



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee
January 11, 2023

The Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 5:00 PM, Wednesday, January 11, 2023, via Zoom using the following link:

<https://us02web.zoom.us/j/83743788340?pwd=VXljcEdUMWtLa3NvdHd3SGRXa0Mzd09>

Password: 108761

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 or (888) 788-0099 to Listen and Address the Board when called upon:

Webinar ID: 837 4378 8340

Password: 108761

REVISED 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 Meeting Minutes – December 13, 2022 – Pg. 3-5

ACTION

V. CEO REPORT

Information

VI. CHIEF ADMINISTRATION OFFICER’S REPORT – Pg. 6

Information

1. LPMP Leasing Update – Pg. 7

VII. FINANCIAL REPORTS

ACTION

1. District and LPMP Financial Statements – Pg. 8-18
2. Accounts Receivable Aging Summary – Pg. 19
3. District - Deposits – Pg. 20
4. District - Property tax receipts – Pg. 21
5. LPMP – Deposits – Pg. 22-23
6. District – Check Register – Pg. 24-25
7. Credit Card – Detail of Expenditures – Pg. 26-27
8. LPMP – Check Register – Pg. 28
9. CEO Discretionary Fund – Pg. 29
10. Retirement Protection Plan Update – Pg. 30
11. Grant Payment Schedule – Pg. 31

VIII. OTHER MATTERS

1. LPMP Lease Renewal – Palm Tree Clinical, Suite 1E 201 – 5-year - Pg. 32-55
2. LPMP Security Coverage – Possible Increase – Pg. 56-57
3. Request for Proposal – Audit Firms for 06/30/2023 annual audit – Pg. 58-62

ACTION

ACTION

ACTION



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee
January 11, 2023

The undersigned certifies that a copy of this agenda was posted in the front entrance to the Desert Healthcare District offices located at 1140 North Indian Canyon Drive, Palm Springs, California, and the front entrance of the Desert Healthcare District office located at the Regional Access Project Foundation, 41550 Eclectic Street, Suite G 100, Palm Desert, California at least 72 hours prior to the meeting.

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) 567-0298 at least 24 hours prior to the meeting.

Andrea S. Hayles

Andrea S. Hayles, Board Relations Officer



DESERT HEALTHCARE DISTRICT
SPECIAL FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE
MEETING MINUTES
December 13, 2022

Directors Present	District Staff Present	Absent
Chair/Treasurer Arthur Shorr Director Les Zendle, MD	Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Engagement Andrea S. Hayles, Board Relations Officer	Conrado E. Bázquez, MD, Chief Executive Officer

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Director Zendle called the meeting to order at 3:42 p.m. since Chair Shorr joined telephonically.	
II. Approval of Agenda	Director Zendle asked for a motion to approve the agenda and move item 8.1 – Capital Projects after approval of the meeting minutes.	Moved and seconded by Director Zendle and Director Shorr to approve the agenda and move item 8.1 – Capital Projects after approval of the minutes. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting November 16, 2022	Director Zendle motioned to approve the November 16, 2022, meeting minutes.	Moved and seconded by Director Zendle and Director Shorr to approve the November 16, 2022, meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. Chief Administration Officer’s Report	Chris Christensen, CAO, provided an update on the Las Palmas Medical Plaza, which is 100% occupied. There is the possibility of a tenant leaving the complex at the end of December, and staff will present any existing lease renewals for recommendation of approval at future meetings.	
VII. Financial Reports		



**DESERT HEALTHCARE DISTRICT
SPECIAL FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE
MEETING MINUTES
December 13, 2022**

	discussed and requested the consulting group consider the 2017 market analysis with the new analysis.	
IX. Adjournment	Director Zandle adjourned the meeting at 4:08 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

ATTEST: _____
 Les Zandle, MD, Director, Board of Directors
 Finance & Administration Committee Member
 Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Board Relations Officer

DRAFT



Chief Administration Officer's Report

January 11, 2023

Staff desires to complete a Request for Proposal for a new audit firm for the FY2023 audit, tax return, and financial transaction reports. Request is presented to the Committee at today's meeting.

Security issues have increased at the Las Palmas Medical Plaza, which staff is considering increasing the security coverage to be discussed at today's meeting.

The District/Foundation has been renting a pickup truck (approximately \$2,000/month) for use with the work of the CV Equity Collaborative. The pickup is intended to be a long-term need. Staff will be reviewing options to either purchase or lease a pickup, which will be considered at a future Committee meeting.

The appraisal of the Park Imperial Condo property to determine a fair market value of the sale of the property, is under way. Staff was recently contacted by the condo association to express an alternative consideration to possibly extend the lease. Staff is reviewing both options and will bring to the Committee for future consideration.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

100% currently occupied –

Total annual rent including CAM fees is **\$1,447,723**.

Leasing Activity:

Lease Renewal Suite 1E-201 – Palm Tree Clinical – 5-year renewal

Renewals on existing leases will be brought to future meetings as they approach the end of the lease term.

Las Palmas Medical Plaza

Unit Rental Status

As of January 1, 2023

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		
Total - Vacancies						0	0.00%						
Total Suites - 31 - 31 Suites Occupied		\$64,959.90				49,356	100.4%	\$ 86,590.71	\$ 1,039,088.52	\$ 1.75	\$ 34,052.88	\$ 120,643.59	\$ 1,447,723.08
Summary - All Units													
		Occupied	49,356	100.0%									
		Vacant	0	0.0%									
		Pending	0	0.0%									
		Total	49,356	100%									

DESERT HEALTHCARE DISTRICT
DECEMBER 2022 FINANCIAL STATEMENTS
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Grants Schedule

DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
SIX MONTHS ENDED DECEMBER 31, 2022

Scope: \$25,000 Variance per Statement of Operations Summary				
	YTD		Over(Under)	
Account	Actual	Budget	Budget	Explanation
4000 - Income	\$ 1,302,313	\$ 1,258,778	\$ 43,535	Higher property tax revenues \$87k; lower interest income and market fluctuations (net) from FRF investments \$44k
4500 - LPMP	\$ 711,376	\$ 677,994	\$ 33,382	Higher rent revenue \$28k; higher CAM revenue \$5k
5000 - Direct Expenses	\$ 643,306	\$ 911,520	\$ (268,214)	Lower wage related expenses \$137k due to open positions; lower board expenses \$71k; lower education expense \$34k; lower health insurance expense \$29k; higher retirement expense \$2k; higher workers comp expense \$1k
6500 - Professional Fees Expense	\$ 564,892	\$ 534,114	\$ 30,778	Higher Professional Services expense \$39k; lower PR/Communications expense \$18k; higher legal expense \$9k
7000 - Grants Expense	\$ 2,075,731	\$ 2,336,789	\$ (261,058)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year. As of December 31, 2022, there is \$3,669,736 remaining in the fiscal year grant budget.
Las Palmas Medical Plaza - Net	\$ 171,204	\$ 112,938	\$ 58,266	LPMP revenue higher \$33k; LPMP expenses lower \$25k

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July through December 2022

	MONTH			TOTAL		
	Dec 22	Budget	\$ Over Budget	Jul - Dec 22	Budget	\$ Over Budget
Income						
4000 · Income	1,540,116	1,299,723	240,393	1,302,313	1,258,778	43,535
4500 · LPMP Income	119,422	112,999	6,423	711,376	677,994	33,382
4501 · Miscellaneous Income	4,500	750	3,750	4,500	4,500	0
Total Income	1,664,038	1,413,472	250,566	2,018,189	1,941,272	76,917
Expense						
5000 · Direct Expenses	104,441	151,920	(47,479)	643,306	911,520	(268,214)
6000 · General & Administrative Exp	52,220	42,495	9,725	268,527	254,970	13,557
6127 · Depreciation - Autos	3,287	3,750	(463)	3,287	22,500	(19,213)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	18,000	12,498	5,502
6445 · LPMP Expenses	89,093	94,176	(5,083)	540,172	565,056	(24,884)
6500 · Professional Fees Expense	37,526	89,019	(51,493)	564,892	534,114	30,778
6700 · Trust Expenses	5,458	6,021	(563)	37,549	36,126	1,423
Total Expense Before Grants	292,025	389,464	(97,439)	2,075,731	2,336,789	(261,058)
7000 · Grants Expense	310,263	333,333	(23,070)	330,263	1,999,998	(1,669,735)
Net Income	1,061,750	690,675	371,075	(387,805)	(2,395,515)	2,007,710

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July through December 2022

	MONTH			TOTAL		
	Dec 22	Budget	\$ Over Budget	Jul - Dec 22	Budget	\$ Over Budget
Income						
4000 · Income						
4010 · Property Tax Revenues	1,458,481	1,356,056	102,425	1,684,251	1,596,776	87,475
4200 · Interest Income						
4220 · Interest Income (FRF)	78,135	75,000	3,135	443,387	450,000	(6,613)
9999-1 · Unrealized gain(loss) on invest	1,500	(133,333)	134,833	(837,325)	(799,998)	(37,327)
Total 4200 · Interest Income	79,635	(58,333)	137,968	(393,938)	(349,998)	(43,940)
4300 · DHC Recoveries	2,000	2,000	0	12,000	12,000	0
Total 4000 · Income	1,540,116	1,299,723	240,393	1,302,313	1,258,778	43,535
4500 · LPMP Income	119,422	112,999	6,423	711,376	677,994	33,382
4501 · Miscellaneous Income	4,500	750	3,750	4,500	4,500	0
Total Income	1,664,038	1,413,472	250,566	2,018,189	1,941,272	76,917
Expense						
5000 · Direct Expenses						
5100 · Administration Expense						
5110 · Wages Expense	97,037	121,344	(24,307)	588,549	728,064	(139,515)
5111 · Allocation to LPMP - Payroll	(6,363)	(5,470)	(893)	(38,178)	(32,820)	(5,358)
5112 · Vacation/Sick/Holiday Expense	15,405	11,667	3,738	103,866	70,002	33,864
5114 · Allocation to Foundation	(27,936)	(27,936)	0	(167,616)	(167,616)	0
5119 · Allocation-FED FUNDS/CVHIP-DHCF	(14,756)	(13,823)	(933)	(95,148)	(82,938)	(12,210)
5120 · Payroll Tax Expense	6,136	9,633	(3,497)	44,423	57,798	(13,375)
5130 · Health Insurance Expense						
5131 · Premiums Expense	18,122	21,576	(3,454)	108,605	129,456	(20,851)
5135 · Reimb./Co-Payments Expense	0	1,950	(1,950)	3,745	11,700	(7,955)
Total 5130 · Health Insurance Expense	18,122	23,526	(5,404)	112,350	141,156	(28,806)
5140 · Workers Comp. Expense	427	399	28	3,014	2,394	620
5145 · Retirement Plan Expense	8,473	8,895	(422)	55,135	53,370	1,765
5160 · Education Expense	2,250	7,083	(4,833)	8,703	42,498	(33,795)
Total 5100 · Administration Expense	98,795	135,318	(36,523)	615,098	811,908	(196,810)
5200 · Board Expenses						
5210 · Healthcare Benefits Expense	1,611	1,096	515	7,079	6,576	503
5230 · Meeting Expense	0	2,667	(2,667)	5,390	16,002	(10,612)
5235 · Director Stipend Expense	3,749	3,465	284	13,420	20,790	(7,370)
5240 · Catering Expense	286	833	(547)	2,166	4,998	(2,832)
5250 · Mileage Reimbursement Expense	0	208	(208)	153	1,248	(1,095)
5270 · Election Fees Expense	0	8,333	(8,333)	0	49,998	(49,998)
Total 5200 · Board Expenses	5,646	16,602	(10,956)	28,208	99,612	(71,404)
Total 5000 · Direct Expenses	104,441	151,920	(47,479)	643,306	911,520	(268,214)

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July through December 2022

	MONTH			TOTAL		
	Dec 22	Budget	\$ Over Budget	Jul - Dec 22	Budget	\$ Over Budget
6000 · General & Administrative Exp						
6110 · Payroll fees Expense	187	208	(21)	1,155	1,248	(93)
6120 · Bank and Investment Fees Exp	5,517	4,500	1,017	33,594	27,000	6,594
6125 · Depreciation Expense	1,830	1,167	663	6,773	7,002	(229)
6126 · Depreciation-Solar Parking lot	15,072	15,072	0	90,432	90,432	0
6130 · Dues and Membership Expense	3,197	4,159	(962)	20,781	24,954	(4,173)
6200 · Insurance Expense	3,929	2,667	1,262	23,774	16,002	7,772
6300 · Minor Equipment Expense	0	42	(42)	0	252	(252)
6305 · Auto Allowance & Mileage Exp	462	500	(38)	3,002	3,000	2
6306 · Staff- Auto Mileage reimb	0	625	(625)	242	3,750	(3,508)
6309 · Personnel Expense	0	375	(375)	0	2,250	(2,250)
6310 · Miscellaneous Expense	0	42	(42)	0	252	(252)
6311 · Cell Phone Expense	490	725	(235)	3,238	4,350	(1,112)
6312 · Wellness Park Expenses	0	83	(83)	0	498	(498)
6315 · Security Monitoring Expense	0	50	(50)	245	300	(55)
6340 · Postage Expense	100	333	(233)	1,043	1,998	(955)
6350 · Copier Rental/Fees Expense	377	500	(123)	2,373	3,000	(627)
6351 · Travel Expense	3,505	1,667	1,838	21,912	10,002	11,910
6352 · Meals & Entertainment Exp	11,884	875	11,009	17,222	5,250	11,972
6355 · Computer Services Expense	2,092	4,263	(2,171)	21,693	25,578	(3,885)
6360 · Supplies Expense	1,102	1,917	(815)	5,525	11,502	(5,977)
6380 · LAFCO Assessment Expense	205	208	(3)	1,230	1,248	(18)
6400 · East Valley Office	2,271	2,517	(246)	14,293	15,102	(809)
Total 6000 · General & Administrative Exp	52,220	42,495	9,725	268,527	254,970	13,557
6127 · Depreciation - Autos	3,287	3,750	(463)	3,287	22,500	(19,213)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	18,000	12,498	5,502
6445 · LPMP Expenses	89,093	94,176	(5,083)	540,172	565,056	(24,884)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	25,830	72,094	(46,264)	471,873	432,564	39,309
6520 · Annual Audit Fee Expense	1,458	1,458	0	8,748	8,748	0
6530 · PR/Communications/Website	0	5,467	(5,467)	15,088	32,802	(17,714)
6560 · Legal Expense	10,238	10,000	238	69,183	60,000	9,183
Total 6500 · Professional Fees Expense	37,526	89,019	(51,493)	564,892	534,114	30,778
6700 · Trust Expenses						
6720 · Pension Plans Expense						
6721 · Legal Expense	0	167	(167)	0	1,002	(1,002)
6725 · RPP Pension Expense	5,000	5,000	0	30,000	30,000	0
6728 · Pension Audit Fee Expense	458	854	(396)	7,549	5,124	2,425
Total 6700 · Trust Expenses	5,458	6,021	(563)	37,549	36,126	1,423
Total Expense Before Grants	292,025	389,464	(97,439)	2,075,731	2,336,789	(261,058)
7000 · Grants Expense						
7010 · Major Grant Awards Expense	310,263	333,333	(23,070)	330,263	1,999,998	(1,669,735)
Net Income	1,061,750	690,675	371,075	(387,805)	(2,395,515)	2,007,710

Las Palmas Medical Plaza
Profit & Loss Budget vs. Actual
July through December 2022

	MONTH			TOTAL		
	Dec 22	Budget	\$ Over Budget	Jul - Dec 22	Budget	\$ Over Budget
Income						
4500 · LPMP Income						
4505 · Rental Income	85,507	80,018	5,489	508,593	480,108	28,485
4510 · CAM Income	33,915	32,898	1,017	202,783	197,388	5,395
4513 · Misc. Income	0	83	(83)	0	498	(498)
Total 4500 · LPMP Income	119,422	112,999	6,423	711,376	677,994	33,382
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	4,338	3,125	1,213	26,028	18,750	7,278
6425 · Building - Depreciation Expense	24,455	27,441	(2,986)	146,730	164,646	(17,916)
6426 · Tenant Improvements -Dep Exp	16,959	16,667	292	101,754	100,002	1,752
6427 · HVAC Maintenance Expense	0	1,333	(1,333)	4,021	7,998	(3,977)
6428 · Roof Repairs Expense	0	208	(208)	0	1,248	(1,248)
6431 · Building -Interior Expense	0	625	(625)	0	3,750	(3,750)
6432 · Plumbing -Interior Expense	0	667	(667)	1,619	4,002	(2,383)
6433 · Plumbing -Exterior Expense	0	208	(208)	0	1,248	(1,248)
6434 · Allocation Internal Prop. Mgmt	6,363	5,470	893	38,178	32,820	5,358
6435 · Bank Charges	22	42	(20)	177	252	(75)
6437 · Utilities -Vacant Units Expense	0	183	(183)	(78)	1,098	(1,176)
6439 · Deferred Maintenance Repairs Ex	4,088	1,250	2,838	13,768	7,500	6,268
6440 · Professional Fees Expense	11,150	11,150	0	66,900	66,900	0
6441 · Legal Expense	0	83	(83)	0	498	(498)
6458 · Elevators - R & M Expense	1,771	1,000	771	6,171	6,000	171
6460 · Exterminating Service Expense	275	333	(58)	11,145	1,998	9,147
6463 · Landscaping Expense	0	750	(750)	0	4,500	(4,500)
6467 · Lighting Expense	0	500	(500)	0	3,000	(3,000)
6468 · General Maintenance Expense	0	83	(83)	0	498	(498)
6471 · Marketing-Advertising	0	1,250	(1,250)	1,475	7,500	(6,025)
6475 · Property Taxes Expense	6,250	6,500	(250)	37,500	39,000	(1,500)
6476 · Signage Expense	0	125	(125)	379	750	(371)
6480 · Rubbish Removal Medical Waste E	1,075	1,500	(425)	8,017	9,000	(983)
6481 · Rubbish Removal Expense	0	3,058	(3,058)	12,559	18,348	(5,789)
6482 · Utilities/Electricity/Exterior	822	625	197	2,620	3,750	(1,130)
6484 · Utilities - Water (Exterior)	719	625	94	5,206	3,750	1,456
6485 · Security Expenses	10,806	9,208	1,598	55,793	55,248	545
6490 · Miscellaneous Expense	0	167	(167)	210	1,002	(792)
Total 6445 · LPMP Expenses	89,093	94,176	(5,083)	540,172	565,056	(24,884)
Net Income	30,329	18,823	11,506	171,204	112,938	58,266

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of December 31, 2022

			Dec 31, 22	Dec 31, 21
ASSETS				
Current Assets				
Checking/Savings				
	1000	CHECKING CASH ACCOUNTS	2,267,374	2,060,778
	1100	INVESTMENT ACCOUNTS	60,654,852	61,439,787
Total Checking/Savings			62,922,226	63,500,565
Total Accounts Receivable			(282)	146,622
Other Current Assets				
	1204.1	Rent Receivable-Deferred COVID	66,613	126,525
	1270	Prepaid Insurance -Ongoing	53,235	39,439
	1279	Pre-Paid Fees	29,622	23,718
	1281	CalFresh Receivable	0	11,915
Total Other Current Assets			149,470	201,597
Total Current Assets			63,071,414	63,848,784
Fixed Assets				
	1300	FIXED ASSETS	5,094,488	4,910,941
	1335-00	ACC DEPR	(2,479,887)	(2,260,945)
	1400	LPMP Assets	6,981,562	7,152,967
Total Fixed Assets			9,596,163	9,802,963
Other Assets				
	1700	OTHER ASSETS	3,509,745	3,950,220
TOTAL ASSETS			76,177,322	77,601,967

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of December 31, 2022

				Dec 31, 22	Dec 31, 21
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			2000 - Accounts Payable	31,060	22,263
			2001 - LPMP Accounts Payable	3,200	32,817
			Total Accounts Payable	34,260	55,080
Other Current Liabilities					
			2002 - LPMP Property Taxes	(530)	116
			2003 - Prepaid Rents	0	9,121
			2131 - Grant Awards Payable	4,397,499	3,736,713
			2133 - Accrued Accounts Payable	179,550	139,550
			2141 - Accrued Vacation Time	94,286	82,444
			2152 - 457B/401A Liability	(1,039)	0
			2188 - Current Portion - LTD	7,402	7,402
			2190 - Investment Fees Payable	14,488	15,000
			Total Other Current Liabilities	4,691,656	3,990,346
			Total Current Liabilities	4,725,916	4,045,426
Long Term Liabilities					
			2171 - RPP-Deferred Inflows-Resources	492,802	675,732
			2280 - Long-Term Disability	2,981	16,281
			2281 - Grants Payable - Long-term	3,520,000	4,990,000
			2290 - LPMP Security Deposits	64,960	59,101
			Total Long Term Liabilities	4,080,743	5,741,114
			Total Liabilities	8,806,659	9,786,540
Equity					
			3900 - *Retained Earnings	67,758,461	67,408,928
			Net Income	(387,805)	406,499
			Total Equity	67,370,656	67,815,427
TOTAL LIABILITIES & EQUITY				76,177,322	77,601,967

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of December 31, 2022

			Dec 31, 22	Dec 31, 21
ASSETS				
Current Assets				
Checking/Savings				
1000 · CHECKING CASH ACCOUNTS				
		1010 · Union Bank - Checking	0	1,741,749
		1012 · Union Bank Operating - 9356	2,096,479	0
		1046 · Las Palmas Medical Plaza	170,395	318,529
		1047 · Petty Cash	500	500
		Total 1000 · CHECKING CASH ACCOUNTS	2,267,374	2,060,778
1100 · INVESTMENT ACCOUNTS				
		1130 · Facility Replacement Fund	63,277,537	61,313,100
		1135 · Unrealized Gain(Loss) FRF	(2,622,685)	126,687
		Total 1100 · INVESTMENT ACCOUNTS	60,654,852	61,439,787
		Total Checking/Savings	62,922,226	63,500,565
Accounts Receivable				
		1201 · Accounts Receivable		
		1204 · LPMP Accounts Receivable	(4,782)	(17,171)
		1205 · Misc. Accounts Receivable	4,500	1,500
		1211 · A-R Foundation - Exp Allocation	0	162,293
		Total Accounts Receivable	(282)	146,622
Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID	66,613	126,525
		1270 · Prepaid Insurance -Ongoing	53,235	39,439
		1279 · Pre-Paid Fees	29,622	23,718
		1281 · CalFresh Receivable	0	11,915
		Total Other Current Assets	149,470	201,597
		Total Current Assets	63,071,414	63,848,784
Fixed Assets				
1300 · FIXED ASSETS				
		1310 · Computer Equipment	96,528	80,487
		1320 · Furniture and Fixtures	50,846	33,254
		1321 · Mobile Medical Unit	197,214	59,500
		1322 · Tenant Improvement - RAP #G100	32,794	20,594
		1325 · Offsite Improvements	300,849	300,849
		1331 · DRMC - Parking lot	4,416,257	4,416,257
		Total 1300 · FIXED ASSETS	5,094,488	4,910,941

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of December 31, 2022

		Dec 31, 22	Dec 31, 21
	1335-00 · ACC DEPR		
	1335 · Accumulated Depreciation	(225,571)	(213,330)
	1337 · Accum Deprec- Solar Parking Lot	(2,049,963)	(1,869,099)
	1338 · Accum Deprec - LPMP Parking Lot	(201,066)	(178,516)
	1339 · Accum Deprec - Autos	(3,287)	0
	Total 1335-00 · ACC DEPR	(2,479,887)	(2,260,945)
	1400 · LPMP Assets		
	1401 · Building	8,705,680	8,705,680
	1402 · Land	2,165,300	2,165,300
	1403 · Tenant Improvements -New	2,271,406	2,210,926
	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	459,999	815,518
	1406 · Building Improvements - Other	2,153,527	1,582,543
	Total 1406 · Building Improvements	3,290,010	3,074,545
	1407 · Building Equipment Improvements	444,268	423,000
	1409 · Accumulated Depreciation		
	1410 · Accum. Depreciation	(8,009,864)	(7,755,832)
	1412 · T I Accumulated Dep.-New	(2,014,788)	(1,800,202)
	Total 1409 · Accumulated Depreciation	(10,024,652)	(9,556,034)
	Total 1400 · LPMP Assets	6,981,562	7,152,967
	Total Fixed Assets	9,596,163	9,802,963
	Other Assets		
	1700 · OTHER ASSETS		
	1731 · Wellness Park	1,693,800	1,693,800
	1740 · RPP-Deferred Outflows-Resources	836,699	494,388
	1742 · RPP - Net Pension Asset	979,246	1,762,032
	Total Other Assets	3,509,745	3,950,220
	TOTAL ASSETS	76,177,322	77,601,967

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of December 31, 2022

			Dec 31, 22	Dec 31, 21
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
		2000 · Accounts Payable	31,060	22,263
		2001 · LPMP Accounts Payable	3,200	32,817
		Total Accounts Payable	34,260	55,080
Other Current Liabilities				
		2002 · LPMP Property Taxes	(530)	116
		2003 · Prepaid Rents	0	9,121
		2131 · Grant Awards Payable	4,397,499	3,736,713
		2133 · Accrued Accounts Payable	179,550	139,550
		2141 · Accrued Vacation Time	94,286	82,444
		2152 · 457B/401A Liability	(1,039)	0
		2188 · Current Portion - LTD	7,402	7,402
		2190 · Investment Fees Payable	14,488	15,000
		Total Other Current Liabilities	4,691,656	3,990,346
		Total Current Liabilities	4,725,916	4,045,426
Long Term Liabilities				
		2171 · RPP-Deferred Inflows-Resources	492,802	675,732
		2280 · Long-Term Disability	2,981	16,281
		2281 · Grants Payable - Long-term	3,520,000	4,990,000
		2290 · LPMP Security Deposits	64,960	59,101
		Total Long Term Liabilities	4,080,743	5,741,114
		Total Liabilities	8,806,659	9,786,540
Equity				
		3900 · *Retained Earnings	67,758,461	67,408,928
		Net Income	(387,805)	406,499
		Total Equity	67,370,656	67,815,427
TOTAL LIABILITIES & EQUITY			76,177,322	77,601,967

Desert Healthcare District
A/R Aging Summary
As of December 31, 2022

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Coachella Valley Volunteers in Medicine-	0	0	488	0	0	488	Slow pay
Global Premier Fertility	0	4,123	0	0	0	4,123	Slow pay
Laboratory Corporation of America	0	(5,280)	0	0	0	(5,280)	Prepaid
PICA	4,500	0	0	0	0	4,500	
Quest Diagnostics Incorporated	0	(4,154)	0	0	0	(4,154)	Prepaid
Ramy Awad, M.D.	0	40	0	0	0	40	Slow pay
TOTAL	4,500	(5,271)	488	0	0	(283)	

Desert Healthcare District
Deposit Detail
December 2022

Type	Date	Name	Amount
Deposit	12/02/2022		2,000
		T-Mobile	(2,000)
TOTAL			(2,000)
Deposit	12/15/2022		1,445,095
		Riverside County Treasurer - property tax	(1,445,095)
TOTAL			(1,445,095)
Deposit	12/16/2022		5,829
		Riverside County Treasurer - property tax	(5,829)
TOTAL			(5,829)
Deposit	12/22/2022		173,428
Payment	12/22/2022	Desert Healthcare Foundation	(173,428)
TOTAL			(173,428)
Deposit	12/23/2022		7,557
		Riverside County Treasurer - property tax	(7,557)
TOTAL			(7,557)
		TOTAL	1,633,909

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2022 - 2023										
RECEIPTS - SIX MONTHS ENDED DECEMBER 31, 2022										
	FY 2021-2022 Projected/Actual					FY 2022-2023 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Receipts %	Receipts \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 182,825	2.2%	\$ 162,345	\$ (20,480)	0.0%	\$ -	0.0%	\$ 3,676	\$ 3,676
Aug	1.6%	\$ 117,008	0.2%	\$ 11,529	\$ (105,479)	0.0%	\$ -	2.2%	\$ 175,271	\$ 175,271
Sep	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ 3,382	\$ 3,382
Oct	2.6%	\$ 190,138	0.0%	\$ 130	\$ (190,008)	2.6%	\$ 208,624	0.0%	\$ -	\$ (208,624)
Nov	0.4%	\$ 29,252	2.5%	\$ 181,286	\$ 152,034	0.4%	\$ 32,096	2.5%	\$ 198,217	\$ 166,121
Dec	16.9%	\$ 1,235,897	18.3%	\$ 1,337,681	\$ 101,784	16.9%	\$ 1,356,056	18.2%	\$ 1,458,481	\$ 102,425
Jan	31.9%	\$ 2,332,847	37.8%	\$ 2,763,324	\$ 430,477	31.9%	\$ 2,559,656	0.0%		
Feb	0.0%	\$ -	2.5%	\$ 180,240	\$ 180,240	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 21,939	0.5%	\$ 35,819	\$ 13,880	0.3%	\$ 24,072	0.0%		
Apr	5.5%	\$ 402,215	6.1%	\$ 443,891	\$ 41,676	5.5%	\$ 441,320	0.0%		
May	19.9%	\$ 1,455,287	45.0%	\$ 3,288,706	\$ 1,833,419	19.9%	\$ 1,596,776	0.0%		
June	18.4%	\$ 1,345,592	0.7%	\$ 47,936	\$ (1,297,656)	22.5%	\$ 1,805,400	0.0%		
Total	100%	\$ 7,313,000	115.6%	\$ 8,452,887	\$ 1,139,887	100.00%	\$ 8,024,000	22.9%	\$ 1,839,027	\$ 242,251

**Las Palmas Medical Plaza
Deposit Detail - LPMP
December 2022**

Type	Date	Name	Amount
Deposit	12/02/2022		1,927
Payment	12/02/2022	Arthritis & Rheumatic Care Clinic, Inc	(1,927)
TOTAL			(1,927)
Deposit	12/06/2022		10,306
Payment	12/06/2022	EyeCare Services Partners Management LLC	(7,552)
Payment	12/06/2022	WestPac Labs, Inc.	(2,755)
TOTAL			(10,307)
Deposit	12/07/2022		14,873
Payment	12/05/2022	Cure Cardiovascular Consultants	(3,212)
Payment	12/05/2022	Aijaz Hashmi, M.D., Inc.	(3,101)
Payment	12/05/2022	Brad A. Wolfson, M.D.	(3,699)
Payment	12/05/2022	Cohen Musch Thomas Medical Group	(4,862)
TOTAL			(14,874)
Deposit	12/08/2022		3,454
Payment	12/08/2022	Ramy Awad, M.D.	(3,454)
TOTAL			(3,454)
Deposit	12/12/2022		3,835
Payment	12/12/2022	Desert Family Medical Center	(3,835)
TOTAL			(3,835)
Deposit	12/13/2022		18,177
Payment	12/13/2022	Peter Jamieson, M.D.	(3,410)
Payment	12/13/2022	Pathway Pharmaceuticals, Inc.	(2,471)
Payment	12/13/2022	Desert Regional Medical Center	(5,803)
Payment	12/13/2022	Tenet HealthSystem Desert, Inc	(6,494)
TOTAL			(18,178)

**Las Palmas Medical Plaza
Deposit Detail - LPMP
December 2022**

Type	Date	Name	Amount
Deposit	12/13/2022		7,397
Payment	12/12/2022	Palmtree Clinical Research	(7,397)
TOTAL			(7,397)
Deposit	12/20/2022		38,962
Payment	12/20/2022	Tenet HealthSystem Desert, Inc.	(33,683)
Payment	12/20/2022	Laboratory Corporation of America	(5,280)
TOTAL			(38,963)
Deposit	12/27/2022		4,154
Payment	12/27/2022	Quest Diagnostics Incorporated	(4,154)
TOTAL			(4,154)
		TOTAL	103,085

Desert Healthcare District
Check Register
As of December 31, 2022

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1012 - Union Bank Operating - 9356				
Bill Pmt -Check	12/06/2022	1386	First Bankcard (Union Bank)	(12,492)
Bill Pmt -Check	12/06/2022	1387	Andrea S. Hayles - expense reimbursement	(115)
Bill Pmt -Check	12/06/2022	1388	Coachella Valley Accounting & Auditing	(1,000)
Bill Pmt -Check	12/06/2022	1389	Ernest Sussman - notary services	(55)
Bill Pmt -Check	12/06/2022	1390	Frazier Pest Control, Inc.	(33)
Bill Pmt -Check	12/06/2022	1391	Ready Refresh	(50)
Bill Pmt -Check	12/06/2022	1392	Staples Credit Plan	(32)
Bill Pmt -Check	12/06/2022	1393	State Compensation Insurance Fund	(427)
Bill Pmt -Check	12/06/2022	1394	Strategies 360, Inc.	(9,500)
Bill Pmt -Check	12/06/2022	1395	Underground Service Alert of Southern California	(4)
Bill Pmt -Check	12/06/2022	1396	California Consulting	(4,250)
Bill Pmt -Check	12/06/2022	1397	Carmina Zavala - stipend	(662)
Bill Pmt -Check	12/06/2022	1398	Desert AIDS Project - grant payment	(101,710)
Bill Pmt -Check	12/06/2022	1399	Desert Arc - grant payment	(46,233)
Bill Pmt -Check	12/06/2022	1400	Evet PerezGil - stipend	(551)
Bill Pmt -Check	12/06/2022	1401	First Bankcard (Union Bank)	(12,152)
Bill Pmt -Check	12/06/2022	1402	NPO Centric	(30,242)
Bill Pmt -Check	12/06/2022	1403	Rogers, Carole - stipend	(662)
Bill Pmt -Check	12/06/2022	1404	The Root Cause Coalition	(1,500)
Bill Pmt -Check	12/07/2022	1405	KaufmanHall	(77,650)
Bill Pmt -Check	12/07/2022	1406	So.Cal Computer Shop	(4,865)
Bill Pmt -Check	12/07/2022	1407	Vision To Learn - grant payment	(22,500)
Bill Pmt -Check	12/07/2022	1408	So.Cal Computer Shop	(810)
Bill Pmt -Check	12/08/2022	1409	Xerox Financial Services	(377)
Bill Pmt -Check	12/08/2022	1410	Larry L. Simon - appraisal services	(3,250)
Bill Pmt -Check	12/08/2022	1411	Magdalena Martinez - HR consulting services	(1,854)
Check	12/08/2022	Auto Pay	Calif. Public Employees' Retirement System	(15,419)
Liability Check	12/09/2022		QuickBooks Payroll Service	(54,624)
Bill Pmt -Check	12/12/2022	ACH 121422	Law Offices of Scott & Jackson	(10,238)
Bill Pmt -Check	12/13/2022	1412	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	12/13/2022	1413	Purchase Power	(100)
Bill Pmt -Check	12/13/2022	1414	Andrea S. Hayles - expense reimbursement	(210)
Bill Pmt -Check	12/13/2022	1415	Foundation of PSUSD - grant payment	(49,500)
Bill Pmt -Check	12/20/2022	1416	Coachella Valley Accounting & Auditing	(500)
Bill Pmt -Check	12/20/2022	1417	Principal Life Insurance Co.	(2,045)
Bill Pmt -Check	12/20/2022	1418	Regional Access Project Foundation	(193)
Bill Pmt -Check	12/20/2022	1419	Shred-It	(125)

Desert Healthcare District
Check Register
As of December 31, 2022

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/20/2022	1420	Spectrum (Time Warner)	(325)
Bill Pmt -Check	12/20/2022	1421	CoPower Employers' Benefits Alliance	(1,750)
Bill Pmt -Check	12/20/2022	1422	Andrea S. Hayles - expense reimbursement	(125)
Bill Pmt -Check	12/20/2022	1423	Chris Christensen - expense reimbursement	(2,400)
Bill Pmt -Check	12/20/2022	1424	Alejandro Espinoza Santacruz - expense reimbursement	(1,028)
Bill Pmt -Check	12/22/2022	ACH 122022	First Bankcard (Union Bank)	(7,040)
Liability Check	12/23/2022		QuickBooks Payroll Service	(49,778)
Liability Check	12/27/2022		QuickBooks Payroll Service	(603)
Check	12/27/2022		Bank Service Charge	(517)
Bill Pmt -Check	12/29/2022	1425	Boyd & Associates	(108)
Bill Pmt -Check	12/29/2022	1426	Frazier Pest Control, Inc.	(33)
Bill Pmt -Check	12/29/2022	1427	Ready Refresh	(50)
Bill Pmt -Check	12/29/2022	1428	Regional Access Project Foundation	(2,000)
Bill Pmt -Check	12/29/2022	1429	Zendle, Les - stipend	(441)
TOTAL				(532,628)

Desert Healthcare District									
Details for Credit Card Expenditures									
Credit card purchases - November 2022 - Paid December 2022									
Number of credit cards held by District personnel -2									
Credit Card Limit - \$25,000 - Conrado, \$20,000 - Chris									
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 Charged	Expense Type	Amount	Purpose	Description	Participants		
		\$ 31,685.02							
Chris' Statement:									
2022	November	\$ 12,492.26	District						
			GL	Dollar	Description				
			6130	\$ 2,000.00	Peak Grantmaking annual membership				
			6311	\$ 20.49	Spectrum - Wireless phone order for package pricing				
			6311	\$ 143.01	Spectrum - Wireless phone order for package pricing				
			6355	\$ 250.76	Zoom videoconference/webinar expense				
			1320	\$ 10,000.00	Creative Office Interiors - RAP Office conference table/chairs				
			6355	\$ 78.00	Microsoft Office subscription				
				\$ 12,492.26					
Conrado's Statement:									
2022	November	\$ 12,152.34	District						
			GL	Dollar	Description				
			6351	\$ (519.02)	Hyatt Regency - Hotel adjustment for ACHD Annual Meeting - Director Rogers				
			5230	\$ 130.00	Desert Hot Springs State of the City- Director Rogers +1				
			6351	\$ 772.53	Hyatt Regency - Hotel adjustment for ACHD Annual Meeting - Director Rogers				
			6360	\$ 30.00	UPS Store - notary services				
			6351	\$ 23.38	Curb Service - Taxi APHA Conference, Boston, MA				
			6352	\$ 59.56	Pappadeaux Seafood - APHA Conference, Boston, MA				
			6351	\$ 17.94	Curb Service - Taxi APHA Conference, Boston, MA				
			6351	\$ 21.25	Creative Mobil - Taxi APHA Conference, Boston, MA				
			5160	\$ 67.73	Springer Publishing Company - Health Equity Textbook				
			6351	\$ 22.60	Boston Taxi - APHA Conference, Boston, MA				
			6352	\$ 42.69	Yankee Lobster - APHA Conference, Boston, MA				
			6352	\$ 549.07	Alma Gaucha - Staff dinner at APHA Conference, Boston, MA				
			6352	\$ 137.17	Oconnors Seaport - APHA Conference, Boston, MA				
			6351	\$ 21.75	Curb Service - APHA Conference, Boston, MA				
			6351	\$ 23.75	Creative Mobil - Taxi APHA Conference, Boston, MA				
			6360	\$ 111.22	Crown Awards - President Borja Service Award				
			6130	\$ 99.00	Desert Sun annual subscription				
			6352	\$ 230.46	Bricco - APHA Conference, Boston, MA				
			6352	\$ 23.72	La Madeline - Phoenix AZ - APHA Conference, Boston, MA				
			6352	\$ 22.94	Starbucks - APHA Conference, Boston, MA				
			6351	\$ 1,864.57	Seaport Hotel - APHA Conference, Boston, MA - Conrado Barzaga				
			6351	\$ 2,163.06	Seaport Hotel - APHA Conference, Boston, MA - Alejandro Espinoza Santacruz				
			6351	\$ 2,237.57	Seaport Hotel - APHA Conference, Boston, MA - Jana Trew				
			6351	\$ 2,221.81	Seaport Hotel - APHA Conference, Boston, MA - Donna Craig				

Desert Healthcare District									
Details for Credit Card Expenditures									
Credit card purchases - November 2022 - Paid December 2022									
Number of credit cards held by District personnel -2									
Credit Card Limit - \$25,000 - Conrado, \$20,000 - Chris									
Credit Card Holders:									
Conrado Bárzaga - Chief Executive Officer									
Chris Christensen - Chief Administration Officer									
Routine types of charges:									
Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items									
Statement									
Year	Month Charged	Total Charges	Expense Type	Amount	Purpose	Description	Participants		
			5240	\$ 679.56	Taca Event Catering - President Borja's appreciation event				
			5230	\$ 350.00	Well in the Desert fundraiser - Desert Jammin - Director Rogers +1				
			5230	\$ 156.02	Martha's Village fundraiser- A Night of Giving - Director Rogers +1				
			6360	\$ 167.01	Palm Springs Flower Mart - Flowers for President Borja				
			5240	\$ 25.00	Uber Eats - 11/21/22 Board Meeting Food				
			5240	\$ 25.00	Uber Eats - 11/22/22 Board Meeting Food				
			5240	\$ 175.00	Grubhub - 11/21/22 Board Meeting Food				
			5240	\$ 200.00	Grubhub - 11/22/22 Board Meeting Food				
				\$ 12,152.34					
Conrado's Statement:									
	2022 December	\$ 7,040.42							
			District						
			GL	Dollar	Description				
			6351	\$ 87.09	American Airlines - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 1,579.20	American Airlines - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 612.67	Renaissance - Hotel for IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 0.53	Mission Inn - Hotel taxes for CHA Behavioral Health Symposium - Riverside, CA - Director De Lara				
			6351	\$ 213.94	Mission Inn - Hotel for CHA Behavioral Health Symposium - Vice-President PerezGil				
			6351	\$ 340.78	Mission Inn - Hotel for CHA Behavioral Health Symposium - Jana Trew				
			6352	\$ 4.89	Mission Inn - CHA Behavioral Health Symposium - Riverside, CA - Jana Trew				
			6351	\$ 15.71	Lyft - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 18.09	Lyft - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 60.00	Palm Springs Airport - Parking for IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 16.38	Lyft - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6351	\$ 79.99	Lyft - IEHP Foundation Promedica Site Visit - OH (to be reimbursed by IEHP)				
			6352	\$ 11.29	Starbucks - IEHP Foundation Promedica Site Visit - OH				
			6352	\$ 100.00	DJ2A Entertainment - Deposit for Board & Staff holiday dinner				
			6352	\$ 500.00	Classic Club - Room rental for staff team-building lunch				
			6360	\$ 104.86	Vista Print - holiday cards				
			6352	\$ 2,500.00	Renaissance - Deposit for Board & Staff holiday dinner				
			6352	\$ 795.00	DJ2A Entertainment - DJ & Photo Booth for Board & Staff holiday dinner				
				\$ 7,040.42	<i>Paid in December</i>				

**Las Palmas Medical Plaza
Check Register - LPMP
As of December 31, 2022**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	12/06/2022	10663	Desert Water Agency	(644)
Bill Pmt -Check	12/06/2022	10664	Palm Springs Disposal Services Inc	(2,651)
Bill Pmt -Check	12/06/2022	10665	Stericycle, Inc.	(1,146)
Bill Pmt -Check	12/13/2022	10666	Frazier Pest Control, Inc.	(275)
Bill Pmt -Check	12/13/2022	10667	Imperial Security	(4,431)
Bill Pmt -Check	12/13/2022	10668	Southern California Edison	(822)
Check	12/13/2022		Bank Service Charge	(636)
Bill Pmt -Check	12/20/2022	10669	Frontier Communications	(263)
Bill Pmt -Check	12/20/2022	10670	INPRO Environmental Management Services	(15,238)
Bill Pmt -Check	12/29/2022	10671	Amtech Elevator Services	(1,507)
Bill Pmt -Check	12/29/2022	10672	Desert Water Agency	(719)
Bill Pmt -Check	12/29/2022	10673	Imperial Security	(4,250)
TOTAL				(32,582)

Desert Healthcare District
6325 CEO Discretionary Fund
 July through December 2022

Date	Name	Memo	Amount
6325 - CEO Discretionary Fund			
07/14/2022	Regional Access Project Foundation	Nonprofit Desert Fast Pitch sponsorship	5,000
08/24/2022	Coachella Valley Economic Partnership	2022 CVEP Economic Summit - Silver Sponsorship	5,000
10/20/2022	UC Riverside Foundation	UCR SOM Celebration of Medical Education Gala - Bronze Sponsorship	5,000
11/03/2022	Blood Bank of San Bernardino	11.12.22 Thanks4Giving Gala	3,000
TOTAL			18,000



MEMORANDUM

DATE: January 11, 2023
 TO: F&A Committee
 RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>November</u>	<u>December</u>
Active – still employed by hospital	79	77
Vested – no longer employed by hospital	54	56
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>140</u>	<u>140</u>

The outstanding liability for the RPP is approximately **\$3.3M** (Actives - \$1.9M and Vested - \$1.4M). US Bank investment account balance \$4.6M. Per the June 30, 2022, Actuarial Valuation, the RPP has an Overfunded Pension Asset of approximately **\$1.0M**.

The payouts, excluding monthly annuity payments, made from the Plan for the six (6) months ended December 31, 2022, totaled **\$156K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT								
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE								
December 31, 2022								
TWELVE MONTHS ENDING JUNE 30, 2023								
Grant ID Nos.	Name	Approved Grants - Prior Yrs	6/30/2022 Bal Fwd	Current Yr 2021-2022	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	\$ 4,990,000		\$ -		\$ 4,990,000	
2021-1136-BOD-01-26-21	Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr.	\$ 119,432	\$ 11,944		\$ 11,944		\$ -	
2021-1171-BOD-03-23-21	Blood Bank of San Bernardino/Riverside Counties - Bloodmobiles for Coachella Valley - 18 Months	\$ 150,000	\$ 15,000		\$ 15,000		\$ -	
2021-1266-BOD-04-27-21	Galilee Center - Our Lady of Guadalupe Shelter - 1 Yr.	\$ 150,000	\$ 15,000		\$ 15,000		\$ -	
2021-1277-BOD-04-27-21	Lift To Rise - United Lift Rental Assistance 2021 - 8 Months	\$ 300,000	\$ 30,000		\$ 30,000		\$ -	
2021-1280-BOD-05-25-21	Desert AIDS Project - DAP Health Expands Access to Healthcare - 1 Yr.	\$ 100,000	\$ 10,000		\$ 10,000		\$ -	
2021-1296-BOD-11-23-21	Coachella Valley Volunteers In Medicine - Improving Access to Healthcare Services - 1 Yr.	\$ 154,094	\$ 84,752		\$ 69,342		\$ 15,410	
2021-1289-BOD-12-21-21	Desert Cancer Foundation - Patient Assistance Program - 1 Yr.	\$ 150,000	\$ 82,500		\$ 67,500		\$ 15,000	
2022-1301-BOD-01-25-22	UCR Regents - Community Based Interventions to Mitigate Psychological Trauma - 1 Yr.	\$ 113,514	\$ 62,433		\$ 51,081		\$ 11,352	
2022-1302-BOD-01-25-22	Vision To Learn - Palm Springs, Desert Sands, and Coachella Valley School Districts 1 Yr.	\$ 50,000	\$ 27,500		\$ 22,500		\$ 5,000	
2022-1303-BOD-01-25-22	CSU San Bernardino Palm Desert Campus Street Medicine Program - 1 Yr.	\$ 54,056	\$ 29,731		\$ 24,325		\$ 5,406	
2022-1306-BOD-02-22-22	Olive Crest Treatment Center - General Support for Mental Health Services - 1 Yr.	\$ 123,451	\$ 67,898		\$ 55,553		\$ 12,345	
2022-1311-BOD-04-26-22	Desert Arc - Healthcare for Adults with Disabilities Project Employment of Nurses - 1 Yr.	\$ 102,741	\$ 56,508		\$ 46,233		\$ 10,275	
2022-1313-BOD-04-26-22	Angel View - Improving Access to Primary and Specialty Care Services for Children With Disabilities 1 Yr.	\$ 76,790	\$ 42,235		\$ -		\$ 42,235	
2022-1314-BOD-05-24-22	Voices for Children - Court Appointed Special Advocate Program - 1 Yr.	\$ 60,000	\$ 60,000		\$ 27,000		\$ 33,000	
2022-1325-BOD-06-28-22	Vision Y Compromiso - CVEC Unrestricted Grant Funds - 2 Yrs.	\$ 150,000	\$ 150,000		\$ 33,750		\$ 116,250	
2022-1327-BOD-06-28-22	Youth Leadership Institute - Youth Voice in Mental Health - 2 Yrs.	\$ 50,000	\$ 50,000		\$ 11,250		\$ 38,750	
2022-1328-BOD-06-28-22	El Sol - Expanding Access to Educational Resources for Promotoras - 2 Yrs.	\$ 150,000	\$ 150,000		\$ 33,750		\$ 116,250	
2022-1331-BOD-06-28-22	Pueblo Unido - Improving Access to Behavioral Health Education and Prevention Services - 2 Yrs.	\$ 50,000	\$ 50,000		\$ 11,250		\$ 38,750	
2022-0965-BOD-06-28-22	Desert Healthcare Foundation - Behavioral Health Initiative Expansion - 3 Yrs.	\$ 2,000,000	\$ 2,000,000		\$ 2,000,000		\$ -	
2022-22-15-BOD-06-28-22	Carry over of remaining Fiscal Year 2021/2022 Funds*	\$ 2,566,566	\$ 2,566,566		\$ 2,566,566		\$ -	
2022-1324-BOD-07-26-22	Galilee Center - Our Lady of Guadalupe Shelter - 2 Yr.			\$ 100,000		\$ 22,500	\$ 77,500	
2022-1332-BOD-07-26-22	Alianza CV - Expanding and Advancing Outreach Through Increasing Capacity Development - 2 Yrs.			\$ 100,000		\$ 22,500	\$ 77,500	
2022-1329-BOD-09-27-22	DPMG - Mobile Medical Unit - 3 Yrs.			\$ 500,000		\$ 50,000	\$ 450,000	
2022-1350-BOD-09-27-22	JFK Memorial Foundation - Behavioral Health Awareness and Education Program - 1 Yr.			\$ 57,541		\$ 25,893	\$ 31,648	
2022-1355-BOD-09-27-22	Joslyn Center - The Joslyn Wellness Center - 1 Yr.			\$ 85,000		\$ 38,250	\$ 46,750	
2022-1361-BOD-09-27-22	DAP Health - DAP Health Monkeypox Virus Response - 1 Yr.			\$ 586,727		\$ 101,710	\$ 485,017	
2022-1356-BOD-10-25-22	Blood Bank of San Bernardino/Riverside Counties - Coachella Valley Therapeutic Apheresis Program - 1 Yr.			\$ 140,000		\$ 63,000	\$ 77,000	
2022-1358-BOD-10-25-22	Foundation for Palm Springs Unified School District - School-Based Wellness Center Project - 1 Yr.			\$ 110,000		\$ 49,500	\$ 60,500	
2022-1362-BOD-10-25-22	Jewish Family Service of the Desert - Mental Health Counseling Services for Underserved - 2 Yrs.			\$ 160,000		\$ 36,000	\$ 124,000	
2022-1326-BOD-12-20-22	TODEC - TODEC's Equity Program - 2 Yrs.			\$ 100,000		\$ -	\$ 100,000	
2022-1330-BOD-12-20-22	OneFuture Coachella Valley - Building a Healthcare Workforce Pipeline - 2 Yrs.			\$ 605,000		\$ -	\$ 605,000	
2022-1369-BOD-12-20-22	ABC Recovery Center - Cost of Caring Fund Project - 1 Yr.			\$ 332,561		\$ -	\$ 332,561	
TOTAL GRANTS		\$ 16,670,644	\$ 10,552,067	\$ 2,876,830	\$ 5,102,044	\$ 409,353	\$ 7,917,499	
Amts available/remaining for Grant/Programs - FY 2022-23:								
Amount budgeted 2022-2023			\$ 4,000,000			G/L Balance:	12/31/2022	
Amount granted through December 31, 2022:			\$ (2,876,830)			2131	\$ 4,397,499	
Mini Grants:	1321; 1322; 1323; 1364		\$ (20,000)			2281	\$ 3,520,000	
Financial Audits of Non-Profits; Organizational Assessments			\$					
Net adj - Grants not used:	FY 21-22 Funds		\$ 2,566,566			Total	\$ 7,917,499	
Matching external grant contributions			\$ -				\$ 0	
Balance available for Grants/Programs			\$ 3,669,736					
* Value listed in Total Paid column reflects funds granted from carryover funds. Actual grant payments will be reflected under the respective grant.								



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: January 11, 2023
To: Finance & Administration Committee
Subject: Lease Agreement – Palmtree Clinical Research, 1E-201

Staff Recommendation: Consideration to approve the draft lease agreement for Palmtree Clinical Research at the Las Palmas Medical Plaza.

Background:

- Palmtree Clinical Research (Palmtree) is a tenant in good standing and is completing their first 5-year lease at the Las Palmas Medical Plaza.
- Palmtree’s current lease expires January 31, 2023.
- Palmtree would like to renew for a five (5) year lease at \$1.65 sq/ft.
- Annual increases for the term are the greater of 3% or CPI.
- Tenant Improvement allowance is \$10/sf - \$30,000.
- 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 - \$439,563.

Estimated Cost of Tenant Improvement Allowance (\$10/sf) – \$30,000.

Net Lease Income (base lease) - \$409,563.

OFFICE BUILDING LEASE

Between

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

And

PALMTREE CLINICAL RESEARCH, INC.

AS TENANT

DATED

JANUARY 24, 2023

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DRAFT

OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Palmtree Clinical Research, Inc., hereinafter referred to as "Tenant", and is dated January 24, 2023.

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)*: \$ Fifty-Nine Thousand, Four Hundred and 00/100 Dollars (\$59,400.00) per year.

b. *Base Year*: The calendar year of February 1 to January 31.

c. *Broker(s)*:

Landlord's: N/A.

Tenant's: N/A.

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

d. *Commencement Date*: February 1, 2023.

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*: January 31, 2028, 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. 1E-201, Palm Springs, CA 92262.

_____ District _____ Recipient

- h. *Monthly Installments of Base Rent (initial)*: \$ Four Thousand, Nine Hundred Fifty and 00/100 Dollars (\$4,950.00) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-Nine Cents (\$.69) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Ten Dollars (\$10.00) per square foot or Thirty Thousand and 00/100 Dollars (\$30,000.00).
- k. *Parking*: Tenant shall be permitted, to park 15 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 3,000 square feet of Rentable Area, located in Building 1E and known as Suite 201-203.
- 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, Three Hundred Fifty and 00/100 Dollars (\$4,350.00) carried over from prior lease.
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 6.08%. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: Medically related office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

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

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

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

_____ District _____ Recipient

4. DELIVERY OF POSSESSION.

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

5. RENT.

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

5.2 *Adjusted Base Rent:*

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- b. Such adjustment shall be the greater of 3% over the preceding year or Consumer Price Index.

5.3 *Project Operating Costs (CAMs):*

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

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

(a.) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this lease or on the rent received under any other leases of space in the Building or Project, or (2) and license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transactions, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, 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

_____ District _____ Recipient

manager's office); (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by landlord to reduce Project Operating Costs; and (11) any other costs or expenses incurred by Landlord under this Lease and not otherwise reimbursed by tenants of the Project. If at any time during the Term, less than eighty-five percent (85%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred if the Project had been at least eighty-five percent (85%) occupied.

- (2.) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:
- (a.) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("comparison Year"), Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses."
 - (b.) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expense for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for that Comparison Year.
 - (c.) On or before April 1 of each Comparison Year after the first Comparison Year (or as soon thereafter as is practical), Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within ten (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If the credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligations of Tenant and Landlord to make payments required under this Section 5.3 shall survive the Expiration Date.
 - (d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.
 - (e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).
 - (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

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

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

_____ District _____ Recipient

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.

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

_____ District _____ Recipient

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

9. SERVICES AND UTILITIES.

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

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

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

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

10. CONDITION OF THE PREMISES.

_____ District _____ Recipient

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

II. CONSTRUCTION, REPAIRS AND MAINTENANCE.

- a. *Landlord's Obligations:* Landlord shall maintain in good order, condition and repair the Building and all other portions of the Premises not the obligation of Tenant or of any other tenant in the Building.
- b. *Tenant's Obligations:*
 - (1.) Tenant shall perform Tenant's Work to the Premises as described in an exhibit specific to Tenant Improvements, if applicable."
 - (2.) Tenant at Tenant's sole expense shall, except for services furnished by Landlord pursuant to Article 9 hereof, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.
 - (3.) Tenant shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Article 13) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.
 - (4.) If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand with interest at the prime commercial rate then being charged by Bank of America NT & SA plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.
- c. *Compliance with Law:* Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.
- d. *Waiver by Tenant:* Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.
- e. *Load and Equipment Limits:* Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer. The cost of any such determination made by Landlord's structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants.
- f. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease or by any other tenant's lease or required by law to make in or to any portion of the Project, Building or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises.
- g. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- h. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 13b shall be repaired by Tenant at Tenant's expense.

12. ALTERATIONS AND ADDITIONS.

_____ District _____ Recipient

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

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

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

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.
- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

14. RULES AND REGULATIONS.

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

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

16. ASSIGNMENT AND SUBLETTING.

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

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant's notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant's notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
 - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
 - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
 - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
 - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and
 - (5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.
- c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sub lessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises under Article 8 remains unchanged.
- d. No subletting or assignment shall release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or sub lettings or amendments or modifications to the Lease with assignees of tenant,

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

20. EMINENT DOMAIN.

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

21. INDEMNIFICATION.

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

22. TENANT'S INSURANCE.

- a. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees, and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees, or representatives. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee, and Tenant as required by this Lease.

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- 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.

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 not right of offset, counter-claim, or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

26. TRANSFER OF LANDLORD'S INTEREST.

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

27. DEFAULT.

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

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

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

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

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

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with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

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

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

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

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

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

28. BROKERAGE FEES.

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

29. NOTICES.

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

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30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

31. RELOCATION OF PREMISES.

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

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

32. QUIET ENJOYMENT.

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

33. OBSERVANCE OF LAW.

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

34. FORCE MAJEURE.

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

35. CURING TENANT'S DEFAULTS.

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

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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 change or amendment is requested.
- f. *Choice of Law:* This Lease shall be construed and enforced in accordance with the laws of the State of California.
- g. *Consent:* Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no claim, and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding or delaying by Landlord of any consent, approval or statement of satisfaction, and in such event, Tenant's only remedies therefore shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.
- h. *Corporate Authority:* If Tenant is a corporation, each individual signing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the corporation, and that this Lease is binding on Tenant in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors authorizing such execution.
- i. *Counterparts:* This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.
- j. *Execution of Lease; No Option:* The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.
- k. *Furnishing of Financial Statements; Tenant's Representations:* In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.
- l. *Further Assurances:* The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.
- m. *Mortgagee Protection:* Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such

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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>Palmtree Clinical Research, Inc.</u>
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Conrado Bárzaga</u>	By:	_____
Signature:	_____	Signature:	_____
Title:	<u>CEO</u>	Title:	_____

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

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

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EXHIBIT "A"

RULES AND REGULATIONS

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

All approved signs or lettering on 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 January 24, 2023 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Palmtree Clinical Research, Inc., 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: February 1, 2023
- 2. Expiration Date: January 31, 2028
- 3. Rent Schedule:

2/1/2023 – 1/31/2024	\$4,950.00	
2/1/2024 – 1/31/2025	\$5,098.50	Greater of 3% or CPI
2/1/2025 – 1/31/2026	\$5,251.46	Greater of 3% or CPI
2/1/2026 – 1/31/2027	\$5,409.00	Greater of 3% or CPI
2/1/2027 – 1/31/2028	\$5,571.27	Greater of 3% or CPI
- 4. CAMs: Currently \$.69 per square foot
- Security Deposit: Carryover of previous deposit of Four Thousand, Three Hundred Fifty and 00/100 Dollars (\$4,350.00).

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: Palmtree Clinical Research, Inc.

dba: Las Palmas Medical Plaza

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: January 11, 2023
To: Finance & Administration Committee
Subject: Las Palmas Medical Plaza Security Coverage

Staff Recommendation: Consideration to approve an increase to the security coverage at Las Palmas Medical Plaza.

Background:

- For many years, the security coverage on the campus has included a security guard from 5:30am-6:00am and 10:00pm-2:30am Monday – Friday, with no weekend coverage.
- Over the past few months, we have experienced increased vandalism and burglaries.
- The most recent was a break-in early Christmas Day. The perpetrators broke into Quest Diagnostic’s suite and punched a hole through the adjoining wall to the pharmacy. The pharmacy is protected by bars on the windows and doors and maintains a security alarm system.
- The pharmacy’s security system detected the break-in and law enforcement was dispatched. However, damage and loss of merchandise was incurred.
- With this increased illegal activity, tenants have requested increased security coverage.
- Staff is working with our property maintenance contractor to devise a more modern system to include cameras and monitoring services.
- Additionally, staff will obtain other bids for security patrol.
- These options will be evaluated, and a proposal will be brought to the Committee at a later date.
- However, in the interim, staff proposes adding 24-hour weekend coverage with our current security company.
- The increase is approximately \$62,000 per year and would increase the current CAM charges to the tenants by \$.11/sf.
- Staff recommends approval of adding the weekend security coverage, while staff

works on possible other options to be considered at a later date.

Fiscal Impact:

\$62,000 per year increase to security services. Cost will be collected via increased CAM charges to the tenants.



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: January 11, 2023
To: Finance & Administration Committee
Subject: Auditor Firm– Request for Proposal (RFP)

Staff Recommendation: Consideration to issue a Request for Proposal for new audit firm.

Background:

- Lund & Guttry LLP performed the audits for FY20 & FY21.
- Coachella Valley Accounting & Auditing (CVAA) performed the audits for FY22.
- Due to relationship issues with CVAA, staff desires to hire a new audit firm to complete the June 30, 2023 annual audits, tax return, and financial transaction reports – for the District, Foundation and RPP.
- Staff has compiled a list of seven firms based on expertise to contact with the RFP.
- The audit firms possess experience with special districts and not-for-profit entities.
- Staff recommends approval of the draft RFP
- The RFP and List of Audit Firms are included in the packet for your review.

Fiscal Impact:

N/A



SAMPLE OF RFP LETTER

January 10, 2023

Managing partner

Firm Name

Dear:

The Desert Healthcare District (“DHCD”), a California Special Healthcare District is accepting proposals from CPA firms to provide June 30, 2023 year-end audit services for three separate entities as follows:

- 1) DHCD, a California Special Healthcare District
- 2) Desert Healthcare Foundation (DHCF), a 501(c)(3) Foundation
a) includes Single Audit of federal awards
- 3) Desert Hospital Retirement Protection Plan (RPP), a frozen retirement plan excluded from coverage under section 4021(b)(2) of ERISA.

Tax return services for 990 filing is needed for DHCF only. State Controller Reports are required for Both DHCD and the RPP.

We invite your firm to submit a proposal to us by February 20, 2023 for consideration. Please submit to:

By mail:

**Chris Christensen, CPA
Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, California 92262**

By email:

cchristensen@dhcd.org

The June 30, 2022 audit reports for each of the three entities and the June 30, 2022 990 for DHCF are located on DHCD's website www.dhcd.org. The audit reports provide a brief description of each of the three entities. You may also learn more about the organizations on the website.

Your proposal is expected to cover the following services:

1. Annual audit fee for each entity to be completed in compliance with the previously mentioned filing requirements and meetings with audit committee and/or board of directors, as necessary
2. Tax filing for DHF and State Controller reports for DHCD and RPP.

Key Personnel

Following are key contacts for information you may seek in preparing your proposal:

Mr. Chris Christensen CFO (760) 323-6365 Email: cchristensen@dhcd.org
Mr. Conrado Bázquez CEO (760) 323-6273 Email: cbarzaga@dhcd.org

Schedule

1. Interim Audit/Fieldwork – normally performed the 3rd week of May. Transaction testing, etc. for July-April.
2. Yearend Audit/Fieldwork – June 30 year end – normally performed the 1st week in August.
3. The deadline for completion of the Audit Reports is September 30, 2023. The audit firm is expected to present the audit reports at the October meetings of the District's Finance & Administration Committee (2nd Tuesday) and Board of Directors (4th Tuesday).
4. November 15 – DHCF - Form 990 Tax Return
5. December 31 – RPP - Financial Transaction Report – State Controller's Office
6. January 31 – DHCD - Financial Transaction Report – State Controller's Office

Your Response to This Request for Proposal

In responding to this request, we request the following information:

1. Detail your firm's experience in providing auditing and tax services to organizations in the government and not-for-profit industry, as well as associations of a comparable size to DHCD and DHCF. Please provide a list of clients of your firm including contacts for reference purposes.
2. Discuss commitments you will make to staff continuity, including your staff turnover experience in the last three years.
3. Identify the partner, manager, and in-charge accountant who will be assigned to our audits if you are successful in your bid, and provide biographies. Indicate any complaints against them that have been

leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these personnel.

4. Describe how your firm will approach the audit of the organization. Also discuss the firm's use of technology in the audit and the communication process used by the firm to discuss issues with the management and audit committees of the board. Please provide the firms' latest peer review report.
5. Set forth your fee proposal for each entity for the June 30, 2023 audits, with whatever guarantees can be given regarding increases in future years. Your fee proposal should also delineate hours by level of staff.
6. Describe how you will bill for questions on technical matters that may arise throughout the year.
7. Furnish current standard and discounted billing rates for classes of professional personnel.
8. Provide the names and contact information for other similarly sized clients of the partner and manager that will be assigned to our organization for reference purposes.
9. Describe why our selection of your firm as our external accountants is the best decision we could make.

Evaluation of Proposals

DHCD will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to our organization, results of discussions with other clients, and the firm's completeness and timeliness in its response to us.

We would also appreciate a response if you decline to submit a proposal.

Sincerely,

Chris Christensen, CPA
Chief Administration Officer

**DESERT HEALTHCARE DISTRICT
RFP FOR FINANCIAL AUDIT SERVICES FOR FYE 6/30/23
FEE PROPOSALS**

Moss, Levy & Hartzheim, LLP – Managing Partner – Craig Hartzheim, CPA, Managing Partner

[Website: www.mlhcpas.com](http://www.mlhcpas.com)

Address: 5800 Hannum Avenue, Suite E, Culver City, CA 90230 - **Desert Healthcare District**

Telephone: 310-670-2745 chartzheim@mlhcpas.com

Clifton Larson Allen LLP

[Website: www.claconnect.com](http://www.claconnect.com)

Address: 3401 Centrelake Drive, Suite 500, Ontario, CA 91761 – **Grossmont/Fallbrook Auditors**

Telephone: 909-985-7286

Fax: 909-982-0847

Davis Farr LLP

[Website: www.davisfarr.com](http://www.davisfarr.com)

Address: 18201 Von Karman Avenue, Suite 1100, Irvine, CA 92612 – **Beach Cities Auditors**

Telephone: 949-474-2020

Fax: 949-263-5520

Moss Adams LLP

[Website: www.mossadams.com](http://www.mossadams.com)

Address: 2040 Main Street, Suite 900, Irvine, CA 92614 - **Marin Healthcare District**

Telephone: 909-221-4000

Fax: 909-221-4001

JWT & Associates LLP

[Website: ??](#)

Address: 1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720 - **Eden & Petaluma Healthcare District**

Telephone: 559-431-7708

Fax: 559-431-7685

Email: rjctcpa@aol.com

Maryanov Madsen Gordon & Campbell – Managing Partner – Steven T. Erickson, CPA

[Website: www.mmgccpa.com](http://www.mmgccpa.com)

Address: 801 E. Tahquitz Canyon Way, Suite 200, Palm Springs, CA 92262

Telephone: 760-320-6642

Fax: 760-327-6854

Osborne Rincon, CPAs – Managing Partner (President) – Lee M. Osborne, CPA

[Website: www.osbornerincon.com](http://www.osbornerincon.com)

Address: 79-245 Corporate Centre Drive, Suite 101, La Quinta, CA 92253

Telephone: 760-777-9805

Fax: ??