



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee
September 13, 2023

The Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 5:30 PM, Wednesday, September 13, 2023, via Zoom using the following link:
<https://us02web.zoom.us/j/83743788340?pwd=VXljcEdUMWtLa3NvdHd3SGRXa0Mzdz09>
Password: 108761

Members of the public can also participate by telephone, using the following dial in information:
Dial in #:(669) 900-6833 or (888) 788-0099
Webinar ID: 837 4378 8340
Password: 108761

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 – July 19, 2023 – Pg. 3-7

ACTION

V. CEO REPORT

Information

VI. CHIEF ADMINISTRATION OFFICER’S REPORT – Pg. 8

Information

1. LPMP Leasing Update – Pg. 9

VII. FINANCIAL REPORTS

ACTION

1. District and LPMP Financial Statements – Pg. 10-20
2. Accounts Receivable Aging Summary – Pg. 21
3. District - Deposits – Pg. 22-23
4. District - Property tax receipts – Pg. 24
5. LPMP – Deposits – Pg. 25-28
6. District – Check Register – Pg. 29-31
7. Credit Card – Detail of Expenditures – Pg. 32-33
8. LPMP – Check Register – Pg. 34
9. CEO Discretionary Fund – Pg. 35
10. Retirement Protection Plan Update – Pg. 36
11. Grant Payment Schedule – Pg. 37

VIII. OTHER MATTERS

1. Las Palmas Medical Plaza – Lease Renewal – Dr. Awad – Suite #3W-105 – 5 years – Pg. 38-61

Action

IX. ADJOURNMENT



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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 or translation services, 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



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Directors Present	District Staff Present	Absent
Chair/Treasurer Arthur Shorr Vice-President Carmina Zavala, PsyD Director Leticia De Lara, MPA	Chris Christensen, Chief Administration Officer Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Engagement Eric Taylor, Accounting Manager Andrea S. Hayles, Board Relations Officer	Conrado E. Bázquez, MD, Chief Executive Officer

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 5:02 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director De Lara and Vice-President Zavala to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting June 14, 2023	Chair Shorr motioned to approve the June 14, 2023, meeting minutes.	Moved and seconded Director De Lara and Chair Shorr to approve the June 14, 2023, meeting minutes. Motion passed unanimously.
V. Investment Statements 1. Q2 – 06/30/2023 – Investment Portfolio Statements Overview, Keith Stribling, CFA, Vice President, Senior Portfolio Manager, High Mark Capital Management	Keith Stribling, CFA, Vice President, Senior Portfolio Manager, High Mark Capital Management, provided an overview of the 2nd quarter investment reports commencing with the market value of assets, followed by the fixed income analysis and performance report describing that Highmark Capital is the investment manager for Union Bank that merged to US Bank, highlighting that the more defined subsets of institutional and client accounts, such as the District’s account, will be	

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	<p>transferred to the institutional side with PFM Assets Management by year-end and more availability of resources. PFM doesn't allow individual stocks; accordingly, High Mark Capital sold the individual stocks and moved them into ETFs and mutual funds. Mr. Stribling also provided an overview of the asset allocation summary.</p>	
<p>VI. CEO Report</p> <p>1. Consulting Services Agreement with Partners Medical Education, Inc. to develop a Feasibility Study for Federally Qualified Health Centers (FQHC) Residency Program</p>	<p>Chris Christensen, CAO, described a forthcoming agreement that will be presented at the Board meeting to develop a Feasibility Study for Federally Qualified Health Centers (FQHC) primary care residency program.</p> <p>The committee supports the concept but discussed the haste in presenting the feasibility study to the Board without evaluation by another appropriate committee, with no amount or proposal, and waiting to advance the matter forward in September.</p>	
<p>VII. Chief Administration Officer's Report</p>	<p>Chris Christensen, CAO, described the audit commencing on July 31st, the finalization of the sprinkler project with the fire marshal inspection forthcoming, and working cooperatively with the architect.</p> <p>Two vacant suites are available for rental with the</p>	

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	broker continuing to present the unit to potential tenants.	
<p>VIII. Financial Reports</p> <ol style="list-style-type: none"> 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule 	<p>Chair Shorr reviewed the preliminary June financials profit and loss budget vs. actual, describing the revenue related to property taxes with reasonable expenses and a surplus of \$3M in equity.</p> <p>The committee inquired about the increased insurance expenses and the possibility of examining other firms, such as Cornerstone Insurance Group.</p> <p>The committee discussed and recommended review of Policy #BOD-13 – Memberships in Organizations, Training, Education, Conferences, and Reimbursement Procedure by the policy committee for modifying the authorization of conferences by the Board President.</p>	<p>Moved and seconded by Director De Lara and Vice-President Zavala and to approve the preliminary June 2023 financials – items 1-10 and forward to the Board for approval.</p> <p>Motion passed unanimously.</p>
<p>IX. Other Matters</p> <ol style="list-style-type: none"> 1. Resolution 23-03 and Ordinance 23-01 to Increase the Director’s monthly meeting stipend from \$110.25 to \$115.76 	<p>Chris Christensen, CAO, described the yearly stipend increase from \$110 to \$115, which is included in the fiscal year budget.</p>	<p>Moved and seconded by Director De Lara and Vice-President Zavala and to approve Resolution 23-03 and Ordinance 23-01 to Increase the Director’s monthly meeting stipend from \$110.25 to \$115.76 and forward to the Board for approval.</p> <p>Motion passed unanimously.</p>



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<p>2. Addendum #1 to Consulting Services Agreement with Activate Inclusion to continue Diversity, Equity, and Inclusion training - NTE \$42,150</p>	<p>Chris Christensen, CAO, described the addendum to the consulting services agreement with Activate Inclusion to continue with the Board and Staff training.</p> <p>The committee discussed the possibility of reviewing the agreement by the appropriate committee for more clarity concerning the content of the training.</p> <p>After further discussion, Director De Lara motioned to approve a recommendation to the Board for assigning the agreement to the Board and Staff Communications & Policy Committee.</p>	<p>Moved and seconded by Director De Lara and Chair Shorr to approve recommendation to the Board for assigning Addendum #1 of the Consulting Services Agreement with Activate Inclusion to the Board and Staff Communications & Policy Committee.</p> <p>Motion passed unanimously.</p>
<p>3. Acquisition of a supplemental mobile medical unit with Magnum Mobile Specialty Vehicles - NTE \$ 137,850</p>	<p>Alejandro Espinoza, Chief of Community Engagement, answered questions from the committee concerning the pricing and Arizona sales tax, with the committee discussing modifying the acceptance date of the agreement to the date of Board approval with further review of the trailer, other alternatives, the haste in moving forward immediately, and further discussion by the Board.</p> <p>Director De Lara motioned to present the \$137k proposal directly to the Board with a two-step process that includes the Board's support of the purchase of a mobile unit,</p>	<p>Moved and seconded by Director De Lara and Chair Shorr and to present the \$137k Magnum Mobile Specialty Vehicles proposal directly to the Board with a two-step process that includes the Board's support of the purchase of a mobile unit, staff to provide the specifics on contrast and comparison for a trailer instead of a second mobile unit with the operator's preference, and further details on the hurriedness of purchasing the unit.</p> <p>Motion passed unanimously.</p>

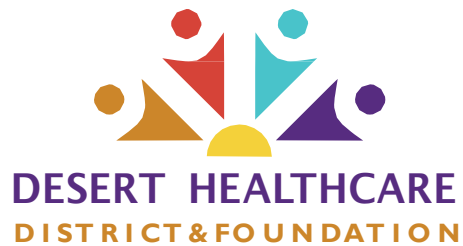


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<p>4. Consulting Services Agreement with Veralon Healthcare Management Advisors to facilitate a strategic planning retreat – NTE \$10,000</p>	<p>staff to provide the specifics on contrast and comparison for a trailer instead of a second mobile unit with the operator’s preference, and further details on the hurriedness of purchasing the unit.</p> <p>Chair Shorr described the staff report for the Veralon Healthcare Management Advisors agreement for assessing the strategic plan.</p> <p>Director De Lara motioned to recommend approval to the Board, including a Strategic Planning Committee meeting before the proposed retreat to provide feedback to the consultants.</p>	<p>Moved and seconded by Director De Lara and Chair Shorr and to recommend approval of the Consulting Services Agreement with Veralon Healthcare Management Advisors to facilitate a strategic planning retreat – NTE \$10,000, including a Strategic Planning Committee meeting before the proposed retreat to provide feedback to the consultants.</p> <p>Motion passed unanimously.</p>
<p>X. Adjournment</p>	<p>Chair Shorr adjourned the meeting at 6:34 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Agendas-and-Documents</p>

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

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



Chief Administration Officer's Report

September 13, 2023

Annual Audit – the fieldwork of the annual audit has been completed. Staff continues to work with the auditors to complete the annual audits.

LPMP Fire Sprinkler project – the fire marshal has signed off on the inspection. We are scheduling the final inspection with the project manager.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

92.3% currently occupied –

Total annual rent including CAM fees is **\$1,403,208**.

Leasing Activity:

3 suites (1E-204, 1W-104, & 2W-103/104) are now vacant and available for lease. Rob Wenthold, our broker, will be showing the suites to prospective tenants.

Las Palmas Medical Plaza

Unit Rental Status

As of September 1, 2023

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To							CAM		
											\$ 0.80		
1E, 204	Vacant					880	1.78%						
1W, 104	Vacant					1,024	2.07%						
2W, 103-104	Vacant					1,878	3.81%						
Total - Vacancies						3,782	7.66%						
Total Suites - 32 - 29 Suites Occupied		\$57,492.84				49,356	92.3%	\$ 80,477.96	\$ 965,735.52	\$ 1.77	\$ 36,456.00	\$ 116,933.96	\$ 1,403,207.52
Summary - All Units													
			Occupied	45,574	92.3%								
			Vacant	3,782	7.7%								
			Pending	0	0.0%								
			Total	49,356	100%								

DESERT HEALTHCARE DISTRICT
JULY/AUGUST 2023 FINANCIAL STATEMENTS
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CEO Discretionary Fund
Retirement Protection Plan Update
Grants Schedule

**DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
TWO MONTHS ENDED AUGUST 31, 2023**

Scope: \$25,000 Variance per Statement of Operations Summary				
Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
	4000 - Income	\$ 589,931	\$ 7,334	
5000 - Direct Expenses	\$ 202,485	\$ 312,716	\$ (110,231)	Lower wage related expenses \$78k due to open positions; lower board expenses \$14k; lower education expense \$11k; lower health insurance expense \$4k; lower retirement expense \$3k
6325-CEO Discretionary Fund	\$ 33,500	\$ 8,334	\$ 25,166	Budget of \$50,000 for fiscal year is amortized straight-line over 12-month fiscal year.
6500 - Professional Fees Expense	\$ 53,559	\$ 276,076	\$ (222,517)	Lower Professional Services expense \$156k; lower PR/Communications expense \$41k; lower legal expense \$26k
7000 - Grants Expense	\$ (160,777)	\$ 666,666	\$ (827,443)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year. As of August 31, 2023, there is \$3,822,177 remaining in the fiscal year grant budget, with a total of \$338,600 in unexpended grant funds.

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July through August 2023

	MONTH			MONTH			TOTAL		
	Jul 23	Budget	\$ Over Budget	Aug 23	Budget	\$ Over Budget	Jul - Aug 23	Budget	\$ Over Budget
Income									
4000 · Income	226,867	3,667	223,200	363,064	3,667	359,397	589,931	7,334	582,597
4500 · LPMP Income	117,853	116,723	1,130	115,281	116,723	(1,442)	233,134	233,446	(312)
4501 · Miscellaneous Income	0	750	(750)	0	750	(750)	0	1,500	(1,500)
Total Income	344,720	121,140	223,580	478,345	121,140	357,205	823,065	242,280	580,785
Expense									
5000 · Direct Expenses	82,827	156,358	(73,531)	119,658	156,358	(36,700)	202,485	312,716	(110,231)
6000 · General & Administrative Exp	42,221	52,110	(9,889)	46,081	52,110	(6,029)	88,302	104,220	(15,918)
6325 · CEO Discretionary Fund	5,000	4,167	833	28,500	4,167	24,333	33,500	8,334	25,166
6445 · LPMP Expenses	98,098	104,163	(6,065)	99,862	104,163	(4,301)	197,960	208,326	(10,366)
6500 · Professional Fees Expense	24,374	138,038	(113,664)	29,185	138,038	(108,853)	53,559	276,076	(222,517)
6600 · Mobile Medical Unit	0	0	0	292	0	292	292	0	292
6700 · Trust Expenses	5,458	6,542	(1,084)	5,458	6,542	(1,084)	10,916	13,084	(2,168)
Total Expense Before Grants	257,978	461,378	(203,400)	329,036	461,378	(132,342)	587,014	922,756	(335,742)
7000 · Grants Expense	(165,172)	333,333	(498,505)	4,395	333,333	(328,938)	(160,777)	666,666	(827,443)
Net Income	251,914	(673,571)	925,485	144,914	(673,571)	818,485	396,828	(1,347,142)	1,743,970

Desert Healthcare District
Profit & Loss Budget vs. Actual
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	MONTH			MONTH			TOTAL		
	Jul 23	Budget	\$ Over Budget	Aug 23	Budget	\$ Over Budget	Jul - Aug 23	Budget	\$ Over Budget
Income									
4000 - Income									
4010 - Property Tax Revenues	0	0	0	99,918	0	99,918	99,918	0	99,918
4200 - Interest Income									
4220 - Interest Income (FRF)	95,826	85,000	10,826	122,886	85,000	37,886	218,712	170,000	48,712
9999-1 - Unrealized gain(loss) on invest	129,041	(83,333)	212,374	138,260	(83,333)	221,593	267,301	(166,666)	433,967
Total 4200 - Interest Income	224,867	1,667	223,200	261,146	1,667	259,479	486,013	3,334	482,679
4300 - DHC Recoveries	2,000	2,000	0	2,000	2,000	0	4,000	4,000	0
Total 4000 - Income	226,867	3,667	223,200	363,064	3,667	359,397	589,931	7,334	582,597
4500 - LPMP Income	117,853	116,723	1,130	115,281	116,723	(1,442)	233,134	233,446	(312)
4501 - Miscellaneous Income	0	750	(750)	0	750	(750)	0	1,500	(1,500)
Total Income	344,720	121,140	223,580	478,345	121,140	357,205	823,065	242,280	580,785
Expense									
5000 - Direct Expenses									
5100 - Administration Expense									
5110 - Wages Expense	73,320	131,159	(57,839)	114,099	131,159	(17,060)	187,419	262,318	(74,899)
5111 - Allocation to LPMP - Payroll	(6,539)	(6,539)	0	(6,539)	(6,539)	0	(13,078)	(13,078)	0
5112 - Vacation/Sick/Holiday Expense	20,305	15,000	5,305	13,688	15,000	(1,312)	33,993	30,000	3,993
5114 - Allocation to Foundation	(33,148)	(33,148)	0	(33,148)	(33,148)	0	(66,296)	(66,296)	0
5119 - Allocation-FED FUNDS/CVHIP-DHCF	(19,334)	(17,071)	(2,263)	(18,785)	(17,071)	(1,714)	(38,119)	(34,142)	(3,977)
5120 - Payroll Tax Expense	9,366	10,578	(1,212)	8,326	10,578	(2,252)	17,692	21,156	(3,464)
5130 - Health Insurance Expense									
5131 - Premiums Expense	24,170	22,456	1,714	20,363	22,456	(2,093)	44,533	44,912	(379)
5135 - Reimb./Co-Payments Expense	197	1,950	(1,753)	519	1,950	(1,431)	716	3,900	(3,184)
Total 5130 - Health Insurance Expense	24,367	24,406	(39)	20,882	24,406	(3,524)	45,249	48,812	(3,563)
5140 - Workers Comp. Expense	427	585	(158)	427	585	(158)	854	1,170	(316)
5145 - Retirement Plan Expense	8,847	10,486	(1,639)	9,347	10,486	(1,139)	18,194	20,972	(2,778)
5160 - Education Expense	2,100	8,333	(6,233)	3,800	8,333	(4,533)	5,900	16,666	(10,766)
Total 5100 - Administration Expense	79,711	143,789	(64,078)	112,097	143,789	(31,692)	191,808	287,578	(95,770)
5200 - Board Expenses									
5210 - Healthcare Benefits Expense	1,222	4,188	(2,966)	3,704	4,188	(484)	4,926	8,376	(3,450)
5230 - Meeting Expense	0	3,708	(3,708)	2,850	3,708	(858)	2,850	7,416	(4,566)
5235 - Director Stipend Expense	1,874	3,465	(1,591)	772	3,465	(2,693)	2,646	6,930	(4,284)
5240 - Catering Expense	0	1,000	(1,000)	235	1,000	(765)	235	2,000	(1,765)
5250 - Mileage Reimbursement Expense	20	208	(188)	0	208	(208)	20	416	(396)
5270 - Election Fees Expense	0	0	0	0	0	0	0	0	0
Total 5200 - Board Expenses	3,116	12,569	(9,453)	7,561	12,569	(5,008)	10,677	25,138	(14,461)
Total 5000 - Direct Expenses	82,827	156,358	(73,531)	119,658	156,358	(36,700)	202,485	312,716	(110,231)

Desert Healthcare District
Profit & Loss Budget vs. Actual
 July through August 2023

	MONTH			MONTH			TOTAL		
	Jul 23	Budget	\$ Over Budget	Aug 23	Budget	\$ Over Budget	Jul - Aug 23	Budget	\$ Over Budget
6000 - General & Administrative Exp									
6110 - Payroll fees Expense	194	208	(14)	194	208	(14)	388	416	(28)
6120 - Bank and Investment Fees Exp	5,000	5,200	(200)	5,489	5,200	289	10,489	10,400	89
6125 - Depreciation Expense	1,905	2,000	(95)	1,905	2,000	(95)	3,810	4,000	(190)
6126 - Depreciation-Solar Parking lot	15,072	15,072	0	15,072	15,072	0	30,144	30,144	0
6127 - Depreciation - Autos	3,287	3,287	0	6,383	3,287	3,096	9,670	6,574	3,096
6130 - Dues and Membership Expense	1,647	5,385	(3,738)	1,897	5,385	(3,488)	3,544	10,770	(7,226)
6200 - Insurance Expense	4,133	4,950	(817)	4,133	4,950	(817)	8,266	9,900	(1,634)
6300 - Minor Equipment Expense	0	42	(42)	0	42	(42)	0	84	(84)
6305 - Auto Allowance & Mileage Exp	462	500	(38)	462	500	(38)	924	1,000	(76)
6306 - Staff- Auto Mileage reimb	159	625	(466)	313	625	(312)	472	1,250	(778)
6309 - Personnel Expense	0	375	(375)	0	375	(375)	0	750	(750)
6310 - Miscellaneous Expense	0	42	(42)	0	42	(42)	0	84	(84)
6311 - Cell Phone Expense	573	900	(327)	573	900	(327)	1,146	1,800	(654)
6312 - Wellness Park Expenses	0	83	(83)	0	83	(83)	0	166	(166)
6315 - Security Monitoring Expense	108	50	58	0	50	(50)	108	100	8
6340 - Postage Expense	228	333	(105)	200	333	(133)	428	666	(238)
6350 - Copier Rental/Fees Expense	377	500	(123)	377	500	(123)	754	1,000	(246)
6351 - Travel Expense	2,472	2,500	(28)	2,976	2,500	476	5,448	5,000	448
6352 - Meals & Entertainment Exp	1,500	2,417	(917)	(354)	2,417	(2,771)	1,146	4,834	(3,688)
6355 - Computer Services Expense	2,406	3,083	(677)	2,923	3,083	(160)	5,329	6,166	(837)
6360 - Supplies Expense	240	1,833	(1,593)	489	1,833	(1,344)	729	3,666	(2,937)
6380 - LAFCO Assessment Expense	180	208	(28)	180	208	(28)	360	416	(56)
6400 - East Valley Office	2,278	2,517	(239)	2,869	2,517	352	5,147	5,034	113
Total 6000 - General & Administrative Exp	42,221	52,110	(9,889)	46,081	52,110	(6,029)	88,302	104,220	(15,918)
6325 - CEO Discretionary Fund	5,000	4,167	833	28,500	4,167	24,333	33,500	8,334	25,166
6445 - LPMP Expenses	98,098	104,163	(6,065)	99,862	104,163	(4,301)	197,960	208,326	(10,366)
6500 - Professional Fees Expense									
6516 - Professional Services Expense	22,276	103,038	(80,762)	27,866	103,038	(75,172)	50,142	206,076	(155,934)
6520 - Annual Audit Fee Expense	1,441	1,458	(17)	1,441	1,458	(17)	2,882	2,916	(34)
6530 - PR/Communications/Website	657	20,542	(19,885)	(122)	20,542	(20,664)	535	41,084	(40,549)
6560 - Legal Expense	0	13,000	(13,000)	0	13,000	(13,000)	0	26,000	(26,000)
Total 6500 - Professional Fees Expense	24,374	138,038	(113,664)	29,185	138,038	(108,853)	53,559	276,076	(222,517)
6600 - Mobile Medical Unit	0	0	0	292	0	292	292	0	292
6700 - Trust Expenses									
6720 - Pension Plans Expense									
6721 - Legal Expense	0	167	(167)	0	167	(167)	0	334	(334)
6725 - RPP Pension Expense	5,000	5,000	0	5,000	5,000	0	10,000	10,000	0
6728 - Pension Audit Fee Expense	458	1,375	(917)	458	1,375	(917)	916	2,750	(1,834)
Total 6700 - Trust Expenses	5,458	6,542	(1,084)	5,458	6,542	(1,084)	10,916	13,084	(2,168)
Total Expense Before Grants	257,978	461,378	(203,400)	329,036	461,378	(132,342)	587,014	922,756	(335,742)
7000 - Grants Expense									
7010 - Major Grant Awards Expense	(165,172)	333,333	(498,505)	4,395	333,333	(328,938)	(160,777)	666,666	(827,443)
Net Income	251,914	(673,571)	925,485	144,914	(673,571)	818,485	396,828	(1,347,142)	1,743,970

Las Palmas Medical Plaza
Profit & Loss Budget vs. Actual
July through August 2023

	MONTH			MONTH			TOTAL		
	Jul 23	Budget	\$ Over Budget	Aug 23	Budget	\$ Over Budget	Jul - Aug 23	Budget	\$ Over Budget
Income									
4500 · LPMP Income									
4505 · Rental Income	81,090	93,600	(12,510)	79,337	93,600	(14,263)	160,427	187,200	(26,773)
4510 · CAM Income	36,763	23,040	13,723	35,944	23,040	12,904	72,707	46,080	26,627
4513 · Misc. Income	0	83	(83)	0	83	(83)	0	166	(166)
Total 4500 · LPMP Income	117,853	116,723	1,130	115,281	116,723	(1,442)	233,134	233,446	(312)
Expense									
6445 · LPMP Expenses									
6420 · Insurance Expense	5,568	4,050	1,518	5,568	4,050	1,518	11,136	8,100	3,036
6425 · Building - Depreciation Expense	24,369	27,441	(3,072)	24,401	27,441	(3,040)	48,770	54,882	(6,112)
6426 · Tenant Improvements -Dep Exp	8,900	17,917	(9,017)	8,900	17,917	(9,017)	17,800	35,834	(18,034)
6427 · HVAC Maintenance Expense	2,313	1,333	980	1,233	1,333	(100)	3,546	2,666	880
6428 · Roof Repairs Expense	0	208	(208)	0	208	(208)	0	416	(416)
6431 · Building -Interior Expense	0	625	(625)	13,000	625	12,375	13,000	1,250	11,750
6432 · Plumbing -Interior Expense	3,550	833	2,717	0	833	(833)	3,550	1,666	1,884
6433 · Plumbing -Exterior Expense	0	208	(208)	0	208	(208)	0	416	(416)
6434 · Allocation Internal Prop. Mgmt	6,539	6,539	0	6,539	6,539	0	13,078	13,078	0
6435 · Bank Charges	22	42	(20)	25	42	(17)	47	84	(37)
6437 · Utilities -Vacant Units Expense	0	183	(183)	29	183	(154)	29	366	(337)
6439 · Deferred Maintenance Repairs Ex	5,000	1,833	3,167	0	1,833	(1,833)	5,000	3,666	1,334
6440 · Professional Fees Expense	11,485	11,485	0	11,485	11,485	0	22,970	22,970	0
6441 · Legal Expense	0	83	(83)	0	83	(83)	0	166	(166)
6458 · Elevators - R & M Expense	1,775	1,083	692	267	1,083	(816)	2,042	2,166	(124)
6460 · Exterminating Service Expense	275	1,000	(725)	275	1,000	(725)	550	2,000	(1,450)
6463 · Landscaping Expense	0	917	(917)	5,110	917	4,193	5,110	1,834	3,276
6467 · Lighting Expense	0	417	(417)	0	417	(417)	0	834	(834)
6468 · General Maintenance Expense	0	83	(83)	0	83	(83)	0	166	(166)
6471 · Marketing-Advertising	0	1,250	(1,250)	0	1,250	(1,250)	0	2,500	(2,500)
6475 · Property Taxes Expense	6,650	6,650	0	6,227	6,650	(423)	12,877	13,300	(423)
6476 · Signage Expense	0	625	(625)	0	625	(625)	0	1,250	(1,250)
6480 · Rubbish Removal Medical Waste E	1,293	1,500	(207)	0	1,500	(1,500)	1,293	3,000	(1,707)
6481 · Rubbish Removal Expense	2,845	2,900	(55)	2,845	2,900	(55)	5,690	5,800	(110)
6482 · Utilities/Electricity/Exterior	439	625	(186)	1,071	625	446	1,510	1,250	260
6484 · Utilities - Water (Exterior)	920	833	87	915	833	82	1,835	1,666	169
6485 · Security Expenses	12,405	13,333	(928)	11,955	13,333	(1,378)	24,360	26,666	(2,306)
6490 · Miscellaneous Expense	3,750	167	3,583	17	167	(150)	3,767	334	3,433
Total 6445 · LPMP Expenses	98,098	104,163	(6,065)	99,862	104,163	(4,301)	197,960	208,326	(10,366)
Net Income	19,755	12,560	7,195	15,419	12,560	2,859	35,174	25,120	10,054

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of August 31, 2023

			Aug 31, 23	Aug 31, 22
ASSETS				
Current Assets				
Checking/Savings				
	1000	CHECKING CASH ACCOUNTS	1,108,822	453,578
	1100	INVESTMENT ACCOUNTS	65,301,167	62,412,412
Total Checking/Savings			66,409,989	62,865,990
Total Accounts Receivable			82,579	68,375
Other Current Assets				
	1204.1	Rent Receivable-Deferred COVID	32,434	86,584
	1270	Prepaid Insurance -Ongoing	97,010	86,303
	1279	Pre-Paid Fees	39,005	31,085
Total Other Current Assets			168,449	203,972
Total Current Assets			66,661,017	63,138,337
Fixed Assets				
	1300	FIXED ASSETS	5,258,141	4,997,847
	1335-00	ACC DEPR	(2,656,630)	(2,403,992)
	1400	LPMP Assets	6,805,157	7,131,913
Total Fixed Assets			9,406,668	9,725,768
Other Assets				
	1700	OTHER ASSETS	3,728,380	3,529,745
TOTAL ASSETS			79,796,065	76,393,850

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of August 31, 2023

				Aug 31, 23	Aug 31, 22
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
2000 · Accounts Payable				82,666	56,370
2001 · LPMP Accounts Payable				3,760	12,032
Total Accounts Payable				86,426	68,402
Other Current Liabilities					
2002 · LPMP Property Taxes				13,300	12,500
2003 · Prepaid Rents				1,664	0
2131 · Grant Awards Payable				4,952,549	4,721,975
2133 · Accrued Accounts Payable				179,550	129,550
2141 · Accrued Vacation Time				101,352	85,736
2188 · Current Portion - LTD				1,234	12,336
2190 · Investment Fees Payable				9,048	10,000
Total Other Current Liabilities				5,258,697	4,972,097
Total Current Liabilities				5,345,123	5,040,499
Long Term Liabilities					
2171 · RPP-Deferred Inflows-Resources				564,584	492,802
2280 · Long-Term Disability				0	2,981
2281 · Grants Payable - Long-term				2,475,000	3,520,000
2290 · LPMP Security Deposits				57,493	64,960
Total Long Term Liabilities				3,097,077	4,080,743
Total Liabilities				8,442,200	9,121,242
Equity					
3900 · *Retained Earnings				70,957,033	67,758,461
Net Income				396,828	(485,853)
Total Equity				71,353,861	67,272,608
TOTAL LIABILITIES & EQUITY				79,796,065	76,393,850

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of August 31, 2023

			Aug 31, 23	Aug 31, 22
ASSETS				
Current Assets				
Checking/Savings				
1000 · CHECKING CASH ACCOUNTS				
		1012 · Union Bank Operating - 9356	0	309,421
		1016 · US Bank Operating - 5018	810,650	0
		1044 · Las Palmas Medical Plaza - 1241	297,672	0
		1046 · Las Palmas Medical Plaza	0	143,657
		1047 · Petty Cash	500	500
Total 1000 · CHECKING CASH ACCOUNTS			1,108,822	453,578
1100 · INVESTMENT ACCOUNTS				
		1130 · Facility Replacement Fund	67,505,224	64,626,530
		1135 · Unrealized Gain(Loss) FRF	(2,204,057)	(2,214,118)
Total 1100 · INVESTMENT ACCOUNTS			65,301,167	62,412,412
Total Checking/Savings			66,409,989	62,865,990
Accounts Receivable				
1201 · Accounts Receivable				
		1204 · LPMP Accounts Receivable	(22,039)	(23,374)
		1205 · Misc. Accounts Receivable	0	1,500
		1211 · A-R Foundation - Exp Allocation	104,618	90,249
Total 1201 · Accounts Receivable			82,579	68,375
Total Accounts Receivable			82,579	68,375
Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID	32,434	86,584
		1270 · Prepaid Insurance -Ongoing	97,010	86,303
		1279 · Pre-Paid Fees	39,005	31,085
Total Other Current Assets			168,449	203,972
Total Current Assets			66,661,017	63,138,337
Fixed Assets				
1300 · FIXED ASSETS				
		1310 · Computer Equipment	96,917	90,568
		1320 · Furniture and Fixtures	55,099	33,254
		1321 · Mobile Medical Unit	356,225	124,125
		1322 · Tenant Improvement - RAP #G100	32,794	32,794
		1325 · Offsite Improvements	300,849	300,849
		1331 · DRMC - Parking lot	4,416,257	4,416,257
Total 1300 · FIXED ASSETS			5,258,141	4,997,847

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of August 31, 2023

		Aug 31, 23	Aug 31, 22
	1335-00 · ACC DEPR		
	1335 · Accumulated Depreciation	(237,313)	(220,768)
	1337 · Accum Deprec- Solar Parking Lot	(2,170,540)	(1,989,675)
	1338 · Accum Deprec - LPMP Parking Lot	(216,099)	(193,549)
	1339 · Accum Deprec - Autos	(32,678)	0
	Total 1335-00 · ACC DEPR	(2,656,630)	(2,403,992)
	1400 · LPMP Assets		
	1401 · Building	8,705,680	8,705,680
	1402 · Land	2,165,300	2,165,300
	1403 · Tenant Improvements -New	2,309,146	2,271,406
	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	544,458	452,214
	1406 · Building Improvements - Other	2,155,288	2,153,527
	Total 1406 · Building Improvements	3,376,230	3,282,225
	1407 · Building Equipment Improvements	444,268	444,268
	1409 · Accumulated Depreciation		
	1410 · Accum. Depreciation	(8,190,329)	(7,919,562)
	1412 · T I Accumulated Dep.-New	(2,134,688)	(1,946,954)
	Total 1409 · Accumulated Depreciation	(10,325,017)	(9,866,516)
	Total 1400 · LPMP Assets	6,805,157	7,131,913
	Total Fixed Assets	9,406,668	9,725,768
	Other Assets		
	1700 · OTHER ASSETS		
	1731 · Wellness Park	1,693,800	1,693,800
	1740 · RPP-Deferred Outflows-Resources	587,440	836,699
	1742 · RPP - Net Pension Asset	1,447,140	999,246
	Total Other Assets	3,728,380	3,529,745
	TOTAL ASSETS	79,796,065	76,393,850

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of August 31, 2023

			Aug 31, 23	Aug 31, 22
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
		2000 · Accounts Payable	82,666	56,370
		2001 · LPMP Accounts Payable	3,760	12,032
		Total Accounts Payable	86,426	68,402
Other Current Liabilities				
		2002 · LPMP Property Taxes	13,300	12,500
		2003 · Prepaid Rents	1,664	0
		2131 · Grant Awards Payable	4,952,549	4,721,975
		2133 · Accrued Accounts Payable	179,550	129,550
		2141 · Accrued Vacation Time	101,352	85,736
		2188 · Current Portion - LTD	1,234	12,336
		2190 · Investment Fees Payable	9,048	10,000
		Total Other Current Liabilities	5,258,697	4,972,097
		Total Current Liabilities	5,345,123	5,040,499
Long Term Liabilities				
		2171 · RPP-Deferred Inflows-Resources	564,584	492,802
		2280 · Long-Term Disability	0	2,981
		2281 · Grants Payable - Long-term	2,475,000	3,520,000
		2290 · LPMP Security Deposits	57,493	64,960
		Total Long Term Liabilities	3,097,077	4,080,743
		Total Liabilities	8,442,200	9,121,242
Equity				
		3900 · *Retained Earnings	70,957,033	67,758,461
		Net Income	396,828	(485,853)
		Total Equity	71,353,861	67,272,608
TOTAL LIABILITIES & EQUITY			79,796,065	76,393,850

Desert Healthcare District
A/R Aging Summary
As of August 31, 2023

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Aijaz Hashmi, M.D., Inc.	0	(3,226)	0	0	0	(3,226)	Prepaid
Desert Healthcare Foundation-	52,333	(333)	52,882	(264)	0	104,618	Due from Foundation
Desert Oasis Healthcare	0	(2,701)	0	0	0	(2,701)	Prepaid
Laboratory Corporation of America	0	(5,522)	0	0	0	(5,522)	Prepaid
Quest Diagnostics Incorporated	0	(4,478)	0	0	0	(4,478)	Prepaid
Steven Gundry, M.D.	0	(6,113)	0	0	0	(6,113)	Prepaid
TOTAL	52,333	(22,373)	52,882	(264)	0	82,578	

Desert Healthcare District
Deposit Detail
July through August 2023

Type	Date	Name	Amount
Deposit	07/10/2023		253,538
		Principal Financial Group	(287)
TOTAL			(287)
Deposit	07/21/2023		67,753
		Riverside County Treasurer - Property Tax	(67,753)
TOTAL			(67,753)
Deposit	07/25/2023		2,400
		Riverside County Treasurer - Property Tax	(2,400)
TOTAL			(2,400)
Deposit	08/02/2023		2,000
		T-Mobile - Cell Tower Lease	(2,000)
TOTAL			(2,000)
Deposit	08/02/2023		132,455
		Riverside County Treasurer - Property Tax	(132,394)
		Riverside County Treasurer - Property Tax	(61)
TOTAL			(132,455)
Deposit	08/07/2023		54
		The Write Translator	(54)
TOTAL			(54)
Deposit	08/08/2023		21,662
		Riverside County Treasurer - Property Tax	(21,663)
		Riverside County Treasurer - Property Tax	1
TOTAL			(21,662)

Desert Healthcare District
Deposit Detail
July through August 2023

Type	Date	Name	Amount
Deposit	08/09/2023		12,631
		Riverside County Treasurer - Property Tax	(12,631)
TOTAL			(12,631)
Deposit	08/11/2023		617
		Riverside County Treasurer - Property Tax	(136)
		Riverside County Treasurer - Property Tax	(481)
TOTAL			(617)
Deposit	08/14/2023		13,277
		Riverside County Treasurer - Property Tax	(13,277)
TOTAL			(13,277)
Deposit	08/29/2023		689
		Jana A Trew - Shirt Reimbursement	(177)
		Carmina Zavala - NALEO Conference Reimbursement	(120)
		Carmina Zavala - NALEO Conference Reimbursement	247
		Carmina Zavala - NALEO Conference Reimbursement	(285)
		Carmina Zavala - NALEO Conference Reimbursement	(354)
TOTAL			(689)
		TOTAL	507,076

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2023 - 2024										
RECEIPTS - TWO MONTHS ENDED AUGUST 31, 2023										
	FY 2022-2023 Projected/Actual					FY 2023-2024 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	0.0%	\$ -	0.0%	\$ 3,676	\$ 3,676	0.0%	\$ -	0.8%	\$ 70,152	\$ 70,152
Aug	0.0%	\$ -	2.2%	\$ 175,271	\$ 175,271	0.0%	\$ -	2.0%	\$ 180,642	\$ 180,642
Sep	0.0%	\$ -	0.0%	\$ 3,382	\$ 3,382	0.0%	\$ -	0.0%		
Oct	2.6%	\$ 208,624	0.0%	\$ -	\$ (208,624)	2.6%	\$ 229,840	0.0%		
Nov	0.4%	\$ 32,096	2.5%	\$ 198,217	\$ 166,121	0.4%	\$ 35,360	0.0%		
Dec	16.9%	\$ 1,356,056	18.2%	\$ 1,458,481	\$ 102,425	16.9%	\$ 1,493,960	0.0%		
Jan	31.9%	\$ 2,559,656	40.6%	\$ 3,259,483	\$ 699,827	31.9%	\$ 2,819,960	0.0%		
Feb	0.0%	\$ -	0.6%	\$ 46,002	\$ 46,002	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 24,072	1.1%	\$ 84,592	\$ 60,520	0.3%	\$ 26,520	0.0%		
Apr	5.5%	\$ 441,320	6.4%	\$ 510,192	\$ 68,872	5.5%	\$ 486,200	0.0%		
May	19.9%	\$ 1,596,776	48.4%	\$ 3,883,733	\$ 2,286,957	19.9%	\$ 1,759,160	0.0%		
June	22.5%	\$ 1,805,400	0.1%	\$ 5,841	\$ (1,799,559)	22.5%	\$ 1,989,000	0.0%		
Total	100%	\$ 8,024,000	120.0%	\$ 9,628,870	\$ 1,604,870	100.00%	\$ 8,840,000	2.8%	\$ 250,794	\$ 250,794

**Las Palmas Medical Plaza
Deposit Detail - LPMP
July through August 2023**

Type	Date	Name	Amount
Deposit	07/05/2023		7,053
Payment	07/05/2023	EyeCare Services Partners Management LLC	(7,053)
TOTAL			(7,053)
Deposit	07/07/2023		16,481
Payment	07/05/2023	Brad A. Wolfson, M.D.	(3,844)
Payment	07/05/2023	Cohen Musch Thomas Medical Group	(5,079)
Payment	07/05/2023	Palmtree Clinical Research	(7,558)
TOTAL			(16,481)
Deposit	07/10/2023		9,674
Payment	07/10/2023	Coachella Valley Volunteers in Medicine-	(3,264)
Payment	07/10/2023	WestPac Labs, Inc.	(2,867)
Payment	07/10/2023	Peter Jamieson, M.D.	(3,543)
TOTAL			(9,674)
Deposit	07/10/2023		2,609
Payment	07/10/2023	Pathway Pharmaceuticals, Inc.	(2,609)
TOTAL			(2,609)
Deposit	07/10/2023		4,139
Payment	07/10/2023	Desert Family Medical Center	(4,139)
TOTAL			(4,139)
Deposit	07/18/2023		6,908
Payment	07/18/2023	Tenet HealthSystem Desert, Inc	(6,908)
TOTAL			(6,908)

**Las Palmas Medical Plaza
Deposit Detail - LPMP
July through August 2023**

Type	Date	Name	Amount
Deposit	07/19/2023		3,357
Payment	07/18/2023	Cure Cardiovascular Consultants	(3,357)
TOTAL			(3,357)
Deposit	07/20/2023		3,226
Payment	07/20/2023	Aijaz Hashmi, M.D., Inc.	(3,226)
TOTAL			(3,226)
Deposit	07/25/2023		6,113
Payment	07/25/2023	Steven Gundry, M.D.	(6,113)
TOTAL			(6,113)
Deposit	07/26/2023		4,478
Payment	07/26/2023	Quest Diagnostics Incorporated	(4,478)
TOTAL			(4,478)
Deposit	07/31/2023		8,223
Payment	07/31/2023	Laboratory Corporation of America	(5,522)
Payment	07/31/2023	Desert Oasis Healthcare	(2,701)
TOTAL			(8,223)
Deposit	08/02/2023		48,892
Payment	08/02/2023	Desert Regional Medical Center	(6,061)
Payment	08/02/2023	Tenet HealthSystem Desert, Inc.	(35,778)
Payment	08/02/2023	EyeCare Services Partners Management LLC	(7,053)
TOTAL			(48,892)

Las Palmas Medical Plaza
Deposit Detail - LPMP
 July through August 2023

Type	Date	Name	Amount
Deposit	08/02/2023		423
		Riverside County Treasurer-	(423)
TOTAL			(423)
Deposit	08/07/2023		3,784
Payment	08/07/2023	Ramy Awad, M.D.	(3,784)
TOTAL			(3,784)
Deposit	08/08/2023		15,536
Payment	08/08/2023	Pathway Pharmaceuticals, Inc.	(2,639)
Payment	08/08/2023	Global Premier Fertility	(9,355)
Payment	08/08/2023	Peter Jamieson, M.D.	(3,543)
TOTAL			(15,537)
Deposit	08/08/2023		12,369
Payment	08/07/2023	Brad A. Wolfson, M.D.	(3,844)
Payment	08/07/2023	Cohen Musch Thomas Medical Group	(5,079)
Payment	08/07/2023	Cure Cardiovascular Consultants	(3,446)
TOTAL			(12,369)
Deposit	08/09/2023		7,558
Payment	08/08/2023	Palmtree Clinical Research	(7,558)
TOTAL			(7,558)
Deposit	08/11/2023		4,139
Payment	08/11/2023	Desert Family Medical Center	(4,139)
TOTAL			(4,139)

**Las Palmas Medical Plaza
Deposit Detail - LPMP
July through August 2023**

Type	Date	Name	Amount
Deposit	08/21/2023		3,264
Payment	08/21/2023	Coachella Valley Volunteers in Medicine-	(3,264)
TOTAL			(3,264)
Deposit	08/24/2023		3,226
Payment	08/24/2023	Aijaz Hashmi, M.D., Inc.	(3,226)
TOTAL			(3,226)
Deposit	08/25/2023		4,478
Payment	08/25/2023	Quest Diagnostics Incorporated	(4,478)
TOTAL			(4,478)
Deposit	08/29/2023		57,560
Payment	08/29/2023	Steven Gundry, M.D.	(6,113)
Payment	08/29/2023	Desert Oasis Healthcare	(2,701)
Payment	08/29/2023	Desert Regional Medical Center	(6,061)
Payment	08/29/2023	Tenet HealthSystem Desert, Inc.	(35,778)
Payment	08/29/2023	Tenet HealthSystem Desert, Inc	(6,908)
TOTAL			(57,561)
Deposit	08/29/2023		9,976
Payment	08/29/2023	Laboratory Corporation of America	(5,522)
Payment	08/29/2023	Global Premier Fertility	(4,455)
TOTAL			(9,977)
Deposit	08/29/2023		84
Payment	08/28/2023	Brad A. Wolfson, M.D.	(84)
TOTAL			(84)
		TOTAL	243,550

Desert Healthcare District
Check Register
As of August 31, 2023

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1016 - US Bank Operating - 5018				
Bill Pmt -Check	07/05/2023	1755	Alejandro Espinoza Santacruz - Expense Reimbursement	(2,138)
Bill Pmt -Check	07/05/2023	1756	Carmina Zavala - NALEO Conference Advance	(1,470)
Bill Pmt -Check	07/05/2023	1757	Evet PerezGil - NALEO Conference Advance	(1,470)
Bill Pmt -Check	07/05/2023	1758	Jana Trew - Expense Reimbursement	(69)
Bill Pmt -Check	07/05/2023	1759	Regional Access Project Foundation	(2,000)
Bill Pmt -Check	07/05/2023	1760	So.Cal Computer Shop	(810)
Bill Pmt -Check	07/05/2023	1761	Spectrum (Time Warner)	(327)
Bill Pmt -Check	07/05/2023	1762	TWC Consulting LLC	(6,833)
Bill Pmt -Check	07/05/2023	1763	Underground Service Alert of Southern Cal	(9)
Bill Pmt -Check	07/05/2023	1764	Verizon Wireless	(666)
Bill Pmt -Check	07/05/2023	1765	Desert Healthcare Foundation - Grant Payment	(750,000)
Bill Pmt -Check	07/05/2023	1766	ABC Recovery Center, Inc. - Grant Payment	(74,826)
Liability Check	07/07/2023		QuickBooks Payroll Service	(555)
Liability Check	07/07/2023		QuickBooks Payroll Service	(59,675)
Check	07/07/2023	Auto Pay	Calif. Public Employees' Retirement System	(17,726)
Bill Pmt -Check	07/10/2023	1767	Boyd & Associates	(108)
Bill Pmt -Check	07/10/2023	1768	California Consulting	(4,250)
Bill Pmt -Check	07/10/2023	1769	County of Riverside Auditor-Controller	(2,160)
Bill Pmt -Check	07/10/2023	1770	Jewish Family Service of the Desert - Grant Payment	(36,000)
Bill Pmt -Check	07/10/2023	1771	Leticia De Lara - Stipend	(551)
Bill Pmt -Check	07/10/2023	1772	Magdalena Cleaning Services	(200)
Bill Pmt -Check	07/10/2023	1773	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	07/10/2023	1774	Staples Credit Plan	(504)
Bill Pmt -Check	07/10/2023	1775	State Compensation Insurance Fund	(427)
Bill Pmt -Check	07/10/2023	1776	Theresa A. Mike Scholarship Foundation - Grant Payment	(10,000)
Bill Pmt -Check	07/10/2023	1777	Word of Life Fellowship Center - Grant Payment	(10,000)
Bill Pmt -Check	07/10/2023	1778	Xerox Financial Services	(377)
Bill Pmt -Check	07/10/2023	1779	So.Cal Computer Shop	(540)
Bill Pmt -Check	07/12/2023	1780	Donna Den Bleyker - Expense Reimbursement	(84)
Bill Pmt -Check	07/12/2023	1781	Erica Huskey - Health Premium Reimbursement	(1,957)
Bill Pmt -Check	07/12/2023	1782	Magdalena Martinez - HR Consulting Services	(1,882)
Bill Pmt -Check	07/12/2023	1783	Rogers, Carole - Stipend/Expense Reimbursement	(648)
Bill Pmt -Check	07/17/2023	1784	Department of Motor Vehicles	(21,161)
Bill Pmt -Check	07/17/2023	1785	LoopUp LLC	(24)
Bill Pmt -Check	07/17/2023	1786	Peak Grantmaking	(2,100)
Bill Pmt -Check	07/18/2023	1787	U.S. Bank	(4,269)
Bill Pmt -Check	07/18/2023	1788	U.S. Bank	(5,627)

Desert Healthcare District
Check Register
As of August 31, 2023

Type	Date	Num	Name	Amount
Bill Pmt -Check	07/20/2023	1789	Arthur Shorr - Stipend	(221)
Bill Pmt -Check	07/20/2023	1790	Blackbaud, Inc.	(490)
Bill Pmt -Check	07/20/2023	1791	Chamber Directory Services	(199)
Bill Pmt -Check	07/20/2023	1792	CoPower Employers' Benefits Alliance	(1,750)
Bill Pmt -Check	07/20/2023	1793	Spectrum (Time Warner)	(327)
Bill Pmt -Check	07/20/2023	1794	The Desert Sun	(2,470)
Bill Pmt -Check	07/20/2023	1795	The Write Translator	(160)
Liability Check	07/21/2023		QuickBooks Payroll Service	(225)
Liability Check	07/21/2023		QuickBooks Payroll Service	(59,034)
Bill Pmt -Check	07/25/2023	1796	Angel View Inc. - Grant Payment	(7,680)
Bill Pmt -Check	07/25/2023	1797	Carmina Zavala - Stipend	(662)
Bill Pmt -Check	07/25/2023	1798	DAP Health - Grant Payment	(230,800)
Bill Pmt -Check	07/25/2023	1799	Desert Arc - Grant Payment	(10,275)
Bill Pmt -Check	07/25/2023	1800	Frazier Pest Control, Inc.	(33)
Bill Pmt -Check	07/25/2023	1801	Palm Springs Historical Society	(70)
Bill Pmt -Check	07/25/2023	1802	Regional Access Project Foundation	(479)
Bill Pmt -Check	07/25/2023	1803	Blood Bank of San Bernardino - Grant Payment	(63,000)
Bill Pmt -Check	07/25/2023	1804	DAP Health - Grant Payment	(7,659)
Bill Pmt -Check	07/27/2023	ACH 073123	Law Offices of Scott & Jackson	(15,930)
Bill Pmt -Check	07/31/2023	1805	Kimberly Barraza - Stipend/Expense Reimbursement	(2,465)
Bill Pmt -Check	07/31/2023	1806	Magdalena Cleaning Services	(200)
Bill Pmt -Check	07/31/2023	1807	Magnum Mobile	(137,850)
Bill Pmt -Check	07/31/2023	1808	Pitney Bowes Global Financial Services	(228)
Bill Pmt -Check	07/31/2023	1809	Principal Life Insurance Co.	(2,082)
Bill Pmt -Check	07/31/2023	1810	Ready Refresh	(55)
Bill Pmt -Check	07/31/2023	1811	Strategies 360, Inc.	(9,705)
Bill Pmt -Check	07/31/2023	1812	Verizon Wireless	(667)
Bill Pmt -Check	07/31/2023	1813	Zendle, Les - Stipend/Expense Reimbursement	(240)
Bill Pmt -Check	07/31/2023	1814	Leticia De Lara - Stipend	(441)
Check	07/31/2023	Auto Pay	Principal Financial Group-	(726)
Check	07/31/2023	Auto Pay	Principal Financial Group-	(1,054)
Bill Pmt -Check	08/01/2023	1815	So.Cal Computer Shop	(810)
Bill Pmt -Check	08/01/2023	1816	Palm Springs Chamber of Commerce	(250)
Bill Pmt -Check	08/01/2023	1817	TWC Consulting LLC	(6,833)
Bill Pmt -Check	08/02/2023	1818	Visual Edge IT (Image Source)	(434)
Bill Pmt -Check	08/03/2023	1819	Boys & Girls Club of Coachella Valley - Grant Payment	(10,000)
Bill Pmt -Check	08/03/2023	1820	Jana Trew - Expense Reimbursement	(159)
Bill Pmt -Check	08/03/2023	1821	Top Shop	(228)
Liability Check	08/04/2023		QuickBooks Payroll Service	(334)

Desert Healthcare District
Check Register
As of August 31, 2023

Type	Date	Num	Name	Amount
Liability Check	08/04/2023		QuickBooks Payroll Service	(50,406)
Liability Check	08/04/2023		QuickBooks Payroll Service	(9,700)
Bill Pmt -Check	08/07/2023	1822	California Consulting	(4,250)
Bill Pmt -Check	08/08/2023	1823	Calif. State University,San Bernardino - Grant Payment	(33,040)
Bill Pmt -Check	08/08/2023	1824	Step Up on Second Street, Inc. - Grant Payment	(28,980)
Bill Pmt -Check	08/08/2023	1825	Evelt PerezGil - Stipend	(551)
Bill Pmt -Check	08/10/2023	1826	Evelt PerezGil - Health Premium Reimbursement	(2,483)
Bill Pmt -Check	08/10/2023	1827	LoopUp LLC	(24)
Bill Pmt -Check	08/10/2023	1828	State Compensation Insurance Fund	(427)
Bill Pmt -Check	08/10/2023	1829	Xerox Financial Services	(377)
Check	08/14/2023		Bank Service Charge	(471)
Bill Pmt -Check	08/15/2023	1830	Blood Bank of San Bernardino	(3,500)
Bill Pmt -Check	08/15/2023	1831	California Forward	(5,000)
Bill Pmt -Check	08/15/2023	1832	Coachella Valley Volunteers in Medicine	(5,000)
Bill Pmt -Check	08/15/2023	1833	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	08/15/2023	1834	Purchase Power	(200)
Bill Pmt -Check	08/15/2023	1835	Regents of the University of CA, Riverside - Grant Payment	(5,747)
Bill Pmt -Check	08/15/2023	1836	CoPower Employers' Benefits Alliance	(1,750)
Bill Pmt -Check	08/15/2023	1837	Steven Hollis - Consulting Services	(6,750)
Bill Pmt -Check	08/15/2023	1838	U.S. Bank	(5,711)
Bill Pmt -Check	08/16/2023	1839	U.S. Bank	(9,769)
Bill Pmt -Check	08/16/2023	1840	Carmina Zavala - Stipend	(221)
Bill Pmt -Check	08/16/2023	1841	Spectrum (Time Warner)	(327)
Liability Check	08/18/2023		QuickBooks Payroll Service	(225)
Liability Check	08/18/2023		QuickBooks Payroll Service	(63,888)
Bill Pmt -Check	08/18/2023	1842	Principal Life Insurance Co.	(2,110)
Bill Pmt -Check	08/18/2023	1843	UC Riverside Foundation	(10,000)
Bill Pmt -Check	08/23/2023	1844	Eric Taylor - Expense Reimbursement	(59)
Bill Pmt -Check	08/23/2023	1845	Regional Access Project Foundation	(4,591)
Bill Pmt -Check	08/23/2023	1846	Shred-It	(379)
Check	08/23/2023	Auto Pay	Calif. Public Employees'Retirement System	(17,743)
Bill Pmt -Check	08/29/2023	1847	Frazier Pest Control, Inc.	(33)
Bill Pmt -Check	08/29/2023	1848	Ready Refresh	(55)
Bill Pmt -Check	08/29/2023	1849	Strategies 360, Inc.	(9,500)
Bill Pmt -Check	08/29/2023	1850	Sergio Rodriguez - Expense Reimbursement	(148)
Bill Pmt -Check	08/29/2023	1851	Verizon Wireless	(667)
TOTAL				(1,882,750)

Desert Healthcare District						
Details for Credit Card Expenditures						
Credit card purchases - June 2023 - Paid July 2023						
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	Expenses	Amount	Purpose	Description
		\$ 9,896.33				
Chris' Statement:						
2023	June	\$ 5,627.30	District			
			GL	Dollar		Description
			6352	\$ 227.58		Sherman's Deli - food for staff development meeting - June 6, 2023
			5230	\$ 125.00		Inland Empire Community Foundation Policy & Engagement Forum - August 9-10, 2023, Director De Lara
			6351	\$ 724.39		Airfare for NALEO Conference - New York City, NY - July 10-14, 2023 - Vice-President Zavala
			6351	\$ 705.40		Airfare for NALEO Conference - New York City, NY - July 10-14, 2023 - President PerezGil
			6355	\$ 254.94		Zoom Videoconference/Webinar Expense
			6355	\$ 900.00		Survey Monkey - annual team subscription
			6355	\$ 78.00		Microsoft Office subscription
			6352	\$ 377.63		Aspen Mills - food for staff development meeting - June 21, 2023
			6355	\$ 2,208.00		DocuSign annual subscription
			6360	\$ 26.36		Staples - replacement petty cash box
				\$ 5,627.30		
Conrado's Statement:						
2023	June	\$ 4,269.03	District			
			GL	Dollar		Description
			6355	\$ (106.85)		DocuSign credit applied
			6352	\$ 62.29		Spencer's Meeting - Director Zendle, Conrado Bárzaga
			5230	\$ 150.00		2023 CVAG General Assembly - June 26, 2023 - President PerezGil, Director Barraza
			5160	\$ 75.00		2023 CVAG General Assembly - June 26, 2023 - Conrado Bárzaga
			6351	\$ 50.50		Transportation Plus - Travel for Grantmakers In Health Conference - Minneapolis, MN - Conrado Bárzaga
			6351	\$ 724.39		Airfare for NALEO Conference - New York City, NY - July 10-14, 2023 - Director De Lara
			6352	\$ 198.77		The Capital Grille Meeting - Grantmakers in Health Conference - Minneapolis, MN - Conrado Bárzaga, Deanna Hendrick (IEHP Foundation)
			6351	\$ 12.94		Uber - Travel for Grantmakers In Health Conference - Minneapolis, MN - Conrado Bárzaga
			6352	\$ 45.00		FIKA - Food for Grantmakers in Health Conference - Minneapolis, MN - Conrado Bárzaga
			6352	\$ 21.92		Lake Wine Kitchen & Bar - Food for Grantmakers in Health Conference - Minneapolis, MN - Conrado Bárzaga
			6351	\$ 7.84		Uber - Travel for Grantmakers In Health Conference - Minneapolis, MN - Conrado Bárzaga
			6351	\$ 879.13		W Hotels - Lodging for Grantmakers In Health Conference - Minneapolis, MN - June 6-9, 2023 - Conrado Bárzaga
			6352	\$ 351.88		W Hotels - Food for Grantmakers In Health Conference - Minneapolis, MN - June 6-9, 2023 - Conrado Bárzaga
			6351	\$ 72.22		Uber - Travel for Grantmakers In Health Conference - Minneapolis, MN - Conrado Bárzaga
			6352	\$ 15.15		Zinburger - Food for Grantmakers in Health Conference - Minneapolis, MN - Conrado Bárzaga
			5160	\$ 150.00		NACHW Annual meeting and Unity Conference - Austin, TX - August 3-5, 2023 - Conrado Bárzaga
			6352	\$ 55.32		Loco Charlies Mexican Grill Meeting - President PerezGil, Conrado Bárzaga
			6351	\$ 686.40		Airfare for NACHW Annual meeting and Unity Conference - Austin, TX - August 3-5, 2023 - Conrado Bárzaga
			6352	\$ 106.70		Joy Meeting - Conrado Bárzaga, Director Barraza
			6352	\$ 91.13		Mariscos Guamuchil - Food for site visit to Alianza Nacional De Campesinas - Conrado Bárzaga
			6352	\$ 56.34		Sherman's Deli Meeting - Director De Lara, Conrado Bárzaga
			5240	\$ 202.40		Pueblo Viejo Grill - food for Board meeting on 6/27/2023
			6352	\$ 360.56		Reforma Meeting - Conrado Bárzaga, Alejandro Espinoza Santacruz, Dr. Tae Kim, & Dr. Gemma Kim
				\$ 4,269.03		

Desert Healthcare District						
Details for Credit Card Expenditures						
Credit card purchases - July 2023 - Paid August 2023						
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	Description
			\$ 15,479.54	Chris' Statement:		
2023	July		\$ 5,710.98	District		
				GL	Dollar	Description
				6360	\$ 38.75	Staples - supplies
				6360	\$ 166.84	Staples - supplies
				6360	\$ 41.49	Staples - supplies for RAP office
				6605	\$ 175.00	Dean Mofidi Insurance - title transfer service for mobile medical unit
				6605	\$ 103.00	PS Smog - smog for mobile medical unit title transfer
				6605	\$ 13.50	Pilot - scale use fee for mobile medical unit title transfer
				6355	\$ 64.42	Adobe - Creative Cloud subscription
				6355	\$ 78.00	Microsoft Office subscription
				6325	\$ 5,000.00	Planned Parenthood contribution to 60th Anniversary Cocktail Reception - September 23, 2023
				6530	\$ 14.99	Desert Sun subscription - marketing
				6530	\$ 14.99	Desert Sun subscription - marketing
					\$ 5,710.98	
Conrado's Statement:						
2023	July		\$ 9,768.56	District		
				GL	Dollar	Description
				6351	\$ 247.90	The Mission Inn - Lodging for IECF Annual Policy Engagment Forum - Riverside, CA - August 8-10, 2023 - Director De Lara
				6355	\$ 144.00	Grammarly Annual Subscription
				6351	\$ 807.97	Hotels.com - Lodging due to cancelled return flight from NALEO Conference - New York, NY - July 14-16, 2023 - Director Barraza
				5230	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Director Rogers
				5160	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Jana Trew
				5230	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Director De Lara
				5160	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Alejandro Espinoza Santacruz
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 12-15, 2023 - Director Rogers
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 12-15, 2023 - Jana Trew
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 12-15, 2023 - Director De Lara
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 12-15, 2023 - Alejandro Espinoza Santacruz
				5160	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Conrado Bárzaga
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 11-15, 2023 - Conrado Bárzaga
				5240	\$ 234.97	Jensen's - food for Board Meeting on 7/25/2023
				5230	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Vice-President Zavala
				6351	\$ 280.62	Hyatt Hotels - Lodging for ACHD 71st Annual Meeting - September 12-15, 2023 - Vice-President Zavala
				5160	\$ 950.00	ACHD 71st Annual Meeting - Olympic Valley, CA - September 13-15, 2023 - Will Dean
					\$ 9,768.56	

**Las Palmas Medical Plaza
Check Register - LPMP
As of August 31, 2023**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1044 - Las Palmas Medical Plaza - 1241				
Bill Pmt -Check	07/05/2023	10759	Amtech Elevator Services	(1,507)
Bill Pmt -Check	07/10/2023	10760	Best Signs, Inc.	(478)
Bill Pmt -Check	07/10/2023	10761	Desert Water Agency	(662)
Bill Pmt -Check	07/10/2023	10762	Palm Springs Disposal Services Inc	(2,651)
Bill Pmt -Check	07/18/2023	10763	Desert Air Conditioning Inc.	(2,249)
Bill Pmt -Check	07/18/2023	10764	Frazier Pest Control, Inc.	(275)
Bill Pmt -Check	07/18/2023	10765	So.Cal Computer Shop	(1,761)
Bill Pmt -Check	07/20/2023	10766	Frontier Communications	(267)
Bill Pmt -Check	07/20/2023	10767	Southern California Edison	(838)
Bill Pmt -Check	07/20/2023	10768	Stericycle, Inc.	(1,147)
Bill Pmt -Check	07/20/2023	10769	Aijaz Hashmi, MD - Tenant Improvement Allowance Reimbursement	(180)
Check	07/20/2023		Bank Service Charge	(569)
Bill Pmt -Check	07/25/2023	10770	INPRO Environmental Management Services	(57,834)
Bill Pmt -Check	07/25/2023	10771	INPRO Environmental Management Services	(20,035)
Bill Pmt -Check	07/31/2023	10772	Comtron Systems, Inc.	(495)
Bill Pmt -Check	07/31/2023	10773	Desert Air Conditioning Inc.	(1,192)
Bill Pmt -Check	08/01/2023	10774	LabCorp - Tenant Improvent Allowance Reimbursement	(33,000)
Bill Pmt -Check	08/02/2023	10775	Desert Water Agency	(920)
Bill Pmt -Check	08/02/2023	10776	Stericycle, Inc.	(1,293)
Bill Pmt -Check	08/03/2023	10777	Desert Air Conditioning Inc.	(1,121)
Bill Pmt -Check	08/03/2023	10778	Green Security Solutions	(12,230)
Bill Pmt -Check	08/03/2023	10779	Stellar Washers	(3,750)
Bill Pmt -Check	08/07/2023	10780	Palm Springs Disposal Services Inc	(2,845)
Bill Pmt -Check	08/07/2023	10781	WestPac Labs - Security Deposit Return	(2,754)
Bill Pmt -Check	08/15/2023	10782	Frontier Communications	(267)
Bill Pmt -Check	08/15/2023	10783	Southern California Edison	(1,026)
Bill Pmt -Check	08/16/2023	10784	Omar Rojas Garden Service	(5,110)
Bill Pmt -Check	08/23/2023	10785	INPRO Environmental Management Services	(16,485)
Bill Pmt -Check	08/29/2023	10786	Frazier Pest Control, Inc.	(275)
Bill Pmt -Check	08/29/2023	10787	Green Security Solutions	(11,955)
Bill Pmt -Check	08/29/2023	10788	INPRO Environmental Management Services	(8,000)
Bill Pmt -Check	08/29/2023	10789	Spectrum (Time Warner)	(238)
Check	08/29/2023		Bank Service Charge	(577)
TOTAL				(193,986)

Desert Healthcare District
CEO Discretionary Fund Detail
 July through August 2023

Date	Name	Memo	Amount
6325 - CEO Discretionary Fund			
07/01/2023	California Forward	Knowledge level sponsorship for 2023 Economic Summit	5,000
08/04/2023	U.S. Bank	Planned Parenthood contribution to 60th Anniversary Cocktail Reception - September 23, 2023	5,000
08/11/2023	Blood Bank of San Bernardino	2023 Thanks4Giving Gala Table Sponsorship - Saturday November 11, 2023	3,500
08/15/2023	Coachella Valley Volunteers in Medicine	2023 VIMY Awards - Bronze Sponsorship	5,000
08/17/2023	UC Riverside Foundation	UCR SOM 2023 Gala and Education Building II Grand Opening - Silver Sponsorship	10,000
08/30/2023	Regional Access Project Foundation	Desert Fast Pitch 2023 Sponsorship	5,000
TOTAL			33,500



MEMORANDUM

DATE: September 13, 2023
 TO: F&A Committee
 RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>June</u>	<u>August</u>
Active – still employed by hospital	68	65
Vested – no longer employed by hospital	57	54
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>132</u>	<u>126</u>

The outstanding liability for the RPP is approximately **\$2.9M** (Actives - \$1.5M and Vested - \$1.4M). US Bank investment account balance \$4.5M. Per the June 30, 2023, Actuarial Valuation, the RPP has an Overfunded Pension Asset of approximately **\$1.45M**.

The payouts, excluding monthly annuity payments, made from the Plan for the two (2) months ended August 31, 2023, totaled **\$145K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
August 31, 2023							
TWELVE MONTHS ENDING JUNE 30, 2024							
Grant ID Nos.	Name	Approved Grants - Prior Yrs	6/30/2023 Bal Fwd	Current Yr 2023-2024	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	\$ 3,320,000		\$ -		\$ 3,320,000
2022-1301-BOD-01-25-22	UCR Regents - Community Based Interventions to Mitigate Psychological Trauma - 1 Yr.	\$ 113,514	\$ 11,352		\$ 5,747		\$ 5,605
	Unexpended funds Grant #1301						\$ (5,605)
2022-1311-BOD-04-26-22	Desert Arc - Healthcare for Adults with Disabilities Project Employment of Nurses - 1 Yr.	\$ 102,741	\$ 10,275		\$ 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	\$ 7,680		\$ 7,680		\$ -
2022-1314-BOD-05-24-22	Voices for Children - Court Appointed Special Advocate Program - 1 Yr.	\$ 60,000	\$ 6,000		\$ -		\$ 6,000
2022-1325-BOD-06-28-22	Vision Y Compromiso - CVEC Unrestricted Grant Funds - 2 Yrs.	\$ 150,000	\$ 82,500		\$ -		\$ 82,500
2022-1327-BOD-06-28-22	Youth Leadership Institute - Youth Voice in Mental Health - 2 Yrs.	\$ 50,000	\$ 27,500		\$ -		\$ 27,500
2022-1328-BOD-06-28-22	El Sol - Expanding Access to Educational Resources for Promotoras - 2 Yrs.	\$ 150,000	\$ 82,500		\$ -		\$ 82,500
2022-1331-BOD-06-28-22	Pueblo Unido - Improving Access to Behavioral Health Education and Prevention Services - 2 Yrs.	\$ 50,000	\$ 27,500		\$ -		\$ 27,500
2022-1324-BOD-07-26-22	Galilee Center - Our Lady of Guadalupe Shelter - 2 Yr.	\$ 100,000	\$ 55,000		\$ -		\$ 55,000
2022-1332-BOD-07-26-22	Alianza CV - Expanding and Advancing Outreach Through Increasing Capacity Development - 2 Yrs.	\$ 100,000	\$ 55,000		\$ -		\$ 55,000
2022-1329-BOD-09-27-22	DPMG - Mobile Medical Unit - 3 Yrs.	\$ 500,000	\$ 450,000		\$ -		\$ 450,000
2022-1350-BOD-09-27-22	JFK Memorial Foundation - Behavioral Health Awareness and Education Program - 1 Yr.	\$ 57,541	\$ 5,755		\$ -		\$ 5,755
2022-1355-BOD-09-27-22	Joslyn Center - The Joslyn Wellness Center - 1 Yr.	\$ 85,000	\$ 8,500		\$ -		\$ 8,500
2022-1361-BOD-09-27-22	DAP Health - DAP Health Monkeypox Virus Response - 1 Yr.	\$ 586,727	\$ 340,654		\$ 7,659		\$ 332,995
	Unexpended funds Grant #1361						\$ (332,995)
2022-1356-BOD-10-25-22	Blood Bank of San Bernardino/Riverside Counties - Coachella Valley Therapeutic Apheresis Program - 1 Yr.	\$ 140,000	\$ 77,000		\$ 63,000		\$ 14,000
2022-1358-BOD-10-25-22	Foundation for Palm Springs Unified School District - School-Based Wellness Center Project - 1 Yr.	\$ 110,000	\$ 60,500		\$ -		\$ 60,500
2022-1362-BOD-10-25-22	Jewish Family Service of the Desert - Mental Health Counseling Services for Underserved - 2 Yrs.	\$ 160,000	\$ 124,000		\$ 36,000		\$ 88,000
2022-1326-BOD-12-20-22	TODEC - TODEC's Equity Program - 2 Yrs.	\$ 100,000	\$ 77,500		\$ -		\$ 77,500
2022-1330-BOD-12-20-22	OneFuture Coachella Valley - Building a Healthcare Workforce Pipeline - 2 Yrs.	\$ 605,000	\$ 468,874		\$ 68,062		\$ 400,813
2022-1369-BOD-12-20-22	ABC Recovery Center - Cost of Caring Fund Project - 1 Yr.	\$ 332,561	\$ 257,735		\$ 74,826		\$ 182,909
2023-1333-BOD-01-24-23	Organizacion en California de Lideres Campesinas - Healthcare Equity for ECV Farmworker Women - 2 Yrs.	\$ 150,000	\$ 116,250		\$ -		\$ 116,250
2023-1363-BOD-01-24-23	Pegasus Riding Academy - Pegasus Equine Assisted Therapy - 1 Yr.	\$ 60,092	\$ 33,052		\$ -		\$ 33,052
2023-1372-BOD-02-28-23	Reynaldo J. Carreon MD Foundation - Dr. Carreon Scholarship Program - 1 Yr.	\$ 50,000	\$ 27,500		\$ -		\$ 27,500
2023-1391-BOD-05-23-23	Lift To Rise - Driving Regional Economic Stability Through Collective Impact - 3 Yrs.	\$ 900,000	\$ 832,500		\$ -		\$ 832,500
2023-1392-BOD-05-23-23	Galilee Center - Galilee Center Extended Shelter - 1 Yr.	\$ 268,342	\$ 207,965		\$ -		\$ 207,965
2023-1393-BOD-06-27-23	DAP Health - DAP Health Expands Access to Healthcare - 1 Yr.	\$ 1,025,778	\$ 1,025,778		\$ 230,800		\$ 794,978
2023-1398-BOD-06-27-23	Desert Healthcare Foundation - Core Operating Support - 1 Yr.	\$ 750,000	\$ 750,000		\$ 750,000		\$ -
2023-BOD-06-27-23	Carry over of remaining Fiscal Year 2022/2023 Funds for Mobile Medical Unit Program	\$ 395,524	\$ 395,524		\$ -		\$ 395,524
2023-1399-Mini-07-06-23	Theresa A. Mike Scholarship Foundation - Mini Grant			\$ 10,000		\$ 10,000	\$ -
2023-1401-Mini-07-07-23	Word of Life Fellowship Center - Mini Grant			\$ 10,000		\$ 10,000	\$ -
2023-1396-Mini-07-25-23	Boys & Girls Club of Coachella Valley-Mini Grant			\$ 10,000		\$ 10,000	\$ -
2023-1389-BOD-07-25-23	Step Up on Second Street - Step Up's ECM/ILOS Programs in the Coachella Valley - 1 Yr.			\$ 64,401		\$ 28,980	\$ 35,421
2023-1394-BOD-07-25-23	CSU San Bernardino Palm Desert Campus Nursing Street Medicine Program - 1 Yr.			\$ 73,422		\$ 33,040	\$ 40,382
2023-1397-Mini-08-23-23	Well In The Desert - Mini Grant			\$ 10,000		\$ 10,000	\$ -
TOTAL GRANTS		\$ 17,229,610	\$ 8,944,395	\$ 177,823	\$ 1,254,048	\$ 102,020	\$ 7,427,549
Amts available/remaining for Grant/Programs - FY 2023-24:							
Amount budgeted 2023-2024			\$ 4,000,000				
Amount granted YTD:			\$ (177,823)			G/L Balance:	8/31/2023
Financial Audits of Non-Profits; Organizational Assessments			\$ -			2131	\$ 4,952,549
Net adj - Grants not used: 1361; 1301			\$ 338,600			2281	\$ 2,475,000
Matching external grant contributions			\$ -			Total	\$ 7,427,549
Balance available for Grants/Programs			\$ 4,160,777				\$ (0)



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: September 13, 2023
To: Finance & Administration Committee
Subject: Lease Agreement – Ramy Awad, M.D. 3W 105-106

Staff Recommendation: Consideration to approve the draft lease agreement for Ramy Awad, M.D. at the Las Palmas Medical Plaza.

Background:

- Dr. Awad is a long-standing tenant of the Las Palmas Medical Plaza.
- Dr. Awad’s current lease expires September 30, 2023.
- Dr. Awad would like to renew for a five (5) year lease at \$1.72 sq/ft.
- Annual increases for the term are the greater of 3% or CPI.
- Tenant Improvement allowance is \$12.50/sf - \$19,200.
- 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 - \$242,044.

Estimated Cost of Tenant Improvement Allowance (\$12.50/sf) – \$19,200.

Net Lease Income (base lease) - \$222,844.

OFFICE BUILDING LEASE

Between

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

And

RAMY AWAD, M.D.

AS TENANT

DATED

SEPTEMBER 26, 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 Ramy Awad, M.D., hereinafter referred to as "Tenant", and is dated September 26, 2023.

1. LEASE OF PREMISES.

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

2. DEFINITIONS.

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

a. *Base Rent (Initial)*: Thirty-One Thousand, Seven Hundred Three & 04/100 Dollars (\$31,703.04) per year.

b. *Base Year*: The calendar year of October 1, 2023, to September 30, 2024.

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*: October 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*: September 30, 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. 3W-105, Palm Springs, CA 92262.

h. *Monthly Installments of Base Rent (initial)*: Two Thousand, Six Hundred Forty-One & 92/100 Dollars (\$2,641.92) per month.

i. *Project Operating Costs (CAMs)*: Currently Eighty Cents (\$0.80) per square foot per month.

j. *Tenant Improvement Allowance (TI)*: Nineteen Thousand, Two Hundred & 00/100 Dollars (\$19,200.00).

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- k. *Parking*: Tenant shall be permitted, to park 7 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. *Premises*: That portion of the Building containing approximately 1,536 square feet of Rentable Area, located in Building 3W and known as Suite 105-106.
- 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)*: Carryover of existing security deposit of One Thousand, Five Hundred & 00/100 Dollars (\$1,500).
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 3.11%. 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.

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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

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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.

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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

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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.

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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.

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- 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 overage 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

_____ District _____ Recipient

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.

_____ District _____ Recipient

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
_____ District _____ Recipient

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>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.

_____ District _____ Recipient

EXHIBIT "A"

RULES AND REGULATIONS

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

All approved signs or lettering on entry door and directory shall be printed, painted, affixed, or inscribed at the expense of Landlord by a person approved by Landlord outside the Premises; provided, however, that Landlord may furnish and install a Building standard interior window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.

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

_____ District _____ Recipient

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

Landlord's Initials

Tenant's Initials

DRAFT

ADDENDUM

Addendum to that certain Office Building Lease dated September 26, 2023, by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Ramy Awad, M.D., as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 92262.

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

- 1. Commencement Date: October 1, 2023
- 2. Expiration Date: September 30, 2028
- 3. Rent Schedule:

10/01/2023 - 09/30/2024	\$2,641.92	
10/01/2024 - 09/30/2025	\$2,721.18	Greater of 3% or CPI
10/01/2025 - 09/30/2026	\$2,802.82	Greater of 3% or CPI
10/01/2026 - 09/30/2027	\$2,886.90	Greater of 3% or CPI
10/01/2027 - 09/30/2028	\$2,973.51	Greater of 3% or CPI
- 4. CAMs: Currently \$0.80 per square foot.
- 5. Security Deposit: Carryover of previous deposit of One Thousand, Five Hundred & 00/100 Dollars (\$1,500.00).

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: Conrado Bárzaga

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____