. (7-month waiver).
- DOHC also requests one (1) five (5) year optional term.
- Annual increases for both the base and optional terms are 3.0%.
- Note: Due to the impacts of the pandemic on material and construction costs, including length of construction time, consideration was given to an increased Tenant Improvement Allowance and deferral of the commencement date of rent payments.
- Staff recommends approval of the lease agreement.
- Draft lease agreement is attached for review.

Fiscal Impact:

Estimated Revenue from Rent and CAMs for life of the base lease - \$250,217

Estimated Costs:

Tenant Improvement Allowance (\$24.15/sf) - \$40,000

Broker Commission - \$11,037

Net Lease Income (base lease) - \$199,181

OFFICE BUILDING LEASE

Between

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

And

**Global Premier Fertility LLC
AS TENANT**

DATED

August 1, 2021

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Global Premier Fertility, a Limited Liability Company hereinafter referred to as "Tenant", and is dated August 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)*: \$ Twenty-Nine Thousand, Eight-Hundred Eight & 00/100 Dollars (\$29,808.00) per year.
- b. *Base Year*: The calendar year of 2022.
- c. *Broker(s)*:
Landlord's: Coldwell Banker Commercial Lyle & Associates.
Tenant's: Nicole Ozonian, CA Licence #01900197.
In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.
- d. *Commencement Date*: March 1, 2022.
- 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*: December 31, 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.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-Nine Cents (\$.69) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Forty Thousand & 00/100 Dollars (\$40,000).
- 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, One Hundred Twenty-Three & 44/100 Dollars (\$4,123.44).

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- 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 10 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. OB/GYN, Reproductive Medicine, Clinic/Office, including related incidental services.
- 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

_____ District _____ Recipient

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

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

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

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

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

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

(d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.

(e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's

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accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).

- (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

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

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

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

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.

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

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

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

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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.

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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

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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

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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.

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- 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.

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- 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.

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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.

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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.

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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.

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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

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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 August 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.

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

- 1. Commencement Date: March 1, 2022
- 2. Expiration Date: December 31, 2026
- 3. Rent Schedule:

08/01/2021 - 02/28/2022	\$ 0.00	
03/01/2022 - 12/31/2022	\$2,980.80	
01/01/2023 - 12/31/2023	\$3,070.22	Greater of 3% or CPI
01/01/2024 - 12/31/2024	\$3,162.33	Greater of 3% or CPI
01/01/2025 - 12/31/2025	\$3,257.20	Greater of 3% or CPI
01/01/2026 - 12/31/2026	\$3,354.92	Greater of 3% or CPI
- 4. CAMs: Currently \$.69 per square foot.
- 5. Security Deposit: Four Thousand, One Hundred Twenty-Three & 44/100 Dollars (\$4,123.44)
- 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
dba: Las Palmas Medical Plaza

Tenant: Global Premier Fertility LLC

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____