



**DESERT HEALTHCARE DISTRICT**  
**Finance, Legal, Administration, & Real Estate Committee Meeting**  
**September 10, 2019**

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:00 PM, Tuesday, September 10, 2019, in the conference room on the 2<sup>nd</sup> floor of the Jerry Stergios Building, 1140 N. Indian Canyon Drive, Palm Springs, California.

***Director Arthur Shorr – 50 Leisure Lee Road, Lee, MA 01238 - Telephonic***

---

**AGENDA**

**I. CALL TO ORDER**

**II. APPROVAL OF AGENDA**

**III. PUBLIC COMMENT**

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

**IV. APPROVAL OF MINUTES**

1. F&A Minutes – Meeting July 9, 2019 – Pg. 3-5

**V. CEO REPORT**

**VI. CHIEF FINANCIAL OFFICER’S REPORT – Pg. 6**

1. LPMP Leasing Update – Pg. 7 Information

**VII. FINANCIAL REPORTS**

1. District and LPMP Financial Statements – Pg. 8-18 **ACTION**
2. Accounts Receivable Aging Summary – Pg. 19
3. District - Deposits – Pg. 20-21
4. District - Property tax receipts – Pg. 22
5. LPMP – Deposits – Pg. 23-25
6. District – Check Register – Pg. 26-29
7. Credit Card – Detail of Expenditures – Pg. 30-31
8. LPMP – Check Register – Pg. 32
9. Retirement Protection Plan Update – Pg. 33
10. Grant Payment Schedule – Pg. 34

**VIII. OTHER MATTERS**

1. LPMP Lease Extension – Suite 1W 201 – Peter Jamieson, M.D. – Pg. 35-56 **ACTION**
2. LPMP Lease – Suites 1W 105-106 – Cohen, Musch, & Thomas Medical Group – Pg. 57-78 **ACTION**
3. LPMP Lease Extension – Suite 1W 204 – Dennis Spurgin, D.C. – Pg. 79-100 **ACTION**
4. Revised Organizational Chart, Proposed Salaries, and Job Descriptions – Pg. 101-113 **ACTION**
5. Human Resources Consultant Service Agreement – Pg. 114-123 **ACTION**
6. First Amendment to CEO Employment Agreement – Auto Allowance \$500/Month – Pg. 124-125 **ACTION**
7. Community Needs Assessment RFP – NTE \$300,000 – Pg. 126-136 **ACTION**



**DESERT HEALTHCARE DISTRICT**  
**Finance, Legal, Administration, & Real Estate Committee Meeting**  
**September 10, 2019**

- |  |               |
|--|---------------|
| 8. Coachella Valley Association of Governments (CVAG) CV Link MOU Review and Analysis – Contingency and Conditions – Pg. 137-142 | INFORMATION   |
| 9. Political Consultants for Potential Hospital Lease/Transaction – Pg. 143  | <b>ACTION</b> |

**IX. ADJOURNMENT**

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



**DESERT HEALTHCARE DISTRICT**  
**SPECIAL MEETING OF THE FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE**  
**MEETING MINUTES**  
**July 9, 2019**

Directors Present	District Staff Present	Absent
Chair/Treasurer Mark Matthews – <i>Telephonic</i> Director Arthur Shorr – <i>Telephonic</i>	Chris Christensen, Interim CEO and CFO Stephen Huyck, Accounting Manager Andrea S. Hayles, Clerk to the Board	Vice-President Leticia De Lara

AGENDA ITEMS	DISCUSSION	ACTION
<b>I. Call to Order</b>	Chair Matthews called the meeting to order at 3:00 p.m.	
<b>II. Approval of Agenda</b>	Chair Matthews asked for a motion to approve the agenda with the addition of the lease agreement for Brad A. Wolfson, M.D. – Suite 2W 101.	<b>It was moved and seconded (Chairman Matthews, Director Shorr) to approve the agenda with the addition of the lease agreement for Brad A. Wolfson, MD, Suite 2W 101. Motion passed unanimously.</b>
<b>III. Public Comment</b>	None	
<b>IV. Approval of Minutes</b> <b>1. F&amp;A Minutes – Meeting June 11, 2019</b>	Chairman Matthews asked for a motion to approve the F&A Committees minutes.	<b>It was moved and seconded (Chairman Matthews, Director Shorr) to approve the minutes. Motion passed unanimously.</b>
<b>V. CEO Report</b>	See Chief Financial Officer's report.	
<b>VI. Chief Financial Officer's Report</b> <b>1. LPMP Leasing Update</b>	Chris Christensen, Interim CEO, explained the three-year lease agreement for consideration of approval for Dr. Wolfson – unit 2W 201 – \$2 per square foot. The marketing company continues to advertise and promote the vacant units at Las Palmas Medical Plaza.	
<b>VII. Financial Reports</b> <b>1. District and LPMP Financial Statements</b> <b>2. Accounts Receivable Aging Summary</b>	Chris Christensen, Interim CEO, explained the preliminary audit in May noting over \$10M in revenue and \$3M net income due to the investments, and	<b>It was moved and seconded (Director Shorr, Chair Matthews) to approve the June 2019 District Financial Reports - Items 1-10 and to forward to the Board for approval.</b>

**DESERT HEALTHCARE DISTRICT**  
**SPECIAL MEETING OF THE FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE**  
**MEETING MINUTES**  
**July 9, 2019**

<p><b>3. District – Deposits</b>  <b>4. District – Property Tax Receipts</b>  <b>5. LPMP Deposits</b>  <b>6. District – Check Register</b>  <b>7. Credit Card – Detail of Expenditures</b>  <b>8. LPMP – Check Register</b>  <b>9. Retirement Protection Plan Update</b>  <b>10. Grant Payment Schedule</b></p>	<p>less spending of \$230K with the CEO and COO vacancies. The property tax receipts exceeded the budget based on favorable real estate values. The Retirement Protection Plan consulting firm is working on the actuarial report for any adjustments on the upcoming final audit.</p>	<p><b>Motion passed unanimously.</b></p>
<p><b>VIII. Other Matters</b>  <b>1. Consideration to approve Las Palmas Medical Plaza Landscape Service Proposal</b>   <b>2. Consideration to approve the Las Palmas Plaza Suite 1W 201 – Wolfson Lease Agreement</b></p>	<p>Chris Christensen, Interim CEO, explained that the architect recommended Desert Modern Landscape, and the committee’s request for additional landscape service proposals. Mr. Christensen provided an overview of the TKD Associates, RGA Landscapes, and Desert Modern Landscape.</p> <p>Director Shorr moved to select Desert Modern Landscape which is familiar with the project and the Las Palmas Plaza.</p> <p>As described in item VI, the three-year lease renewal is \$2 per square foot base rent, and a Tenant Improvement Allowance (TI) of \$8 per square foot for a three-year lease.</p>	<p><b>It was moved and seconded (Director Shorr, Chairman Matthews) to approve and forward to the Board for approval. Motion passed unanimously.</b></p> <p><b>It was moved and seconded (Director Shorr, Chairman Matthews) to approve the Wolfson lease agreement and forward to the Board for approval. Motion passed unanimously.</b></p>
<p><b>IV. Adjournment</b></p>	<p>Chairman Matthews adjourned the meeting at 3:30 p.m.</p>	<p><b>Audio recording available on the website at <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></b></p>



**DESERT HEALTHCARE DISTRICT  
SPECIAL MEETING OF THE FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE  
MEETING MINUTES  
July 9, 2019**

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

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

DRAFT



## **Chief Financial Officer's Report**

**September 10, 2019**

### **Las Palmas Medical Plaza - Property Management:**

#### **Occupancy:**

See attached unit rental status report.

92.0% currently occupied –

Total annual rent including CAM fees is \$1,198,850.

#### **Leasing Activity:**

Cohen, Musch, Thomas Medical Group (currently located in 3W-101) is interested in relocating to suites 1W 105-106. A draft lease proposal will be presented to the committee at this meeting.

**Las Palmas Medical Plaza  
Unit Rental Status  
As of September 1, 2019**

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To									
											\$ 0.62		
1W, 104	Vacant					1,024	2.07%						
1W, 105	Vacant					1,060	2.15%						
1W, 106	Vacant					860	1.74%						
2W, 107	Vacant					1,024	2.07%						
<b>Total - Vacancies</b>						<b>3,968</b>	<b>8.04%</b>						
<b>Total Suites-33 - 29 Suites Occupied</b>		<b>\$ 57,097.90</b>				<b>49,356</b>	<b>92.0%</b>	<b>\$ 71,890.09</b>	<b>\$ 862,681.08</b>	<b>\$ 1.58</b>	<b>\$ 28,014.08</b>	<b>\$ 99,904.17</b>	<b>\$ 1,198,850.04</b>
<b>Summary - All Units</b>													
	<b>Vacant</b>	<b>3,968</b>	<b>8.0%</b>										
	<b>Pending</b>	<b>0</b>	<b>0%</b>										
	<b>Total</b>	<b>49,356</b>	<b>100%</b>										

<b>DESERT HEALTHCARE DISTRICT</b>
<b>JULY &amp; AUGUST 2019 FINANCIAL STATEMENTS</b>
<b>INDEX</b>
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
Cumulative Profit & Loss Budget vs Actual - District Including LPMP
Cumulative Profit & Loss Budget vs Actual - LPMP
Balance Sheet - Condensed View
Balance Sheet - Expanded View
Accounts Receivable Aging
Deposit Detail - District
Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Grants Schedule



**DESERT HEALTHCARE DISTRICT  
YEAR TO DATE VARIANCE ANALYSIS  
ACTUAL VS BUDGET  
TWO MONTHS ENDED AUGUST 31, 2019**

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

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 1,541,830	\$ 1,372,128	\$ 169,702	Interest income (net) from FRF investments \$178k; lower NEOPB Grant Income \$9k
5000 - Direct Expenses	\$ 93,028	\$ 178,240	\$ (85,212)	Lower wage expense \$81k due to no COO salary; lower health insurance related expenses \$15k; lower various 9k
6500 - Professional Fees Expense	\$ 47,255	\$ 197,496	\$ (150,241)	Lower Professional Services 134k; lower PR & Communications 11k; lower Legal 5k
7000 - Grants Expense	\$ 23,229	\$ 600,084	\$ (576,855)	Budget of \$3.5 Million for fiscal year is amortized straight-line over 12-month fiscal year.

Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through August 2019

	MONTH						TOTAL		
	Jul 19	Budget	\$ Over Budget	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
<b>Income</b>									
4000 · Income	594,675	686,064	(91,389)	947,155	686,064	261,091	1,541,830	1,372,128	169,702
4500 · LPMP Income	95,664	101,400	(5,736)	101,790	101,400	390	197,454	202,800	(5,346)
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	1,500	1,900	(400)
<b>Total Income</b>	<b>691,089</b>	<b>788,414</b>	<b>(97,325)</b>	<b>1,049,695</b>	<b>788,414</b>	<b>261,281</b>	<b>1,740,784</b>	<b>1,576,828</b>	<b>163,956</b>
<b>Expense</b>									
5000 · Direct Expenses	43,989	89,120	(45,131)	49,039	89,120	(40,081)	93,028	178,240	(85,212)
6000 · General & Administrative Exp	41,190	43,081	(1,891)	33,707	43,082	(9,375)	74,897	86,163	(11,266)
6325 · CEO Discretionary Fund	-	417	(417)	-	417	(417)	-	834	(834)
6445 · LPMP Expenses	75,725	82,398	(6,673)	79,138	82,398	(3,260)	154,863	164,796	(9,933)
6500 · Professional Fees Expense	22,344	98,748	(76,404)	24,911	98,748	(73,837)	47,255	197,496	(150,241)
6700 · Trust Expenses	10,456	11,245	(789)	10,456	11,245	(789)	20,912	22,490	(1,578)
<b>Total Expense Before Grants</b>	<b>193,704</b>	<b>325,009</b>	<b>(131,305)</b>	<b>197,251</b>	<b>325,010</b>	<b>(127,759)</b>	<b>390,955</b>	<b>650,019</b>	<b>(259,064)</b>
7000 · Grants Expense	5,000	300,042	(295,042)	18,229	300,042	(281,813)	23,229	600,084	(576,855)
<b>Net Income</b>	<b>492,385</b>	<b>163,365</b>	<b>329,020</b>	<b>834,213</b>	<b>163,365</b>	<b>670,848</b>	<b>1,328,599</b>	<b>326,730</b>	<b>999,869</b>

**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through August 2019

	MONTH						TOTAL		
	Jul 19	Budget	\$ Over Budget	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
<b>Income</b>									
4000 · Income									
4010 · Property Tax Revenues	561,355	561,355	-	561,355	561,355	-	1,122,710	1,122,710	-
4200 · Interest Income									
4220 · Interest Income (FRF)	152,247	106,250	45,997	25,313	106,250	(80,937)	177,560	212,500	(34,940)
9999-1 · Unrealized gain(loss) on Invest	(120,678)	8,333	(129,009)	350,509	8,333	342,176	229,833	16,666	213,167
<b>Total 4200 · Interest Income</b>	<b>31,571</b>	<b>114,583</b>	<b>(83,012)</b>	<b>375,822</b>	<b>114,583</b>	<b>261,239</b>	<b>407,393</b>	<b>229,166</b>	<b>178,227</b>
4300 · DHC Recoveries	1,749	1,750	(1)	1,749	1,750	(1)	3,498	3,500	(2)
4400 · Grant Income	-	8,375	(8,375)	8,229	8,375	(146)	8,229	16,750	(8,521)
<b>Total 4000 · Income</b>	<b>594,675</b>	<b>686,063</b>	<b>(91,388)</b>	<b>947,155</b>	<b>686,063</b>	<b>261,082</b>	<b>1,541,830</b>	<b>1,372,126</b>	<b>169,704</b>
4500 · LPMP Income	95,664	101,400	(5,736)	101,790	101,400	390	197,454	202,800	(5,346)
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	1,500	1,900	(400)
<b>Total Income</b>	<b>691,089</b>	<b>788,413</b>	<b>(97,324)</b>	<b>1,049,695</b>	<b>788,413</b>	<b>261,282</b>	<b>1,740,784</b>	<b>1,576,626</b>	<b>163,958</b>
<b>Expense</b>									
5000 · Direct Expenses									
5100 · Administration Expense									
5110 · Wages Expense	44,128	82,846	(38,718)	60,875	82,846	(21,971)	105,003	165,692	(60,689)
5111 · Allocation to LPMP - Payroll	(5,085)	(5,084)	(1)	(5,085)	(5,084)	(1)	(10,170)	(10,168)	(2)
5112 · Vacation/Sick/Holiday Expense	6,036	7,500	(1,464)	4,158	7,500	(3,342)	10,194	15,000	(4,806)
5114 · Allocation to Foundation	(25,473)	(25,473)	-	(25,473)	(25,473)	-	(50,946)	(50,946)	-
5115 · Allocation to NEOPB	-	(7,289)	7,289	(7,134)	(7,289)	155	(7,134)	(14,578)	7,444
5119 · Allocation to RSS/CVHIP-DHCF	(529)	(2,382)	1,853	(1,774)	(2,382)	608	(2,303)	(4,764)	2,461
5120 · Payroll Tax Expense	3,984	6,338	(2,344)	5,604	6,338	(734)	9,598	12,676	(3,078)
5130 · Health Insurance Expense									
5131 · Premiums Expense	7,957	12,213	(4,256)	8,522	12,213	(3,691)	16,479	24,428	(7,947)
5135 · Reimb./Co-Payments Expense	2,789	2,250	539	414	2,250	(1,836)	3,203	4,500	(1,297)
<b>Total 5130 · Health Insurance Expense</b>	<b>10,746</b>	<b>14,463</b>	<b>(3,717)</b>	<b>8,936</b>	<b>14,463</b>	<b>(5,527)</b>	<b>19,682</b>	<b>28,926</b>	<b>(9,244)</b>
5140 · Workers Comp. Expense	643	670	(27)	643	670	(27)	1,266	1,740	(474)
5145 · Retirement Plan Expense	3,415	4,212	(797)	3,417	4,212	(795)	6,832	8,424	(1,592)
5160 · Education Expense	150	625	(475)	990	625	365	1,140	1,250	(110)
<b>Total 5100 · Administration Expense</b>	<b>38,025</b>	<b>76,626</b>	<b>(38,601)</b>	<b>45,157</b>	<b>76,626</b>	<b>(31,469)</b>	<b>83,182</b>	<b>153,252</b>	<b>(70,070)</b>
5200 · Board Expenses									
5210 · Healthcare Benefits Expense	2,787	5,834	(3,047)	2,788	5,834	(3,046)	5,575	11,668	(6,093)
5230 · Meeting Expense	150	1,667	(1,517)	799	1,667	(868)	949	3,334	(2,385)
5235 · Director Stipend Expense	2,300	4,200	(1,900)	-	4,200	(4,200)	2,300	8,400	(6,100)
5240 · Catering Expense	689	583	106	294	583	(289)	983	1,166	(183)
5250 · Mileage Reimbursement Expense	36	208	(172)	-	208	(208)	36	416	(380)
<b>Total 5200 · Board Expenses</b>	<b>5,962</b>	<b>12,492</b>	<b>(6,530)</b>	<b>3,881</b>	<b>12,492</b>	<b>(8,611)</b>	<b>9,843</b>	<b>24,984</b>	<b>(15,141)</b>
<b>Total 5000 · Direct Expenses</b>	<b>43,987</b>	<b>89,118</b>	<b>(45,131)</b>	<b>49,038</b>	<b>89,118</b>	<b>(40,080)</b>	<b>93,025</b>	<b>178,236</b>	<b>(85,211)</b>
6000 · General & Administrative Exp									
6110 · Payroll fees Expense	155	208	(53)	163	208	(45)	318	416	(98)
6120 · Bank and Investment Fees Exp	9,136	9,833	(697)	9,391	9,833	(442)	18,527	19,666	(1,139)
6125 · Depreciation Expense	986	1,250	(264)	986	1,250	(264)	1,972	2,500	(528)
6126 · Depreciation-Solar Parking lot	15,072	15,072	-	15,072	15,072	-	30,144	30,144	-
6130 · Dues and Membership Expense	1,014	2,500	(1,486)	1,264	2,500	(1,236)	2,278	5,000	(2,722)
6200 · Insurance Expense	1,753	1,500	253	1,753	1,500	253	3,506	3,000	506
6300 · Minor Equipment Expense	-	42	(42)	-	42	(42)	-	84	(84)
6305 · Auto Allowance & Mileage Exp	-	600	(600)	-	600	(600)	-	1,200	(1,200)

**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through August 2019

	MONTH						TOTAL		
	Jul 19	Budget	\$ Over Budget	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
6306 · Staff- Auto Mileage reimb	126	500	(374)	(250)	500	(750)	(124)	1,000	(1,124)
6309 · Personnel Expense	6,000	83	5,917	-	83	(83)	6,000	168	5,834
6310 · Miscellaneous Expense	-	42	(42)	53	42	11	53	84	(31)
6311 · Cell Phone Expense	465	776	(311)	482	776	(294)	947	1,552	(605)
6312 · Wellness Park Expenses	-	83	(83)	-	83	(83)	-	168	(168)
6316 · Security Monitoring Expense	108	42	66	-	42	(42)	108	84	24
6340 · Postage Expense	-	417	(417)	278	417	(139)	278	834	(556)
6350 · Copier Rental/Fees Expense	394	458	(64)	-	458	(458)	394	916	(522)
6351 · Travel Expense	725	917	(192)	147	917	(770)	872	1,834	(962)
6352 · Meals & Entertainment Exp	618	583	35	228	583	(357)	844	1,166	(322)
6355 · Computer Services Expense	1,586	3,775	(2,189)	1,262	3,775	(2,513)	2,848	7,550	(4,702)
6360 · Supplies Expense	2,900	1,667	1,233	1,829	1,667	(38)	4,529	3,334	1,195
6380 · LAFCO Assessment Expense	153	1,667	(1,514)	153	1,667	(1,514)	306	3,334	(3,028)
6400 · East Valley Office									
6405 · East Valley Office - Rent	-	650	(650)	1,100	650	450	1,100	1,300	(200)
6410 · East Valley Office - Utilities	-	417	(417)	-	417	(417)	-	834	(834)
Total 6400 · East Valley Office	-	1,067	(1,067)	1,100	1,067	33	1,100	2,134	(1,034)
Total 8000 · General & Administrative Exp	41,191	43,082	(1,891)	33,709	43,082	(9,373)	74,900	86,164	(11,264)
8325 · CEO Discretionary Fund		417	(417)		417	(417)		834	(834)
6445 · LPMP Expenses	75,725	82,395	(6,670)	79,138	82,395	(3,257)	154,883	164,790	(9,927)
6500 · Professional Fees Expense									
6516 · Professional Services Expense	843	70,000	(69,157)	5,069	70,000	(64,931)	5,912	140,000	(134,088)
6520 · Annual Audit Fee Expense	1,563	1,540	23	1,563	1,540	23	3,126	3,080	46
6530 · PR/Communications/Website	3,334	7,208	(3,874)	280	7,208	(6,928)	3,614	14,416	(10,802)
6560 · Legal Expense	16,605	20,000	(3,395)	18,000	20,000	(2,000)	34,605	40,000	(5,395)
Total 6500 · Professional Fees Expense	22,345	98,748	(76,403)	24,912	98,748	(73,836)	47,257	197,496	(150,239)
6700 · Trust Expenses									
6711 · Disability Admin. Fee Expense	-	537	(537)	-	537	(537)	-	1,074	(1,074)
6720 · Pension Plans Expense									
6721 · Legal Expense	-	167	(167)	-	167	(167)	-	334	(334)
6725 · RPP Pension Expense	10,000	10,000	-	10,000	10,000	-	20,000	20,000	-
6728 · Pension Audit Fee Expense	456	542	(86)	456	542	(86)	912	1,084	(172)
Total 6720 · Pension Plans Expense	10,456	10,709	(253)	10,456	10,709	(253)	20,912	21,418	(506)
Total 6700 · Trust Expenses	10,456	11,246	(790)	10,456	11,246	(790)	20,912	22,492	(1,580)
Total Expense Before Grants	193,704	325,006	(131,302)	197,253	325,006	(127,753)	390,957	650,012	(259,055)
7000 · Grants Expense									
7010 · Major Grant Awards Expense	5,000	291,667	(286,667)	10,000	291,667	(281,667)	15,000	583,334	(568,334)
7027 · Grant Exp - NEOPB	-	8,375	(8,375)	8,229	8,375	(146)	8,229	16,750	(8,521)
Total 7000 · Grants Expense	5,000	300,042	(295,042)	18,229	300,042	(281,813)	23,229	600,084	(576,855)
Net Income	492,385	163,365	329,020	834,213	163,365	670,848	1,326,599	326,730	999,869

Las Palmas Medical Plaza  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through August 2019

	MONTH						TOTAL		
	Jul 19	Budget	\$ Over Budget	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
<b>Income</b>									
<b>4500 · LPMP Income</b>									
4505 · Rental Income	68,832	72,900	(4,068)	73,243	72,900	343	142,075	145,800	(3,725)
4510 · CAM Income	26,832	28,500	(1,668)	28,547	28,500	47	55,379	57,000	(1,621)
<b>Total 4500 · LPMP Income</b>	<b>95,664</b>	<b>101,400</b>	<b>(5,736)</b>	<b>101,790</b>	<b>101,400</b>	<b>390</b>	<b>197,454</b>	<b>202,800</b>	<b>(5,346)</b>
<b>6445 · LPMP Expenses</b>									
6420 · Insurance Expense	1,879	1,083	796	1,879	1,083	796	3,758	2,166	1,592
6425 · Building - Depreciation Expense	21,484	21,667	(183)	21,484	21,667	(183)	42,968	43,334	(366)
6426 · Tenant Improvements -Dep Exp	15,914	17,083	(1,169)	15,914	17,083	(1,169)	31,828	34,166	(2,338)
6427 · HVAC Maintenance Expense	279	1,333	(1,054)	-	1,333	(1,333)	279	2,666	(2,387)
6428 · Roof Repairs Expense	-	208	(208)	-	208	(208)	-	416	(416)
6431 · Building -Interior Expense	1,600	833	767	-	833	(833)	1,600	1,666	(66)
6432 · Plumbing -Interior Expense	-	333	(333)	-	333	(333)	-	666	(666)
6433 · Plumbing -Exterior Expense	-	208	(208)	-	208	(208)	-	416	(416)
6434 · Allocation Internal Prop. Mgmt	5,085	5,084	1	5,085	5,084	1	10,170	10,168	2
6435 · Bank Charges	1,080	1,042	38	1,079	1,042	37	2,159	2,084	75
6437 · Utilities -Vacant Units Expense	-	208	(208)	40	208	(168)	40	416	(376)
6439 · Deferred Maintenance Repairs Ex	-	500	(500)	-	500	(500)	-	1,000	(1,000)
6440 · Professional Fees Expense	10,117	10,472	(355)	16,382	10,472	5,910	26,499	20,944	5,555
6441 · Legal Expense	-	83	(83)	-	83	(83)	-	166	(166)
6458 · Elevators - R & M Expense	1,547	1,000	547	225	1,000	(775)	1,772	2,000	(228)
6460 · Exterminating Service Expense	-	417	(417)	-	417	(417)	-	834	(834)
6463 · Landscaping Expense	-	833	(833)	-	833	(833)	-	1,666	(1,666)
6467 · Lighting Expense	-	833	(833)	-	833	(833)	-	1,666	(1,666)
6468 · General Maintenance Expense	-	83	(83)	-	83	(83)	-	166	(166)
6471 · Marketing-Advertising	-	1,417	(1,417)	-	1,417	(1,417)	-	2,834	(2,834)
6475 · Property Taxes Expense	6,000	6,008	(8)	6,000	6,008	(8)	12,000	12,016	(16)
6476 · Signage Expense	-	125	(125)	-	125	(125)	-	250	(250)
6480 · Rubbish Removal Medical Waste E	1,449	1,442	7	-	1,442	(1,442)	1,449	2,884	(1,435)
6481 · Rubbish Removal Expense	2,227	2,250	(23)	2,227	2,250	(23)	4,454	4,500	(46)
6482 · Utilities/Electricity/Exterior	-	625	(625)	511	625	(114)	511	1,250	(739)
6484 · Utilities - Water (Exterior)	617	708	(91)	522	708	(186)	1,139	1,416	(277)
6485 · Security Expenses	6,447	6,417	30	6,290	6,417	(127)	12,737	12,834	(97)
6490 · Miscellaneous Expense	-	100	(100)	1,500	100	1,400	1,500	200	1,300
<b>Total 6445 · LPMP Expenses</b>	<b>75,725</b>	<b>82,395</b>	<b>(6,670)</b>	<b>79,138</b>	<b>82,395</b>	<b>(3,257)</b>	<b>154,863</b>	<b>164,790</b>	<b>(9,927)</b>
<b>Net Income</b>	<b>19,939</b>	<b>19,005</b>	<b>934</b>	<b>22,652</b>	<b>19,005</b>	<b>3,647</b>	<b>42,591</b>	<b>38,010</b>	<b>4,581</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of August 31, 2019

		Aug 31, 19
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
	1000 · CHECKING CASH ACCOUNTS	722,434
	1100 · INVESTMENT ACCOUNTS	58,610,189
	<b>Total Checking/Savings</b>	<b>59,332,623</b>
	<b>Accounts Receivable</b>	31,965
<b>Other Current Assets</b>		
	1270 · Prepaid Insurance -Ongoing	39,069
	1279 · Pre-Paid Fees	17,184
	1281 · NEOPB Receivable	14,230
	1295 · Property Tax Receivable	1,069,073
	<b>Total Other Current Assets</b>	<b>1,139,557</b>
	<b>Total Current Assets</b>	<b>60,504,144</b>
<b>Fixed Assets</b>		
	1300 · FIXED ASSETS	4,902,688
	1335-00 · ACC DEPR	(1,846,207)
	1400 · LPMP Assets	7,119,160
	<b>Total Fixed Assets</b>	<b>10,175,640</b>
<b>Other Assets</b>		
	1700 · OTHER ASSETS	2,773,786
	<b>TOTAL ASSETS</b>	<b>73,453,570</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
	2000 · Accounts Payable	927
	2001 · LPMP Accounts Payable	16,961
	<b>Total Accounts Payable</b>	<b>17,887</b>
<b>Other Current Liabilities</b>		
	2002 · LPMP Property Taxes	12,000
	2131 · Grant Awards Payable	6,128,273

**Desert Healthcare District**  
**Balance Sheet**  
As of August 31, 2019

		Aug 31, 19
	2133 · Accrued Accounts Payable	154,264
	2141 · Accrued Vacation Time	27,061
	2186 · Retired BOD Medical - Current	7,150
	2188 · Current Portion - LTD	14,803
	2190 · Investment Fees Payable	18,000
	<b>Total Other Current Liabilities</b>	<b>6,361,551</b>
	<b>Total Current Liabilities</b>	<b>6,379,438</b>
	<b>Long Term Liabilities</b>	
	2170 · RPP - Pension Liability	3,417,793
	2171 · RPP-Deferred Inflows-Resources	2,222,190
	2280 · Long-Term Disability	38,158
	2281 · Grants Payable - Long-term	5,400,000
	2286 · Retirement BOD Medical Liabilit	87,973
	2290 · LPMP Security Deposits	57,098
	<b>Total Long Term Liabilities</b>	<b>11,223,212</b>
	<b>Total Liabilities</b>	<b>17,602,651</b>
	<b>Equity</b>	
	3900 · *Retained Earnings	54,524,321
	Net Income	1,326,599
	<b>Total Equity</b>	<b>55,850,920</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>73,453,570</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of August 31, 2019

	<b>Aug 31, 19</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
<b>1000 · CHECKING CASH ACCOUNTS</b>	
1010 · Union Bank - Checking	528,831
1046 · Las Palmas Medical Plaza	193,102
1047 · Petty Cash	500
<b>Total 1000 · CHECKING CASH ACCOUNTS</b>	<b>722,434</b>
<b>1100 · INVESTMENT ACCOUNTS</b>	
1130 · Facility Replacement Fund	58,155,471
1135 · Unrealized Gain(Loss) FRF	454,718
<b>Total 1100 · INVESTMENT ACCOUNTS</b>	<b>58,610,189</b>
<b>Total Checking/Savings</b>	<b>59,332,623</b>
<b>Accounts Receivable</b>	
1201 · Accounts Receivable	
1204 · LPMP Accounts Receivable	(23,533)
1205 · Misc. Accounts Receivable	2,250
1211 · A-R Foundation - Exp Allocation	53,248
<b>Total Accounts Receivable</b>	<b>31,965</b>
<b>Other Current Assets</b>	
1270 · Prepaid Insurance -Ongoing	39,069
1279 · Pre-Paid Fees	17,184
1281 · NEOPB Receivable	14,230
1295 · Property Tax Receivable	1,069,073
<b>Total Other Current Assets</b>	<b>1,139,557</b>
<b>Total Current Assets</b>	<b>60,504,144</b>
<b>Fixed Assets</b>	
<b>1300 · FIXED ASSETS</b>	
1310 · Computer Equipment	83,557
1315 · Computer Software	68,770
1320 · Furniture and Fixtures	33,254
1325 · Offsite Improvements	300,849



**Desert Healthcare District**  
**Balance Sheet**  
As of August 31, 2019

		Aug 31, 19
	1331 · DRMC - Parking lot	4,416,257
	<b>Total 1300 · FIXED ASSETS</b>	<b>4,902,688</b>
	<b>1335-00 · ACC DEPR</b>	
	1335 · Accumulated Depreciation	(204,454)
	1336 · Acc. Software Depreciation	(68,770)
	1337 · Accum Deprec- Solar Parking Lot	(1,447,083)
	1338 · Accum Deprec - LPMP Parking Lot	(125,901)
	<b>Total 1335-00 · ACC DEPR</b>	<b>(1,846,207)</b>
	<b>1400 · LPMP Assets</b>	
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	2,169,041
	1404 · Tenant Improvements - CIP	129,550
	<b>1406 · Building Improvements</b>	
	1406.1 · LPMP-Replace Parking Lot	676,484
	1406 · Building Improvements - Other	1,559,534
	<b>Total 1406 · Building Improvements</b>	<b>2,236,018</b>
	1407 · Building Equipment Improvements	350,663
	<b>1409 · Accumulated Depreciation</b>	
	1410 · Accum. Depreciation	(7,212,362)
	1412 · T I Accumulated Dep.-New	(1,424,730)
	<b>Total 1409 · Accumulated Depreciation</b>	<b>(8,637,092)</b>
	<b>Total 1400 · LPMP Assets</b>	<b>7,119,160</b>
	<b>Total Fixed Assets</b>	<b>10,175,640</b>
	<b>Other Assets</b>	
	<b>1700 · OTHER ASSETS</b>	
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,057,842
	1741 · OPEB-Deferred Outflows-Resourc	22,144
	<b>Total 1700 · OTHER ASSETS</b>	<b>2,773,786</b>
	<b>Total Other Assets</b>	<b>2,773,786</b>
	<b>TOTAL ASSETS</b>	<b>73,453,570</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of August 31, 2019

		Aug 31, 19
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2000 · Accounts Payable		927
2001 · LPMP Accounts Payable		16,961
<b>Total Accounts Payable</b>		<b>17,887</b>
<b>Other Current Liabilities</b>		
2002 · LPMP Property Taxes		12,000
2131 · Grant Awards Payable		6,128,273
2133 · Accrued Accounts Payable		154,264
2141 · Accrued Vacation Time		27,061
2186 · Retired BOD Medical - Current		7,150
2188 · Current Portion - LTD		14,803
2190 · Investment Fees Payable		18,000
<b>Total Other Current Liabilities</b>		<b>6,361,551</b>
<b>Total Current Liabilities</b>		<b>6,379,438</b>
<b>Long Term Liabilities</b>		
2170 · RPP - Pension Liability		3,417,793
2171 · RPP-Deferred Inflows-Resources		2,222,190
2280 · Long-Term Disability		38,158
2281 · Grants Payable - Long-term		5,400,000
2286 · Retirement BOD Medical Liabilit		87,973
2290 · LPMP Security Deposits		57,098
<b>Total Long Term Liabilities</b>		<b>11,223,212</b>
<b>Total Liabilities</b>		<b>17,602,651</b>
<b>Equity</b>		
3900 · *Retained Earnings		54,524,321
Net Income		1,326,599
<b>Total Equity</b>		<b>55,850,920</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>73,453,570</b>

**Desert Healthcare District**  
**A/R Aging Summary**  
As of August 31, 2019

	<b>Current</b>	<b>1 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>&gt; 90</b>	<b>TOTAL</b>	
<b>Desert Healthcare Foundation-</b>	27,247	-	26,002	-	-	53,248	Due from Foundation
<b>Desert Oasis Healthcare Medical Group</b>	-	(2,130)	-	-	-	(2,130)	Prepaid
<b>EyeCare Services Partners Management LLC</b>	-	(6,159)	-	-	-	(6,159)	Prepaid
<b>Laboratory Corporation of America</b>	-	(4,774)	-	-	-	(4,774)	Prepaid
<b>Sovereign</b>	750	-	750	750	-	2,250	Slow Pay
<b>Steven Gundry, M.D.</b>	-	(10,471)	-	-	-	(10,471)	Prepaid
<b>TOTAL</b>	<b>27,997</b>	<b>(23,533)</b>	<b>26,752</b>	<b>750</b>	<b>-</b>	<b>31,965</b>	

**Desert Healthcare District**  
**Deposit Detail**  
July through August 2019

Type	Date	Name	Amount
<b>Deposit</b>	<b>07/01/2019</b>		<b>9,248</b>
		Riverside County Treasurer-NEOPB	(9,248)
<b>TOTAL</b>			<b>(9,248)</b>
<b>Deposit</b>	<b>07/02/2019</b>		<b>1,749</b>
		T-Mobile	(1,749)
<b>TOTAL</b>			<b>(1,749)</b>
<b>Deposit</b>	<b>07/03/2019</b>		<b>242</b>
		Principal Financial Group	(242)
<b>TOTAL</b>			<b>(242)</b>
<b>Deposit</b>	<b>07/08/2019</b>		<b>750</b>
Payment	07/08/2019	Sovereign	(750)
<b>TOTAL</b>			<b>(750)</b>
<b>Deposit</b>	<b>07/18/2019</b>		<b>13,000</b>
Payment	07/18/2019	Mark Matthews-Insurance Payment	(13,000)
<b>TOTAL</b>			<b>(13,000)</b>
<b>Deposit</b>	<b>07/29/2019</b>		<b>750</b>
Payment	07/29/2019	Sovereign	(750)
<b>TOTAL</b>			<b>(750)</b>
<b>Deposit</b>	<b>07/30/2019</b>		<b>8,408</b>
		Riverside County Treasurer-NEOPB	(7,658)
Payment	07/30/2019	Sovereign	(750)
<b>TOTAL</b>			<b>(8,408)</b>
<b>Deposit</b>	<b>08/02/2019</b>		<b>1,749</b>
		T-Mobile	(1,749)
<b>TOTAL</b>			<b>(1,749)</b>

**Desert Healthcare District**  
**Deposit Detail**  
July through August 2019

Type	Date	Name	Amount
<b>Deposit</b>	<b>08/05/2019</b>		<b>102,683</b>
		Riverside County Treasurer-	(102,615)
		Riverside County Treasurer-	-
		Riverside County Treasurer-	(68)
<b>TOTAL</b>			<b>(102,683)</b>
<b>Deposit</b>	<b>08/06/2019</b>		<b>750</b>
<b>Payment</b>	<b>08/06/2019</b>	Sovereign	(750)
<b>TOTAL</b>			<b>(750)</b>
<b>Deposit</b>	<b>08/12/2019</b>		<b>10,062</b>
		Riverside County Treasurer-	(10,062)
<b>TOTAL</b>			<b>(10,062)</b>
<b>Deposit</b>	<b>08/21/2019</b>		<b>4,888</b>
		Riverside County Treasurer-	(4,888)
<b>TOTAL</b>			<b>(4,888)</b>
<b>Deposit</b>	<b>08/23/2019</b>		<b>9,658</b>
		Riverside County Treasurer-	(9,658)
<b>TOTAL</b>			<b>(9,658)</b>
<b>Deposit</b>	<b>08/26/2019</b>		<b>51,182</b>
		Riverside County Treasurer-	(51,182)
<b>TOTAL</b>			<b>(51,182)</b>
<b>Deposit</b>	<b>08/28/2019</b>		<b>28,819</b>
		Riverside County Treasurer-	(28,819)
<b>TOTAL</b>			<b>(28,819)</b>
		<b>TOTAL</b>	<b>243,938</b>

**DESERT HEALTHCARE DISTRICT**  
**PROPERTY TAX RECEIPTS FY 2019 - 2020**  
**RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2020**

	FY 2018-2019 Projected/Actual					FY 2019-2020 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 165,105	1.3%	\$ 87,106	\$ (77,998)	2.5%	\$ 168,407	0.0%	\$ -	\$ (168,407)
Aug	1.6%	\$ 105,667	1.3%	\$ 88,674	\$ (16,993)	1.6%	\$ 107,780	3.1%	\$ 207,292	\$ 99,512
Sep	2.6%	\$ 171,709	2.4%	\$ 155,626	\$ (16,083)	2.6%	\$ 175,143	0.0%		
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%		
Nov	0.4%	\$ 26,417	0.0%	\$ -	\$ (26,417)	0.4%	\$ 26,945	0.0%		
Dec	16.9%	\$ 1,116,106	17.8%	\$ 1,177,161	\$ 61,054	16.9%	\$ 1,138,429	0.0%		
Jan	31.9%	\$ 2,106,733	19.7%	\$ 1,299,278	\$ (807,456)	31.9%	\$ 2,148,868	0.0%		
Feb	0.0%	\$ -	13.9%	\$ 918,846	\$ 918,846	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 19,813	0.7%	\$ 44,532	\$ 24,719	0.3%	\$ 20,209	0.0%		
Apr	5.5%	\$ 363,230	5.9%	\$ 392,745	\$ 29,515	5.5%	\$ 370,495	0.0%		
May	19.9%	\$ 1,314,232	20.3%	\$ 1,341,271	\$ 27,039	19.9%	\$ 1,340,517	0.0%		
June	18.4%	\$ 1,215,169	22.3%	\$ 1,470,000	\$ 254,830	18.4%	\$ 1,239,473	0.0%		
<b>Total</b>	<b>100%</b>	<b>\$ 6,604,180</b>	<b>105.6%</b>	<b>\$ 6,975,238</b>	<b>\$ 371,058</b>	<b>100.00%</b>	<b>\$ 6,736,264</b>	<b>3.1%</b>	<b>\$ 207,292</b>	<b>\$ (68,895)</b>

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
July through August 2019**

<b>Type</b>	<b>Date</b>	<b>Name</b>	<b>Amount</b>
<b>Deposit</b>	<b>07/01/2019</b>		<b>2,130</b>
Payment	07/01/2019	Desert Oasis Healthcare Medical Group	(2,130)
<b>TOTAL</b>			<b>(2,130)</b>
<b>Deposit</b>	<b>07/03/2019</b>		<b>39,646</b>
Payment	07/03/2019	Desert Regional Medical Center	(4,903)
Payment	07/03/2019	Tenet HealthSystem Desert, Inc.	(28,052)
Payment	07/03/2019	Tenet HealthSystem Desert, Inc	(4,743)
Payment	07/03/2019	West Pacific Medical Laboratory	(1,947)
<b>TOTAL</b>			<b>(39,646)</b>
<b>Deposit</b>	<b>07/03/2019</b>		<b>3,854</b>
Payment	07/03/2019	Quest Diagnostics Incorporated	(3,854)
<b>TOTAL</b>			<b>(3,854)</b>
<b>Deposit</b>	<b>07/08/2019</b>		<b>24,205</b>
Payment	07/08/2019	Derakhsh Fozouni, M.D.	(5,841)
Payment	07/08/2019	Palmtree Clinical Research	(6,217)
Payment	07/08/2019	Ramy Awad, M.D.	(3,180)
Payment	07/08/2019	Aijaz Hashmi, M.D., Inc.	(2,745)
Payment	07/08/2019	Brad A. Wolfson, M.D.	(3,387)
Payment	07/08/2019	Cure Cardiovascular Consultants	(2,837)
<b>TOTAL</b>			<b>(24,205)</b>
<b>Deposit</b>	<b>07/09/2019</b>		<b>5,742</b>
Payment	07/09/2019	Desert Family Medical Center	(3,493)
Payment	07/09/2019	Pathway Pharmaceuticals, Inc.	(2,249)
<b>TOTAL</b>			<b>(5,742)</b>
<b>Deposit</b>	<b>07/10/2019</b>		<b>2,997</b>
Payment	07/10/2019	Peter Jamieson, M.D.	(2,997)
<b>TOTAL</b>			<b>(2,997)</b>

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
July through August 2019**

Type	Date	Name	Amount
<b>Deposit</b>	<b>07/15/2019</b>		<b>3,538</b>
Payment	07/15/2019	Tenet HealthSystem Desert, Inc	(800)
Payment	07/15/2019	Dennis Spurgin, D.C.	(2,738)
<b>TOTAL</b>			<b>(3,538)</b>
<b>Deposit</b>	<b>07/18/2019</b>		<b>3,543</b>
Payment	07/18/2019	Cohen Musch Thomas Medical Group	(3,543)
<b>TOTAL</b>			<b>(3,543)</b>
<b>Deposit</b>	<b>07/26/2019</b>		<b>4,774</b>
Payment	07/26/2019	Laboratory Corporation of America	(4,774)
<b>TOTAL</b>			<b>(4,774)</b>
<b>Deposit</b>	<b>07/29/2019</b>		<b>8,233</b>
Payment	07/29/2019	Peter Jamieson, M.D.	(2,997)
Payment	07/29/2019	Steven Gundry, M.D.	(5,235)
<b>TOTAL</b>			<b>(8,233)</b>
<b>Deposit</b>	<b>07/30/2019</b>		<b>8,289</b>
Payment	07/30/2019	EyeCare Services Partners Management LLC	(6,159)
Payment	07/30/2019	Desert Oasis Healthcare Medical Group	(2,130)
<b>TOTAL</b>			<b>(8,289)</b>
<b>Deposit</b>	<b>08/01/2019</b>		<b>3,854</b>
Payment	08/01/2019	Quest Diagnostics Incorporated	(3,854)
<b>TOTAL</b>			<b>(3,854)</b>
<b>Deposit</b>	<b>08/05/2019</b>		<b>24,172</b>
Payment	08/05/2019	Derakhsh Fozouni, M.D.	(5,841)
Payment	08/05/2019	Palmtree Clinical Research	(6,217)
Payment	08/05/2019	Ramy Awad, M.D.	(3,180)



**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
July through August 2019**

<b>Type</b>	<b>Date</b>	<b>Name</b>	<b>Amount</b>
Payment	08/05/2019	Aijaz Hashmi, M.D., Inc.	(2,745)
Payment	08/05/2019	Brad A. Wolfson, M.D.	(3,354)
Payment	08/05/2019	Cure Cardiovascular Consultants	(2,837)
<b>TOTAL</b>			<b>(24,172)</b>
<b>Deposit</b>	<b>08/07/2019</b>		<b>49,730</b>
Payment	08/07/2019	Desert Family Medical Center	(3,493)
Payment	08/07/2019	Cohen Musch Thomas Medical Group	(3,543)
Payment	08/07/2019	Pathway Pharmaceuticals, Inc.	(2,249)
Payment	08/07/2019	Desert Regional Medical Center	(4,903)
Payment	08/07/2019	Tenet HealthSystem Desert, Inc.	(28,052)
Payment	08/07/2019	Tenet HealthSystem Desert, Inc	(5,543)
Payment	08/07/2019	West Pacific Medical Laboratory	(1,947)
<b>TOTAL</b>			<b>(49,730)</b>
<b>Deposit</b>	<b>08/19/2019</b>		<b>2,738</b>
Payment	08/19/2019	Dennis Spurgin, D.C.	(2,738)
<b>TOTAL</b>			<b>(2,738)</b>
<b>Deposit</b>	<b>08/26/2019</b>		<b>4,774</b>
Payment	08/26/2019	Laboratory Corporation of America	(4,774)
<b>TOTAL</b>			<b>(4,774)</b>
<b>Deposit</b>	<b>08/26/2019</b>		<b>10,471</b>
Payment	08/26/2019	Steven Gundry, M.D.	(10,471)
<b>TOTAL</b>			<b>(10,471)</b>
<b>Deposit</b>	<b>08/29/2019</b>		<b>8,289</b>
Payment	08/29/2019	EyeCare Services Partners Management LLC	(6,159)
Payment	08/29/2019	Desert Oasis Healthcare Medical Group	(2,130)
<b>TOTAL</b>			<b>(8,289)</b>
		<b>TOTAL</b>	<b>210,978</b>

**Desert Healthcare District**  
**Check Register**  
 July through August 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1010 · Union Bank - Checking</b>				
General Journal	07/01/2019	01-01	401a payment - 6/28/19 payroll	(1,717)
General Journal	07/01/2019	01-01	457b payment - 6/28/19 payroll	(2,528)
Check	07/05/2019	Auto Pay	Calif. Public Employees'Retirement System	(8,713)
General Journal	07/09/2019	01-02	July 2019 LTD Payment - Jena Marie Van Earl	(1,234)
Bill Pmt -Check	07/09/2019	15512	Alejandro Espinoza-	(296)
Bill Pmt -Check	07/09/2019	15513	Boyd & Associates	(108)
Bill Pmt -Check	07/09/2019	15514	Chris Christensen	(2,938)
Bill Pmt -Check	07/09/2019	15515	Cooperative Personnel Services	(7,349)
Bill Pmt -Check	07/09/2019	15516	County of Riverside Auditor-Controller	(1,836)
Bill Pmt -Check	07/09/2019	15517	Dale Barnhart	(650)
Bill Pmt -Check	07/09/2019	15518	Donna Den Bleyker.	(264)
Bill Pmt -Check	07/09/2019	15519	Ernest Enterprises	(134)
Bill Pmt -Check	07/09/2019	15520	Evelt PerezGil - June Stipend	(500)
Bill Pmt -Check	07/09/2019	15521	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	07/09/2019	15522	Karen Borja - April - June Stipends	(1,000)
Bill Pmt -Check	07/09/2019	15523	KaufmanHall	(33,168)
Bill Pmt -Check	07/09/2019	15524	Kayla Bentley-	(51)
Bill Pmt -Check	07/09/2019	15525	Law Offices of Scott & Jackson	(14,000)
Bill Pmt -Check	07/09/2019	15526	Leticia De Lara - June Stipend	(500)
Bill Pmt -Check	07/09/2019	15527	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	07/09/2019	15528	Maria Cristina Mendez	(2,502)
Bill Pmt -Check	07/09/2019	15529	Pegasus Riding Academy	(49,290)
Bill Pmt -Check	07/09/2019	15530	Principal Life Insurance Co.	(1,068)
Bill Pmt -Check	07/09/2019	15531	Ready Refresh	(48)
Bill Pmt -Check	07/09/2019	15532	Reynaldo J. Carreón M.D. Foundation	(5,000)
Bill Pmt -Check	07/09/2019	15533	Ronald McDonald House Charities	(90,000)
Bill Pmt -Check	07/09/2019	15534	Safehouse of the Desert	(101,904)
Bill Pmt -Check	07/09/2019	15535	So.Cal Computer Shop	(730)
Bill Pmt -Check	07/09/2019	15536	Stephen Huyck-	(7)
Bill Pmt -Check	07/09/2019	15537	Time Warner Cable	(240)
Bill Pmt -Check	07/09/2019	15538	Underground Service Alert of Southern Cal	(2)
Bill Pmt -Check	07/09/2019	15539	Vanessa Smith-	(10)
Bill Pmt -Check	07/09/2019	15540	Verizon Wireless	(674)

**Desert Healthcare District**  
**Check Register**  
July through August 2019

Type	Date	Num	Name	Amount
Bill Pmt -Check	07/09/2019	15541	Voices for Children	(10,800)
Bill Pmt -Check	07/09/2019	15542	Xerox Financial Services	(394)
Bill Pmt -Check	07/09/2019	15543	Zendle, Les-June Stipend & June Mileage	(518)
Liability Check	07/11/2019		QuickBooks Payroll Service	(25,632)
General Journal	07/12/2019	01-03	401a payment - 7/12/19 payroll	(1,704)
General Journal	07/12/2019	01-03	457b payment - 7/12/19 payroll	(2,517)
Bill Pmt -Check	07/16/2019	15544	Alejandro Espinoza-	(321)
Bill Pmt -Check	07/16/2019	15545	Andrea S. Hayles-	(98)
Bill Pmt -Check	07/16/2019	15546	Ernest Enterprises	(27)
Bill Pmt -Check	07/16/2019	15547	First Bankcard (Union Bank)	(3,593)
Bill Pmt -Check	07/16/2019	15548	Leap Marketing	(450)
Bill Pmt -Check	07/16/2019	15549	Palms to Pines Printing	(740)
Bill Pmt -Check	07/16/2019	15550	Staples Credit Plan	(1,930)
Bill Pmt -Check	07/16/2019	15551	The Desert Sun	(1,200)
Bill Pmt -Check	07/16/2019	15552	Vanessa Smith-	(129)
Bill Pmt -Check	07/16/2019	15553	Palms to Pines Printing	(337)
Bill Pmt -Check	07/23/2019	15554	Alzheimers Coachella Valley	(5,000)
Bill Pmt -Check	07/23/2019	15555	Andrea S. Hayles-	(93)
Bill Pmt -Check	07/23/2019	15556	CoPower Employers' Benefits Alliance	(1,892)
Bill Pmt -Check	07/23/2019	15557	Desert Healthcare Foundation - Grant #1006	(1,000,000)
Bill Pmt -Check	07/23/2019	15558	KaufmanHall	(33,879)
Bill Pmt -Check	07/23/2019	15559	Meghan Kane	(806)
Bill Pmt -Check	07/23/2019	15560	Principal Life Insurance Co.	(1,083)
Bill Pmt -Check	07/23/2019	15561	Regional Access Project Foundation	(550)
Bill Pmt -Check	07/23/2019	15562	State Compensation Insurance Fund	(643)
Bill Pmt -Check	07/23/2019	15563	Rogers, Carole-June Stipend; June Expense; May-June Mileage	(929)
Liability Check	07/25/2019		QuickBooks Payroll Service	(25,689)
Check	07/25/2019		Service Charge	(136)
General Journal	07/26/2019	01-05	401a payment - 7/26/19 payroll	(1,711)
General Journal	07/26/2019	01-05	457b payment - 7/26/19 payroll	(2,523)
General Journal	07/31/2019	01-06	Record Medical Reimb - July 2019	(2,799)
General Journal	07/31/2019	01-07	Checks & Envelopes from Intuit/QuickBooks	(783)
Bill Pmt -Check	07/31/2019	15564	Cooperative Personnel Services	(335)
Bill Pmt -Check	07/31/2019	15565	Evelt PerezGil-July Stipend	(600)
Bill Pmt -Check	07/31/2019	15566	Image Source	(380)

**Desert Healthcare District**  
**Check Register**  
**July through August 2019**

Type	Date	Num	Name	Amount
Bill Pmt -Check	07/31/2019	15567	Leticia De Lara-July Stipend	(400)
Bill Pmt -Check	07/31/2019	15568	Meghan Kane	(126)
Bill Pmt -Check	07/31/2019	15569	Palms to Pines Printing	(146)
Bill Pmt -Check	07/31/2019	15570	Ready Refresh	(48)
Bill Pmt -Check	07/31/2019	15571	Shred-It	(91)
Bill Pmt -Check	07/31/2019	15572	So.Cal Computer Shop	(267)
Bill Pmt -Check	07/31/2019	15573	Verizon Wireless	(814)
Bill Pmt -Check	07/31/2019	15574	Zendle, Les-July Stipend & July Mileage	(336)
Check	08/06/2019	Auto Pay	Calif. Public Employees'Retirement System	(8,716)
Bill Pmt -Check	08/07/2019	15575	Conrado Barzaga. - Relocation Expenses	(6,000)
Liability Check	08/08/2019		QuickBooks Payroll Service	(25,767)
Liability Check	08/08/2019		QuickBooks Payroll Service	(7,457)
General Journal	08/08/2019	02-01	August 2019 LTD Payment - Jena Marie Van Earl	(1,234)
Bill Pmt -Check	08/08/2019	15576	Arthur Shorr - May, June, & July Stipends	(1,000)
Bill Pmt -Check	08/08/2019	15577	First Bankcard (Union Bank)	(1,469)
Bill Pmt -Check	08/08/2019	15578	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	08/08/2019	15579	Law Offices of Scott & Jackson	(16,605)
Bill Pmt -Check	08/08/2019	15580	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	08/08/2019	15581	Palm Springs Chamber of Commerce	(250)
Bill Pmt -Check	08/08/2019	15582	Palms to Pines Printing	(3,163)
Bill Pmt -Check	08/08/2019	15583	So.Cal Computer Shop	(810)
Bill Pmt -Check	08/08/2019	15584	Staples Credit Plan	(1,381)
Bill Pmt -Check	08/08/2019	15585	State Compensation Insurance Fund	(643)
Bill Pmt -Check	08/08/2019	15586	Time Warner Cable	(240)
Bill Pmt -Check	08/08/2019	15587	Underground Service Alert of Southern Cal	(8)
General Journal	08/09/2019	02-02	401a payment - 8/9/19 payroll	(1,709)
General Journal	08/09/2019	02-02	457b payment - 8/9/19 payroll	(2,522)
Bill Pmt -Check	08/19/2019	15588	Andrea S. Hayles-	(85)
Bill Pmt -Check	08/19/2019	15589	California Partnership	(5,000)
Bill Pmt -Check	08/19/2019	15590	City of Coachella-Parks & Rec	(507)
Bill Pmt -Check	08/19/2019	15591	CoPower Employers' Benefits Alliance	(2,473)
Bill Pmt -Check	08/19/2019	15592	Find Food Bank, Inc.	(89,178)
Bill Pmt -Check	08/19/2019	15593	Image Source	(836)
Bill Pmt -Check	08/19/2019	15594	Palms to Pines Printing	(138)
Bill Pmt -Check	08/19/2019	15595	Pitney Bowes Global Financial Services	(278)

**Desert Healthcare District**  
**Check Register**  
**July through August 2019**

Type	Date	Num	Name	Amount
Bill Pmt -Check	08/19/2019	15596	Rauch Communication Consultants	(4,499)
Bill Pmt -Check	08/19/2019	15597	Regents - University of California	(293)
Bill Pmt -Check	08/19/2019	15598	Vanessa Smith-	(591)
Bill Pmt -Check	08/19/2019	15599	Xerox Financial Services	(394)
Bill Pmt -Check	08/20/2019	15600	Sherman's Deli & Bakery	(262)
Liability Check	08/22/2019		QuickBooks Payroll Service	(34,533)
General Journal	08/23/2019	02-05	401a payment - 8/23/19 payroll	(1,707)
General Journal	08/23/2019	02-05	457b payment - 8/23/19 payroll	(2,520)
Check	08/25/2019		Service Charge	(391)
Bill Pmt -Check	08/27/2019	15601	ACHD	(12,170)
Bill Pmt -Check	08/27/2019	15602	Alejandro Espinoza-	(417)
Bill Pmt -Check	08/27/2019	15603	Andrea S. Hayles-	(226)
Bill Pmt -Check	08/27/2019	15604	Chris Christensen	(205)
Bill Pmt -Check	08/27/2019	15605	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	08/27/2019	15606	Los Medicos Voladores	(5,000)
Bill Pmt -Check	08/27/2019	15607	Meghan Kane	(990)
Bill Pmt -Check	08/27/2019	15608	Principal Life Insurance Co.	(1,066)
Bill Pmt -Check	08/27/2019	15609	Ready Refresh	(48)
Bill Pmt -Check	08/27/2019	15610	Regional Access Project Foundation	(550)
Bill Pmt -Check	08/27/2019	15611	Shred-It	(90)
Bill Pmt -Check	08/27/2019	15612	Top Shop	(47)
Bill Pmt -Check	08/27/2019	15613	Will Dean	(27)
General Journal	08/31/2019	02-06	Record Medical Reimb - August 2019	(434)
Total 1010 · Union Bank - Checking				(1,705,930)
Total 1000 · CHECKING CASH ACCOUNTS				(1,705,930)
<b>TOTAL</b>				<b>(1,705,930)</b>

**Desert Healthcare District**  
**Details for credit card Expenditures**  
**Credit card purchases - July 2019 - Paid August 2019**

Number of credit cards held by District personnel -2

Credit Card Limit - \$5,000

Credit Card Holders:

Conrado Barzaga - Chief Executive Officer

Chris Christensen - Chief Financial 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

Year	Statement		Expense Type	Amount	Purpose	Description	Participants
	Month Charged	Total Charges					
		\$ 1,469.30					
<b>Chris' Statement:</b>							
2019	July	\$ 1,469.30	District GL	Dollar	Descr		
			6360	\$ 6.06	Conference call expense		
			6352	\$ 283.82	June staff lunch		
			6360	\$ 0.60	Conference call expense		
			6360	\$ 18.06	Conference call expense		
			5240	\$ 267.68	Program Committee Catering		
			5230	\$ 150.00	Palm Springs CoC - Les & Evett		
			5160	\$ 150.00	Palm Springs CoC - Chris & Conrado		
			6352	\$ 40.63	Director Orientation - Karen, Evett, & Chris		
			5240	\$ 100.56	Board Meeting catering		
			5240	\$ 199.95	Board Meeting catering		
			5240	\$ 20.00	Tip for caterers		
			6352	\$ 212.53	July staff lunch		
			6360	\$ 19.41	Conference call expense		
				<b>\$ 1,469.30</b>			

**Desert Healthcare District**  
**Details for credit card Expenditures**  
**Credit card purchases - June 2019 - Paid July 2019**

Number of credit cards held by District personnel -2

Credit Card Limit - \$5,000

Credit Card Holders:

Chief Executive Officer

Chris Christensen - Chief Financial 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

Year	Statement		Expense Type	Amount	Purpose	Description	Participants
	Month Charged	Total Charges					
		\$ 3,593.08					
<b>Chris' Statement:</b>							
2019	June	\$ 3,593.08	District GL	Dollar	Descr		
			6352	\$ 38.07	Lunch meeting - Chris & Carole		
			5160	\$ 140.00	Chris & Donna - CVAG 2019 General Assembly		
			5230	\$ 70.00	Carole - CVAG 2019 General Assembly		
			6360	\$ 26.26	Conference call expense		
			6352	\$ 188.92	May staff lunch		
			6343	\$ 150.00	Courier - June 4th CEO finalists binders		
			6351	\$ 168.04	Hotel for CEO candidate		
			6351	\$ 168.04	Hotel for CEO candidate		
			6360	\$ 24.36	Conference call expense		
			6355	\$ 924.48	Adobe Stock - two 1-year licenses		
			6360	\$ 24.00	Conference call expense		
			5240	\$ 352.21	CEO Interview meal		
			6343	\$ 146.83	Shipping CEO Interview package to Arthur		
			5240	\$ 20.00	CEO Interview meal - tip		
			5240	\$ 110.59	Program Committee Catering		
			6355	\$ 162.00	Cisco Webex 1 Year license		
			5240	\$ 345.05	6/11/19 Special Study Session food		
			6360	\$ 15.28	Tablet charger (to be refunded)		
			6360	\$ (15.28)	Refund for tablet charger		
			5160	\$ 450.00	Meghan - Childhood Obesity Conf Registration		
			6360	\$ 18.18	Conference call expense		
			6360	\$ 13.55	Conference call expense		
			5230	\$ 52.50	Rental fee for 7/9/19 Program Committee Meeting		
				<b>\$ 3,593.08</b>			

**Las Palmas Medical Plaza**  
**Check Register**  
 July through August 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1046 · Las Palmas Medical Plaza</b>				
Bill Pmt -Check	07/09/2019	10036	Amtech Elevator Services	(1,322)
Bill Pmt -Check	07/09/2019	10037	Desert Air Conditioning Inc.	(611)
Bill Pmt -Check	07/09/2019	10038	Desert Water Agency	(329)
Bill Pmt -Check	07/09/2019	10039	Imperial Security	(4,875)
Bill Pmt -Check	07/09/2019	10040	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	07/09/2019	10041	Stericycle, Inc.	(1,449)
Bill Pmt -Check	07/16/2019	10042	Frontier Communications	(225)
Bill Pmt -Check	07/16/2019	10043	Shasta Fire Protection, Inc	(4,000)
Bill Pmt -Check	07/16/2019	10044	Southern California Edison	(492)
Bill Pmt -Check	07/18/2019	10045	INPRO-EMS Construction	(11,717)
Bill Pmt -Check	07/23/2019	10046	Desert Water Agency	(256)
Bill Pmt -Check	07/23/2019	10047	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	07/23/2019	10048	Imperial Security	(3,145)
Bill Pmt -Check	07/31/2019	10049	Desert Water Agency	(379)
Bill Pmt -Check	07/31/2019	10050	Imperial Security	(1,573)
Check	07/31/2019		Service Charge	(1,080)
Bill Pmt -Check	08/08/2019	10051	Desert Air Conditioning Inc.	(279)
Bill Pmt -Check	08/08/2019	10052	Desert Water Agency	(237)
Bill Pmt -Check	08/08/2019	10053	Palm Springs Disposal Services Inc	(2,227)
Bill Pmt -Check	08/19/2019	10054	Brad Wolfson MD	(1,500)
Bill Pmt -Check	08/19/2019	10055	D.W. Johnston Construction, Inc.	(24,162)
Bill Pmt -Check	08/19/2019	10056	Frontier Communications	(225)
Bill Pmt -Check	08/19/2019	10057	Imperial Security	(1,573)
Bill Pmt -Check	08/19/2019	10058	Southern California Edison	(551)
Bill Pmt -Check	08/19/2019	10059	Stericycle, Inc.	(1,449)
Bill Pmt -Check	08/27/2019	10060	Imperial Security	(1,573)
Bill Pmt -Check	08/27/2019	10061	Prest-Vuksic Architects	(6,265)
Bill Pmt -Check	08/27/2019	10062	WestPac Labs	(1,419)
Check	08/31/2019		Service Charge	(1,079)
Total 1046 · Las Palmas Medical Plaza				(76,294)
Total 1000 · CHECKING CASH ACCOUNTS				(76,294)
<b>TOTAL</b>				<b>(76,294)</b>





## MEMORANDUM

DATE: September 10, 2019

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

---

Current number of participants in Plan:

Active – still employed by hospital	111
Vested – no longer employed by hospital	61
Former employees receiving annuity	<u>8</u>
Total	<u>184</u>

The outstanding liability for the RPP is approximately **\$4.2M** (Actives - \$2.9M and Vested - \$1.3M). US Bank investment account balance \$4.9M. Per the June 30, 2018 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$3.3M**. A monthly accrual of \$10K is being recorded each month as an estimate for FY2019.

The payouts, excluding monthly annuity payments, made from the Plan for the Two (2) months ended August 31, 2019 totaled **\$39K**. Monthly annuity payments (8 participants) total **\$1.03K** per month.

**DESERT HEALTHCARE DISTRICT  
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE**

As of 8/31/19

TWELVE MONTHS ENDED JUNE 30, 2020

Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2019-2020	6/30/2019 Bal Fwd/New	Total Paid July-June	Open BALANCE
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 10,000,000	\$ -	\$ 10,000,000
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540		\$ 37,354	\$ -	\$ 37,354
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 679,357		\$ 169,839	\$ 101,904	\$ 67,935
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr	\$ 400,300		\$ 40,030	\$ -	\$ 40,030
2018-960-BOD-02-27-18	Desert Cancer Foundation - Patient Assistance and Suzanne Jackson Breast Cancer	\$ 200,000		\$ 20,000	\$ -	\$ 20,000
2018-967-BOD-05-22-18	The City of DHS-Public Safety Emergency Response Program - Purchase AEDs	\$ 30,000		\$ 3,000	\$ -	\$ 3,000
2018-974-BOD-09-25-18	HARC - 2019 Coachella Valley Community Health Survey - 2 Yr	\$ 399,979		\$ 219,989	\$ -	\$ 219,989
2018-980-BOD-10-23-18	Joslyn Wellness Senior Behavioral Health Services Program - 1 Yr	\$ 112,050		\$ 11,205	\$ -	\$ 11,205
2018-981-BOD-10-23-18	Desert Arc Healthcare Program - 1 Yr	\$ 164,738		\$ 16,474	\$ -	\$ 16,474
2018-979-BOD-11-27-18	FIND Food Bank - Healthy Food First/Pathways Out of Hunger - 1 Yr	\$ 396,345		\$ 217,989	\$ 89,178	\$ 128,811
2019-985-BOD-03-26-19	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr	\$ 121,500		\$ 66,825	\$ -	\$ 66,825
2019-986-BOD-05-28-19	Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr	\$ 200,000		\$ 200,000	\$ 90,000	\$ 110,000
2019-997-BOD-05-28-19	Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr	\$ 200,896		\$ 110,493	\$ -	\$ 110,493
2019-989-BOD-05-28-19	Pegasus Riding Academy - Cover the Hard Costs of Pegasus Clients - 1 Yr	\$ 109,534		\$ 60,244	\$ -	\$ 60,244
2019-994-BOD-05-28-19	One Future Coachella Valley - Mental Health College & Career Pathway Development - 2 Yr	\$ 700,000		\$ 621,250	\$ -	\$ 621,250
2019-995-BOD-05-28-19	One Future Coachella Valley - HCC Summer Intern at DHCD/F & FIND Food Bank	\$ 14,628		\$ 1,463	\$ -	\$ 1,463
2019-1000-BOD-05-28-19	Voices for Children - Court Appointed Special Advocate Program - 1 Yr	\$ 24,000		\$ 13,200	\$ -	\$ 13,200
2019-1006-BOD-06-25-19	Desert Healthcare Foundation - Homelessness Initiative Collective Fund	\$ 1,000,000		\$ 1,000,000	\$ 1,000,000	\$ -
				\$ -	\$ -	\$ -
<b>TOTAL GRANTS</b>		<b>\$ 15,126,867</b>	<b>\$ -</b>	<b>\$ 12,809,355</b>	<b>\$ 1,281,082</b>	<b>\$ 11,528,273</b>
<b>Amts available/remaining for Grant/Programs - FY 2019-20:</b>						
<b>Amount budgeted 2019-2020</b>			\$ 3,500,000		G/L Balance:	<b>8/31/2019</b>
<b>Amount granted through June 30, 2020:</b>			\$ -		2131	\$ 6,128,273
Mini Grants:	1009; 1015; 1019		\$ (15,000)		2281	\$ 5,400,000
Net adj - Grants not used:					<b>Total</b>	<b>\$ 11,528,273</b>
<b>Balance available for Grants/Programs</b>			<b>\$ 3,485,000</b>		<b>Difference - Rdg</b>	<b>\$ 0</b>



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Lease Agreement – Peter Jamieson, M.D. 1W 201

---

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

**Background:**

- Peter Jamieson, M.D. has been a long-standing tenant of the Las Palmas Medical Plaza
- Dr. Jamieson's current lease expires September 30, 2019
- Dr. Jamieson is requesting a lease renewal of five years, with a base rent of \$1.86/square foot and a Tenant Improvement Allowance of \$15/square foot
- Staff recommends approval of the draft lease agreement
- Draft lease agreement is attached for review

**Fiscal Impact:**

Estimated revenue from Rent and CAMs for life of the lease - \$188,397

Estimated cost of Tenant Improvement Allowance (\$15.00/sf) - \$18,150

TABLE OF CONTENTS

		PAGE
Article 1	LEASE OF PREMISES.....	2
Article 2	DEFINITIONS.....	2
Article 3	EXHIBITS AND ADDENDA.....	3
Article 4	DELIVERY AND POSSESSION.....	3
Article 5	RENT.....	3
Article 6	INTEREST AND LATE CHARGES.....	5
Article 7	SECURITY DEPOSIT.....	5
Article 8	TENANT'S USE OF THE PREMISES.....	6
Article 9	SERVICES AND UTILITIES.....	6
Article 10	CONDITION OF THE PREMISES.....	7
Article 11	CONSTRUCTION, REPAIRS, AND MAINTENANCE.....	7
Article 12	ALTERATIONS AND ADDITIONS.....	8
Article 13	LEASEHOLD IMPROVEMENTS;TENANT'S PROPERTY.....	8
Article 14	RULES AND REGULATIONS.....	9
Article 15	CERTAIN RIGHTS RESERVED BY LANDLORD.....	9
Article 16	ASSIGNMENT AND SUBLETTING.....	9
Article 17	HOLDING OVER.....	10
Article 18	SURRENDER OF PREMISES.....	10
Article 19	DESTRUCTION OR DAMAGE.....	10
Article 20	EMINENT DOMAIN.....	11
Article 21	INDEMNIFICATION.....	11
Article 22	TENANT'S INSURANCE.....	12
Article 23	WAIVER OF SUBROGATION.....	12
Article 24	SUBORDINATION AND ATTORNMENT.....	12
Article 25	TENANT ESTOPPAL CERTIFICATES.....	13
Article 26	TRANSFER OF LANLORD'S INTEREST.....	13
Article 27	DEFAULT.....	13
Article 28	BROKERAGE FEES.....	14
Article 29	NOTICES.....	14
Article 30	GOVERNMENT ENERGY OR UTILITY CONTROLS.....	15
Article 31	RELOCATION OF PREMISES.....	15
Article 32	QUIET ENJOYMENT.....	15
Article 33	OBSERVANCE OF LAW.....	15
Article 34	FORCE MAJEURE.....	15
Article 35	CURING TENANT'S DEFAULTS.....	15
Article 36	SIGN CONTROL.....	16
Article 37	MISCELLANEOUS.....	16

OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Peter Jamieson, M.D., referred to as "Tenant", and is dated October 1, 2019.

1. LEASE OF PREMISES.

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

2. DEFINITIONS.

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

- a. *Base Rent (Initial)*: \$ Twenty Seven Thousand Seven & 20/100 (27,007.20) per year.
- b. *Base Year*: The calendar year of October 1 to September 30.
- 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, 2019.
- 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, 2024, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Cayon Dr. Palm Springs, CA 92262.  
*Tenant's Mailing Address*: 555 E. Tachevah Dr. 1W-201 Palm Springs, CA 92262.
- h. *Monthly Installments of Base Rent (initial)*: \$ Two Thousand, Two Hundred Fifty and 60/100 Dollars (\$2,250.60) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-two Cents (\$.62) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Fifteen and 00/100 Dollars (\$15.00) per square foot or Eighteen Thousand One Hundred Fifty & 00/100 Dollars (\$18,150.00).
- k. *Parking*: Tenant shall be permitted, to park 6 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 1210 square feet of Rentable Area, located in Building 1W and known as Suite 201.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

- o. *Security Deposit (Section 7)*: \$ Tenant will carry over from previous lease in the amount of Two Thousand, Fifty-Seven & 00/100 Dollars (\$2,057.00).
- 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*: 2.45 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

**3. EXHIBITS AND ADDENDA.**

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

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

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

**4. DELIVERY OF POSSESSION.**

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

**5. RENT.**

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

5.2 *Adjusted Base Rent*:

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- 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,

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

5.7 *Tenant Improvement Allowance:* In recognition for Tenant completing all improvements, including fire sprinklers, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements. 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.

\_\_\_\_\_ District \_\_\_\_\_ Recipient



## 7. SECURITY DEPOSIT.

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

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

## 8. TENANT'S USE OF THE PREMISES

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

## 9. SERVICES AND UTILITIES.

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

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

#### 10. CONDITION OF THE PREMISES.

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

#### 11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

**12. ALTERATIONS AND ADDITIONS.**

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

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

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

**13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.**

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.
- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to

\_\_\_\_\_ District \_\_\_\_\_ Recipient

Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

#### 14. RULES AND REGULATIONS.

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

#### 15. CERTAIN RIGHTS RESERVED BY LANDLORD.

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

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

#### 16. ASSIGNMENT AND SUBLETTING.

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

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant's notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant's notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
  - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
  - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
  - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
  - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

#### 17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

#### 18. SURRENDER OF PREMISES.

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

#### 19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.
- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

**20. EMINENT DOMAIN.**

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

**21. INDEMNIFICATION.**

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

**22. TENANT'S INSURANCE.**

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

### 23. WAIVER OF SUBROGATION.

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

### 24. SUBORDINATION AND ATTORNMENT.

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

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

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

## 25. TENANT ESTOPPEL CERTIFICATE.

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

## 26. TRANSFER OF LANDLORD'S INTEREST.

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

## 27. DEFAULT.

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient



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

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

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

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

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

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

## 28. BROKERAGE FEES.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

### 29. NOTICES.

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

### 30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

### 31. RELOCATION OF PREMISES.

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

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

### 32. QUIET ENJOYMENT.

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

### 33. OBSERVANCE OF LAW.

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

### 34. FORCE MAJEURE.

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

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

### 35. CURING TENANT'S DEFAULTS.

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

### 36. SIGN CONTROL.

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

### 37. MISCELLANEOUS.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Chris Christensen</u>	By:	_____

\_\_\_\_\_ District \_\_\_\_\_ Recipient

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: Interim CEO

Title: \_\_\_\_\_

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

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

DRAFT

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

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

\_\_\_\_\_ 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 October 1, 2019 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Peter Jamieson, M.D., as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 92262.

Page 1

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

- 1. Commencement Date: October 1, 2019
- 2. Expiration Date: September 30, 2024
- 3. Rent Schedule:
 

10/1/2019-9/30/2020	\$2250.60	
10/1/2020-9/30/2021	\$2318.12	Greater of 3% or CPI
10/1/2021-9/30/2022	\$2387.66	Greater of 3% or CPI
10/1/2022-9/30/2023	\$2459.29	Greater of 3% or CPI
10/1/2023-9/30/2024	\$2533.07	Greater of 3% or CPI
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Tenant will carry over from previous lease in the amount of Two Thousand, Fifty-Seven & 00/100 Dollars (\$2,057.00).

The foregoing is hereby agreed to and accepted:

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





**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Lease Agreement – Cohen, Musch, & Thomas Medical Group 1W 105-106

---

**Staff Recommendation:** Consideration to approve the draft lease agreement for Cohen, Musch, & Thomas Medical Group at the Las Palmas Medical Plaza.

**Background:**

- Cohen, Musch, & Thomas Medical Group has been a long-standing tenant of the Las Palmas Medical Plaza
- Cohen, Musch, & Thomas Medical Group's current lease expired August 31, 2019
- Cohen, Musch, & Thomas Medical Group is currently located in unit 3W 101 and would like to relocate to units 1W 105-106, with a base rent of \$1.52/square foot and a Tenant Improvement Allowance of \$15/square foot
- Staff recommends approval of the draft lease agreement
- Draft lease agreement is attached for review

**Fiscal Impact:**

Estimated revenue from Rent and CAMs for life of the lease - \$257,354

Estimated cost of Tenant Improvement Allowance (\$15.00/sf) - \$28,800

TABLE OF CONTENTS

	PAGE
Article 1	LEASE OF PREMISES..... 2
Article 2	DEFINITIONS..... 2
Article 3	EXHIBITS AND ADDENDA..... 3
Article 4	DELIVERY AND POSSESSION..... 3
Article 5	RENT..... 3
Article 6	INTEREST AND LATE CHARGES..... 5
Article 7	SECURITY DEPOSIT..... 5
Article 8	TENANT'S USE OF THE PREMISES..... 6
Article 9	SERVICES AND UTILITIES..... 6
Article 10	CONDITION OF THE PREMISES..... 7
Article 11	CONSTRUCTION, REPAIRS, AND MAINTENANCE..... 7
Article 12	ALTERATIONS AND ADDITIONS..... 8
Article 13	LEASEHOLD IMPROVEMENTS;TENANT'S PROPERTY..... 8
Article 14	RULES AND REGULATIONS..... 9
Article 15	CERTAIN RIGHTS RESERVED BY LANDLORD..... 9
Article 16	ASSIGNMENT AND SUBLETTING..... 9
Article 17	HOLDING OVER..... 10
Article 18	SURRENDER OF PREMISES..... 10
Article 19	DESTRUCTION OR DAMAGE..... 10
Article 20	EMINENT DOMAIN..... 11
Article 21	INDEMNIFICATION..... 11
Article 22	TENANT'S INSURANCE..... 12
Article 23	WAIVER OF SUBROGATION..... 12
Article 24	SUBORDINATION AND ATTORNMENT..... 12
Article 25	TENANT ESTOPPAL CERTIFICATES..... 13
Article 26	TRANSFER OF LANLORD'S INTEREST..... 13
Article 27	DEFAULT..... 13
Article 28	BROKERAGE FEES..... 14
Article 29	NOTICES..... 14
Article 30	GOVERNMENT ENERGY OR UTILITY CONTROLS..... 15
Article 31	RELOCATION OF PREMISES..... 15
Article 32	QUIET ENJOYMENT..... 15
Article 33	OBSERVANCE OF LAW..... 15
Article 34	FORCE MAJEURE..... 15
Article 35	CURING TENANT'S DEFAULTS..... 15
Article 36	SIGN CONTROL..... 16
Article 37	MISCELLANEOUS..... 16

OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Cohen, Musch, & Thomas Medical Group, referred to as "Tenant", and is dated December 1, 2019.

1. LEASE OF PREMISES.

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

2. DEFINITIONS.

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

- a. *Base Rent (Initial)*: \$ Thirty Five Thousand Twenty & 80/100 (35,020.80) per year.
- b. *Base Year*: The calendar year of December 1 to November 30.
- 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*: December 1, 2019.
- 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*: November 30, 2024, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Cayon Dr. Palm Springs, CA 92262  
*Tenant's Mailing Address*: 555 E. Tachevah Dr. IW-105 Palm Springs, CA 92262
- h. *Monthly Installments of Base Rent (initial)*: \$ Two Thousand, Nine Hundred Eighteen and 40/100 Dollars (\$2,918.40) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-two Cents (\$.62) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Fifteen and 00/100 Dollars (\$15.00) per square foot or Twenty Eight Thousand eight hundred & 00/100 Dollars (\$28,800.00).
- 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 1920 square feet of Rentable Area, located in Building IW 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.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

- o. Security Deposit (Section 7): \$ Two Thousand, Nine Hundred Eighteen and 40/100 Dollars (\$2,918.40) Upon execution of Lease.
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 3.89 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

**3. EXHIBITS AND ADDENDA.**

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

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

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

**4. DELIVERY OF POSSESSION.**

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

**5. RENT.**

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

5.2 *Adjusted Base Rent*:

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- 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 \_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

5.7 *Tenant Improvement Allowance:* In recognition for Tenant completing all improvements, including fire sprinklers, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements. 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.

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

**7. SECURITY DEPOSIT.**

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

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

**8. TENANT'S USE OF THE PREMISES**

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

**9. SERVICES AND UTILITIES.**

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

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts,

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

## 10. CONDITION OF THE PREMISES.

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

## 11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

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

\_\_\_\_\_ District      \_\_\_\_\_ Recipient



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

**12. ALTERATIONS AND ADDITIONS.**

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

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

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

**13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.**

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

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

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

#### 14. RULES AND REGULATIONS.

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

#### 15. CERTAIN RIGHTS RESERVED BY LANDLORD.

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

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

#### 16. ASSIGNMENT AND SUBLETTING.

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

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant's notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant's notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
  - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
  - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
  - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

#### 17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

#### 18. SURRENDER OF PREMISES.

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

#### 19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.
- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30)

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

## 20. EMINENT DOMAIN.

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

## 21. INDEMNIFICATION.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

## 22. TENANT'S INSURANCE.

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

## 23. WAIVER OF SUBROGATION.

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

## 24. SUBORDINATION AND ATTORNMENT.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

## 25. TENANT ESTOPPEL CERTIFICATE.

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

## 26. TRANSFER OF LANDLORD'S INTEREST.

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

## 27. DEFAULT.

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

## 28. BROKERAGE FEES.

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

## 29. NOTICES.

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

## 30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

## 31. RELOCATION OF PREMISES.

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

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

## 32. QUIET ENJOYMENT.

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

## 33. OBSERVANCE OF LAW.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient



### 34. FORCE MAJEURE.

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

### 35. CURING TENANT'S DEFAULTS.

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

### 36. SIGN CONTROL.

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

### 37. MISCELLANEOUS.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		

\_\_\_\_\_ District \_\_\_\_\_ Recipient

By: Conrado Bárzaga

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: CEO

Title: \_\_\_\_\_

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

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

DRAFT

EXHIBIT "A"

RULES AND REGULATIONS

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

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

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

\_\_\_\_\_ 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 December 1, 2019 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Cohen, Musch, & Thomas Medical Group, as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 92262.

Page 1

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

- 1. Commencement Date: December 1, 2019
- 2. Expiration Date: November 30, 2024
- 3. Rent Schedule:
 

12/1/2019-11/30/2020	\$2918.40	
12/1/2020-11/30/2021	\$3005.95	Greater of 3% or CPI
12/1/2021-11/30/2022	\$3096.13	Greater of 3% or CPI
12/1/2022-11/30/2023	\$3189.01	Greater of 3% or CPI
12/1/2023-11/30/2024	\$3284.68	Greater of 3% or CPI
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Upon execution of Lease, Tenant shall deposit \$ Two Thousand, Nine Hundred Eighteen and 40/100 Dollars (\$2,918.40) amount equal to one month's rent for security deposit.

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: \_\_\_\_\_



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Lease Agreement – Dennis Spurgin, D.C. 1W 204

---

**Staff Recommendation:** Consideration to approve the draft lease agreement for Dennis Spurgin, D.C. at the Las Palmas Medical Plaza.

**Background:**

- Dennis Spurgin, D.C. has been a long-standing tenant of the Las Palmas Medical Plaza
- Dr. Spurgin's current lease expired August 31, 2019
- Dr. Spurgin is requesting a lease renewal of five years, with a base rent of \$1.52/square foot and a Tenant Improvement Allowance of \$15/square foot
- Staff recommends approval of the draft lease agreement
- Draft lease agreement is attached for review

**Fiscal Impact:**

Estimated revenue from Rent and CAMs for life of the lease - \$171,570

Estimated cost of Tenant Improvement Allowance (\$15.00/sf) - \$19,200

TABLE OF CONTENTS

		PAGE
Article 1	LEASE OF PREMISES.....	2
Article 2	DEFINITIONS.....	2
Article 3	EXHIBITS AND ADDENDA.....	3
Article 4	DELIVERY AND POSSESSION.....	3
Article 5	RENT.....	3
Article 6	INTEREST AND LATE CHARGES.....	5
Article 7	SECURITY DEPOSIT.....	5
Article 8	TENANT'S USE OF THE PREMISES.....	6
Article 9	SERVICES AND UTILITIES.....	6
Article 10	CONDITION OF THE PREMISES.....	7
Article 11	CONSTRUCTION, REPAIRS, AND MAINTENANCE.....	7
Article 12	ALTERATIONS AND ADDITIONS.....	8
Article 13	LEASEHOLD IMPROVEMENTS;TENANT'S PROPERTY.....	8
Article 14	RULES AND REGULATIONS.....	9
Article 15	CERTAIN RIGHTS RESERVED BY LANDLORD.....	9
Article 16	ASSIGNMENT AND SUBLETTING.....	9
Article 17	HOLDING OVER.....	10
Article 18	SURRENDER OF PREMISES.....	10
Article 19	DESTRUCTION OR DAMAGE.....	10
Article 20	EMINENT DOMAIN.....	11
Article 21	INDEMNIFICATION.....	11
Article 22	TENANT'S INSURANCE.....	12
Article 23	WAIVER OF SUBROGATION.....	12
Article 24	SUBORDINATION AND ATTORNMENT.....	12
Article 25	TENANT ESTOPPAL CERTIFICATES.....	13
Article 26	TRANSFER OF LANLORD'S INTEREST.....	13
Article 27	DEFAULT.....	13
Article 28	BROKERAGE FEES.....	14
Article 29	NOTICES.....	14
Article 30	GOVERNMENT ENERGY OR UTILITY CONTROLS.....	15
Article 31	RELOCATION OF PREMISES.....	15
Article 32	QUIET ENJOYMENT.....	15
Article 33	OBSERVANCE OF LAW.....	15
Article 34	FORCE MAJEURE.....	15
Article 35	CURING TENANT'S DEFAULTS.....	15
Article 36	SIGN CONTROL.....	16
Article 37	MISCELLANEOUS.....	16



OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Dennis Spurgin, D.C., referred to as "Tenant", and is dated October 1, 2019.

1. LEASE OF PREMISES.

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

2. DEFINITIONS.

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

a. Base Rent (Initial): \$ Twenty-Three Thousand Three-Hundred Forty-Seven & 20/100 (23,347.20) per year.

b. Base Year: The calendar year of October 1 to September 30.

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, 2019.

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, 2024, unless otherwise sooner terminated in accordance with the provisions of this Lease.

g. Landlord's Mailing Address: 1140 N. Indian Cayon Dr. Palm Springs, CA 92262.

Tenant's Mailing Address: 555 E. Tachevah Dr. 1W-204 Palm Springs, CA 92262.

h. Monthly Installments of Base Rent (initial): \$ One-Thousand, Nine-Hundred Forty-Five and 60/100 Dollars (\$1,945.60) per month.

i. Project Operating Costs (CAMs): Currently Sixty-two Cents (\$.62) per square foot per month.

j. Tenant Improvement Allowance (TI): Fifteen and 00/100 Dollars (\$15.00) per square foot or Nineteen Thousand Two hundred & 00/100 Dollars (\$19,200.00).

k. Parking: Tenant shall be permitted, to park 6 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 1280 square feet of Rentable Area, located in Building 1W and known as Suite 204.

m. Project: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.

n. Rentable Area: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

- o. *Security Deposit (Section 7):* \$ Tenant will carry over from previous lease in the amount of Two-Thousand Five-Hundred Sixty-Six & 80/100 Dollars (\$2,566.80).
- 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:* 2.59 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8):* General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term:* The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

**3. EXHIBITS AND ADDENDA.**

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

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

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

**4. DELIVERY OF POSSESSION.**

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

**5. RENT.**

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

5.2 *Adjusted Base Rent:*

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- 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,

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

5.7 *Tenant Improvement Allowance:* In recognition for Tenant completing all improvements, including fire sprinklers, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements. 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.

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

## 7. SECURITY DEPOSIT.

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

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

## 8. TENANT'S USE OF THE PREMISES

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

## 9. SERVICES AND UTILITIES.

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

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

#### 10. CONDITION OF THE PREMISES.

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

#### 11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

## 12. ALTERATIONS AND ADDITIONS.

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

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

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

## 13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.
- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to

\_\_\_\_\_ District \_\_\_\_\_ Recipient

Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively “Tenant’s Property”) shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant’s Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

#### 14. RULES AND REGULATIONS.

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

#### 15. CERTAIN RIGHTS RESERVED BY LANDLORD.

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

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

#### 16. ASSIGNMENT AND SUBLETTING.

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

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant’s notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant’s notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
  - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
  - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
  - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
  - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

\_\_\_\_\_ District \_\_\_\_\_ Recipient



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

#### 17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

#### 18. SURRENDER OF PREMISES.

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

#### 19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.
- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

**20. EMINENT DOMAIN.**

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

**21. INDEMNIFICATION.**

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

**22. TENANT'S INSURANCE.**

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

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

### 23. WAIVER OF SUBROGATION.

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

### 24. SUBORDINATION AND ATTORNMENT.

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

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

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

## 25. TENANT ESTOPPEL CERTIFICATE.

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

## 26. TRANSFER OF LANDLORD'S INTEREST.

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

## 27. DEFAULT.

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

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

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

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

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

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

## 28. BROKERAGE FEES.

\_\_\_\_\_ District \_\_\_\_\_ Recipient

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

### 29. NOTICES.

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

### 30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

### 31. RELOCATION OF PREMISES.

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

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

### 32. QUIET ENJOYMENT.

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

### 33. OBSERVANCE OF LAW.

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

### 34. FORCE MAJEURE.

\_\_\_\_\_ District      \_\_\_\_\_ Recipient

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

### 35. CURING TENANT'S DEFAULTS.

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

### 36. SIGN CONTROL.

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

### 37. MISCELLANEOUS.

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient

and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

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

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

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

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

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

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

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

\_\_\_\_\_ District \_\_\_\_\_ Recipient



Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: CEO

Title: \_\_\_\_\_

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

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

DRAFT

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

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

\_\_\_\_\_ 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 October 1, 2019 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Dennis Spurgin, D.C., as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 92262.

Page 1

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

- 1. Commencement Date: October 1, 2019
- 2. Expiration Date: September 30, 2024
- 3. Rent Schedule:
 

10/1/2019-9/30/2020	\$1945.60	
10/1/2020-9/30/2021	\$2003.97	Greater of 3% or CPI
10/1/2021-9/30/2022	\$2064.09	Greater of 3% or CPI
10/1/2022-9/30/2023	\$2126.01	Greater of 3% or CPI
10/1/2023-9/30/2024	\$2189.79	Greater of 3% or CPI
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Tenant will carry over from previous lease in the amount of \$ Two-Thousand, Five-Hundred Sixty-Six and 80/100 Dollars (\$2,566.80).

The foregoing is hereby agreed to and accepted:

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



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Internal Operations. Organizational Chart.

---

**Staff Recommendation:** Consideration to approve the new organizational chart.

**Background:**

- The CEO has completed an internal assessment of the organization's structure and immediate staffing needs in consultation with staff and recommends a new organizational chart.
- The new organization chart illustrates relations between employees within the District. It also shows the relation of two important functions within the District: (1) Programs, and (2) Finance and Administration.
- The new functions align closely with two of the District most active committees: (1) Program Committee, and (2) Finance, Legal, Administration and Real Estate, also known as the F&A Committee.
- The org chart eliminates the Chief Operation Officer position.
- It adds a Chief Administration Officer (CAO) and Chief Program Officer (CPO) positions, which will oversee Finance & Administration, and Program functions respectively.
- It also adds an Administrative & Program Assistant and a Public Policy Analyst positions.
- Staff recommends approval of the organization chart, proposed salaries, and job descriptions.
- Draft organization chart, proposed salaries/budget, and job descriptions attached.

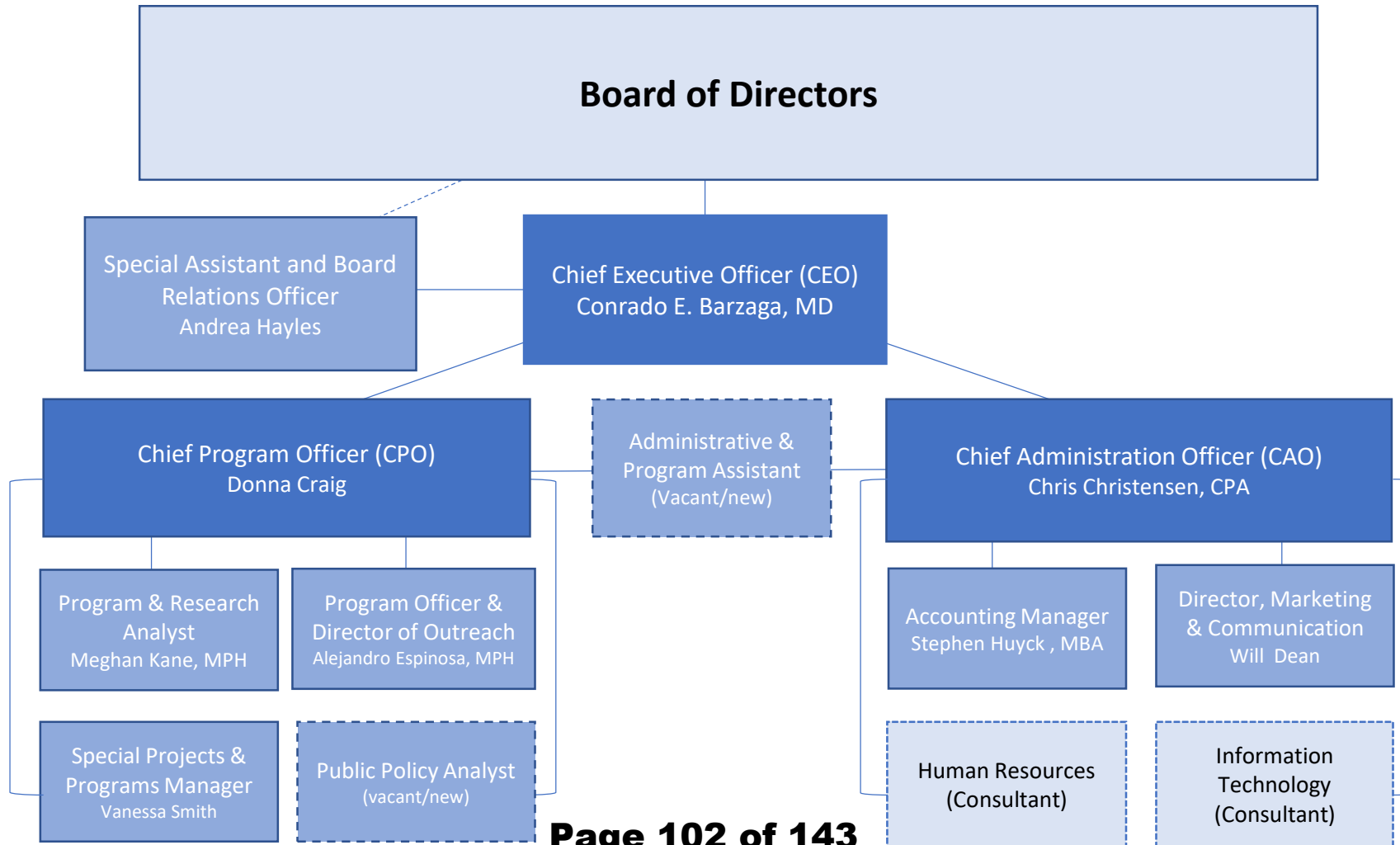
**Fiscal Impact:**

Current costs, as approved by the Board, are estimated at \$1,458,071.

Estimated cost to the District of new organizational chart would be \$1,302,930.

Estimated savings: \$ 155,141

DRAFT



**DRAFT**

## **C-Suite & Board Relations Officer**

### **Chief Executive Officer (CEO) – Dr. Conrado E. Bárzaga, MD**

Dr. Conrado Bárzaga is an internationally recognized public health leader with over 20 years addressing public health issues. He was appointed Chief Executive Officer by the Desert Healthcare District Board of Directors in June 2019. Prior to working with the District, he served as President and CEO at Center for Oral Health, a California-based nonprofit organization, for over seven years. Prior to this appointment, he served in top leadership positions for the Los Angeles County Commission on Children and Families (First 5 LA), Planned Parenthood, and the Area Health Education at Sacred Heart University. He is a Coro Fellow and a Global Health Leadership Fellow at the Global Child Dental Fund, King’s College London. He earned his Doctor of Medicine (MD) degree from the University of Havana in 1994.

### **Chief Administration Officer (CAO) – Chris Christensen, CPA**

Chris Christensen is a Certified Public Accountant and a seasoned administrator; he has been the Chief Financial Officer (CFO) at Desert Healthcare District since October 2014. As CFO he has been responsible for various administrative functions, including budget and operations, managing payroll, AP & AR, and overseeing human resources functions. He is responsible for managing the maintenance of District facilities, and the leasing contract with Tenet. A strategic role in management with day-to-day responsibilities for planning, implementing, managing and controlling all financial-related activities. He has served as interim CEO with the District on two occasions, most recently between June 2018 and July 2019. Prior to joining the District, he was Controller at Paragon Strategic Partners, and has held Controller positions with various companies. Chris has a B.S. in Business Administration from Montana State University.

### **Chief Program Officer (CPO) – Donna Craig**

Donna Craig has over 25 years of experience of grant writing and grant making through various Coachella Valley nonprofits, a government agency and philanthropic foundation. She has been with Desert healthcare District since 2004. She has secured funding for the District’s and Foundation’s programs, including the Smile Factory, Desert Health Car, and the Wellness Park; assisted in the development of a healthcare resource center (now HARC) for the community’s nonprofit organizations; coordinated, planned and organized all aspects of public events regarding the Wellness Park. Prior to the District, Donna was a Major Gift Officer at Palm Springs Art Museum. She has a B.A. in Political Science from Virginia Polytech Institute and State University.

### **Special Assistant to CEO and Board Relations Officer – Andrea Hayles**

Andrea Hayles is the liaison on behalf of the CEO with the Board of Directors, stakeholders, elected officials, and non-governmental groups and organizations. She supports the CEO with complex project management and administrative duties; she provides administrative support to the Board, and coordinates election proceedings, oversees Board and committee meetings, and develops Board documents. She joined the District in 2017. Prior to this, she was Executive Assistant to the President and CEO at Watts Healthcare Corporation in Los Angeles between 2007 and 2017. Andrea holds a Bachelor of Science in Communications from the University of Phoenix.

**DRAFT**

## **Program Department**

**Lead by Chief Program Officer – Donna Craig**

**Program Officer and Director of Outreach – Alejandro Espinosa, MPH**

As Director of Outreach, Alejandro Espinosa represents the District in the Coachella Valley community by maintaining strong partnerships with government officials, community-based organizations, civic organizations, and community groups. He supports the establishment of new partnerships with key stakeholders and community members to advance the District’ and Foundation’s mission, values, and strategic vision. He also manages the Coachella Valley Health Info Place (CVHIP) platform by updating the database, enrolling community organizations into the platform, providing presentations to key stakeholders and community groups, and participating in community events. He also assists the program division by managing internal grants management software, grantee portal, and supporting documentation for the revised grants program. Alejandro is a native of the Coachella Valley, and former member of the United States Marine Corps. Prior to joining the District in 2014, he was a program director at Latino Health Access. He holds a B.S. in Kinesiology, and a Masters of Public Health from California State University Fullerton.

**Program & Research Analyst – Meghan Kane, MPH**

Meghan Kane joined the Desert Healthcare District and Foundation in 2018 as a Community Health Analyst. She connects and collaborates with community organizations and residents to identify the priorities and research needs of communities across the Coachella Valley. She conducts secondary data research and qualitative data collection through resident-driven engagement to identify the priority needs of the Coachella Valley communities. Her work helps identify factors that improve or impede community health and social equity. Her work currently includes District strategic areas of Homelessness, Behavioral Health, and Healthy Eating/Active Living initiatives. Meghan currently oversees the development of community health needs assessments and future strategic plans. She is a Randall Lewis Health Policy Fellow. Meghan holds a Bachelor of Business Administration from the University of Minnesota Duluth, and a Masters in Public Health from California Baptist University.

**Special Projects & Programs Manager – Vanessa Smith**

Vanessa Smith joined the Desert Healthcare District and Foundation in 2017. As a Special Projects & Programs Manager, she develops and presents health education and promotion programs through community presentations, school partnerships and classroom curriculum. She has been responsible for successful implementation of the Nutrition Education and Obesity Prevention (NEOP) program, a local partnership with California Department of Public Health; and Ready, Set, Swim! Coachella Valley. Prior to joining the District she worked at a local Medical Center from 2012 to 2016. Vanessa holds a Bachelor of Arts in Liberal Arts and Psychology from California State University San Bernardino.



**DRAFT**

## **Finance & Administration Department**

**Lead by Chief Administration Officer – Chris Christensen, CPA**

**Director of Communications and Marketing – Will Dean**

Will Dean is an experienced communications manager and storyteller whose passion is creating, curating and presenting across print and digital platforms an organizational mission and information to engage community members and other stakeholders who need to be informed. He joined the Desert Healthcare District and Foundation in 2108. As the District’s Director of Communications he develops and implements external and internal communications, marketing and public relations strategies and materials to engage and inform the public. Prior to joining the District, he was Editor, Blogger and Social Media Curator for The Desert Outlook, a publication by The Desert Sun. Will was in the Knight Editing Fellowship at the University of Missouri School of Journalism. He holds a Bachelor of Arts from Kentucky Wesleyan College.

**Accounting Manager– Stephen Huyck, MBA**

Stephen Huyck joined the Desert Healthcare District and Foundation in 2018. Stephen is responsible for managing the District’s finances with the Chief Administration Officer. He produces monthly Income Statements, Balance Sheets, and other operating reports for the District/Foundation. He ensures District and Foundation expenses are operating within approved budget. He also manages the finances of the medical office building owned by the District. He makes sure investment balances are properly recorded and reconciled, and manages payroll for the District’s staff. Prior to joining the District, he was Accountant at Riverside Community Hospital; and Junior Accountant at National Cornerstone Healthcare Services. Stephen holds a Bachelor of Science in Business Management with Emphasis in Finance from Brigham Young University Idaho, and a Master of Business Administration from Texas A&M University.

**Human Resources Services Consultant**

This is an important administrative function for the organization. Given the size and complexity of the District, it is more cost-effective to have this function fulfilled in the form of a service contract.

**Information Technology Services Consultant**

Like HR, IT is also an important function for the organization. Given the size and complexity of the District, it is more cost-effective to have this function fulfilled in the form of a service contract.

## **Additional Positions**

### **Administrative & Program Assistant**

The District has additional needs to operate at its maximum capacity. Administrative support is needed on a daily basis for operational and programmatic functions, including but not limited to human resources, employee benefits, receiving grantee proposals, and managing day-to-day demands of programs and administration departments.

### **Public Policy Analyst**

The District's intersection with public policy decisions at local, state, and federal levels is very important for the communities we serve and for the District's board of directors. The Public Policy Analyst works to influence political and social events, as well as raise public awareness on different issues. This involves conducting research, analyzing current policies, evaluating the effects of proposed legislation, and reporting on findings. This position will enable the District to examine and evaluate the available options to implement the goals of laws and Board Members as elected officials.

**DRAFT**

**Fiscal Impact**

The proposed changes to the organizational chart will save the District \$155,141. See budget changes below.

**DESERT HEALTHCARE DISTRICT  
New Organizational Chart - Effective 10.01.19  
Effect on FY19-20 Budget**

	Approved Budget - FY 19-20					New Organization Chart - Effective 10.01.19						
	Salary (Base)	Merit Increase 11.01.19	Revised Salary 11.01.19	Benefits and Taxes	Total 19-20	FY	Salary as of 10.01.19	Revised Salary (Merit) 11.01.19	Total Salary Expense FY19-20	Benefits and Taxes	Revised Total FY 19-20	Variance
<b>Chief Executive Officer (Effective 07.31.19)</b>	225,000	-	225,000	59,301	284,301		\$ 215,000	215,000	197,083	67,333	264,416	19,885
<b>Chief Financial Officer (CFO)</b>	165,000	5,500	170,500	42,366	212,866				41,250	6,868	48,118	
<i>Chief Administration Officer (CAO)*</i>				-	-		\$ 165,000	170,500	127,417	37,331	164,748	
<b>Chief Operations Officer - Vacant</b>	145,000	-	145,000	43,672	188,672		\$ -	-	-	-	-	188,672
<b>Director - Communications &amp; Marketing</b>	100,000	3,333	103,333	30,969	134,302		\$ 100,000	103,333	102,500	31,802	134,302	
<b>Senior Program Officer (SPO)</b>	117,819	3,927	121,746	35,490	157,236				29,455	4,904	34,359	
<i>Chief Program Officer (CPO)**</i>				-	-		\$ 125,000	125,000	93,750	30,933	124,683	
<b>Program Officer &amp; Outreach Director</b>	101,843	3,395	105,238	31,125	136,362		\$ 101,843	105,238	104,389	31,973	136,362	
<b>Special Assist to the CEO/Board Relations</b>	68,349	2,278	70,627	25,267	95,894		\$ 68,349	70,627	70,058	25,837	95,894	
<b>Accounting Manager</b>	66,040	3,082	69,122	38,414	107,535		\$ 66,040	69,122	68,351	39,185	107,536	
<b>Special Projects &amp; Programs Manager</b>	57,000	-	57,000	22,883	79,883		\$ 57,000	57,000	57,000	22,883	79,883	
<b>Program Research Analyst (Effective 11.01.19)</b>	39,667	-	39,667	21,354	61,020		\$ 68,000	68,000	39,667	21,354	61,020	
<i>Administrative &amp; Program Assistant - New (Effective 11.01.19)</i>				-	-			45,000	30,000	2,595	32,595	(32,595)
<i>Public Policy Analyst - New (Effective 04.01.20)</i>				-	-			70,000	17,500	1,514	19,014	(19,014)
<b>Totals</b>	<b>1,085,718</b>	<b>21,516</b>	<b>1,107,233</b>	<b>350,838</b>	<b>1,458,072</b>				<b>978,420</b>	<b>324,511</b>	<b>1,302,930</b>	<b>155,141</b>

\* CAO replaces CFO  
\*\* CPO replaces SPO

**DRAFT**

# Salary Ranges

DESERT HEALTHCARE DISTRICT  
SALARY RANGE - STAFF POSITION - BUDGET 2019-2020

Job Title	FT PT	Job Status	BOD Approved Salary Range	Approved Salary FY19-20	Proposed FY 19-20 Effective 10/01/19				Proposed Salary 10/1/19
					Title Change	Salary Range	Salary	Effective Dates	
<b>Current</b>									
Chief Executive Officer	FT	Exempt	175,000 - 225,000	\$ 225,000					\$ 215,000
Chief Financial Officer	FT	Exempt	145,000 - 175,000	\$ 165,000	Chief Administration Officer	155,000 - 185,000	\$ 165,000	10/1/19	\$ 165,000
Chief Operations Officer - OPEN	FT	Exempt	120,000 - 150,000	\$ 145,000					NA
Director - Communications & Marketing	FT	Exempt	95,000 - 125,000	\$ 100,000					\$ 100,000
Senior Program Officer	FT	Exempt	95,000 - 125,000	\$ 117,819	Chief Program Officer	120,000 - 150,000	\$ 125,000	10/1/19	\$ 125,000
Program Officer & Outreach Director	FT	Exempt	95,000 - 125,000	\$ 101,843					\$ 101,843
Special Assist to the CEO/Board Relations	FT	Non-Exempt	60,000 - 80,000	\$ 68,349					\$ 68,349
Accounting Manager	FT	Non-Exempt	55,000 - 80,000	\$ 66,040					\$ 66,040
Special Projects & Programs Manager	FT	Non-Exempt	55,000 - 75,000	\$ 57,000					\$ 57,000
Program & Research Analyst	FT	Non-Exempt	65,000 - 85,000	\$ 68,000					\$ 68,000
					Public Policy Analyst	60,000 - 90,000	\$ 70,000	4/1/20	\$ 60,000
					Administrative & Program Assistant	40,000 - 70,000	\$ 45,000	10/1/19	\$ 45,000

**New Job Descriptions  
09 / 24 / 2019**

DRAFT

# CHIEF ADMINISTRATION OFFICER

## *Summary*

The Chief Administration Officer (CAO) supervises the daily operations of the organization and is ultimately responsible for its performance. The CAO reports directly to the CEO, and his work is a critical factor in the overall performance of the organization, keeping things in order and adding a strategic vision to everyday activities. The CAO's goal is to ensure the smooth running of business processes according to established policies and procedures, while supporting the vision of the organization.

## *Reporting Relationship*

The Chief Program Officer reports to the Chief Executive Officer.

## *Responsibilities*

- Provide input in business and strategic planning
- Set goals for departments and individual managers
- Work across departments and collaborate with colleagues to implement policies and develop improvements
- Organize and coordinate inter- and intradepartmental operations
- Oversee resource allocation and budgeting
- Provide guidance to subordinate staff and evaluate performance
- Resolve issues that may arise in a timely manner
- Assume responsibility for timely reporting to CEO, the Board, and/or regulatory agencies
- Oversee assets and contracts management
- Assist in other tasks as assigned

## *Salary range*

\$155,000 - \$185,000

## *Professional Requirements*

- Proven experience as an administrative officer
- Experience in operations management
- Solid understanding of business functions (HR, finance, etc.)
- Knowledge of fiscal planning, budgeting and reporting
- Knowledge of relevant laws and regulations (e.g. GAAP)
- Outstanding communication and interpersonal skills
- Ability in decision-making and problem-solving
- Excellent organizational and leaderships skills
- BSc/BA in business administration or relevant field; MSc/MA is a definite plus

8-30-19

## **CHIEF PROGRAM OFFICER**

### ***Job Summary***

The Chief Program Officer (CPO) is responsible for developing and leading the Desert Healthcare District and Foundation Programs team in the execution of our mission. The CPO recommends and implements strategies for evaluating the impact of our work by identifying and measuring the appropriate indicators of progress against our goals. The CPO leads the District's funding strategy and manages key relationships with stakeholders in the community.

### ***Reporting Relationship***

The Chief Program Officer reports to the Chief Executive Officer.

### ***Professional Responsibilities***

The major role of the Chief Program Officer is to oversee the grant review process, communicate with grant applicants, and be involved with health initiatives and special projects. The Chief Program Officer responsibilities include but are not limited to:

- Develop Requests for Proposals (RFP), develop funding and evaluation strategies and criteria.
- Ensures grantmaking activities are in compliance with California's Government Code and Health and Safety Code related to health care districts.
- Review Letters of Intent, Qualifications, and Proposals submitted to the District for consideration, and make recommendations for review by Committee and Board members.
- Negotiate grants terms and conditions.
- Monitor applicant's performance to ensure grant terms are met.
- Provide guidance to grant recipients on program evaluation tools
- Review and evaluate data derived from evaluation tools.
- Serve as the District's principal contact for applicants.
- Supervise a staff of program officers, directors, coordinators, assistants and consultants.
- Work closely with the CEO developing health initiatives and projects.
- Prepare Committee and Board reports on results of District's funding.
- Develop relationships with other nonprofit and public organizations.
- Have an in-depth understanding of health concerns and needs of the community.
- Keep the CEO informed as to the status of grant activities as appropriate
- Keep current on health issues of importance to the organization by literature review, contact with social and professional communities, and participating in relevant conferences.

### ***Salary range***

***\$120,000 - \$150,000***

### ***Professional Requirements***

Master's degree in public health, public administration, education, or social sciences preferred and demonstration of strong analytical, communication and organization skill with an emphasis on writing skills. At least 10 years of experience in similar positions. Knowledge and understanding of philanthropic philosophies, public health, healthcare and public policy.

Capacity to coordinate efforts involving various projects and multiple players.

8-30-19

# **PUBLIC POLICY ANALYST**

## ***Job Summary***

The Public Policy Analyst will work to influence political and social events, as well as raise public awareness on different issues relevant to the Desert Healthcare District (DHCD). This involves conducting research, analyzing current policies, evaluating the effects of proposed legislation, and reporting on findings. The Policy Analyst will review and evaluate policies and legislation to determine the benefits and impact of any changes that may occur. The Policy Analyst will support efforts to advance DHCD's policy agenda in California. They will work with and maintain strong relationships with allies, stakeholders, policymakers, and others to influence state policy and advance the DHCD's mission to achieve optimal health at all stages of life for all District residents.

## ***Reporting Relationship***

The Public Policy Analyst reports to the Chief Program Officer.

## ***Professional Responsibilities***

The major role of the Public Policy Analyst is to review and evaluate policies and legislation to determine the benefits and impact of any changes that may occur. They will support efforts to advance DHCD's policy agenda in California. The Public Policy Analyst responsibilities include but are not limited to:

- Develop a plan for evaluating and analyzing relevant public policies that impact the District and its residents.
- Analyze local, state and federal policies and communicate effectively their impact on DHCD.
- Monitor policy ideas developing at state and regional levels.
- Produce internal policy memoranda and make recommendations to leadership.
- Attend meetings with legislative staff, policymakers/experts, and issue stakeholders, effectively communicating DHCD policy priorities.
- Develop relationships with community leaders and other stakeholders in California.
- Engage/participate in California policy coalitions/networks.
- Substantial writing required, including completion of issue briefs and providing substantive support for testimony, public comments, and journal articles.
- Ability to conduct secondary research/publishing.
- Serve as an advocate and DHCD representative in policy forums.
- Ability to work with media as appropriate.

## ***Salary range***

***\$60,000 - \$90,000***

## ***Professional Requirements***

Bachelor's degree plus at least five years of policy analysis experience or a master's degree required plus at least two years of experience. Experience developing and executing advocacy campaigns. Knowledge of healthcare districts and commitment to social justice and to DHCD's mission. Knowledge of California lobbying rules/requirements. Knowledge of the legislative and policymaking process, and federal and state government structures (e.g. legislative and administrative process, budget, state agencies, etc.). Excellent writing skills and ability to synthesize information and present it in a variety of formats. Bilingual (English/Spanish) ability strongly preferred. Capacity to coordinate efforts involving various projects and multiple players.

8-30-19



## **ADMINISTRATIVE AND PROGRAM ASSISTANT**

### ***Job Summary***

The Administrative & Program Assistant assists the organization's Administration and Program staff by assuming responsibility for administrative duties and is responsible for organizing and expediting workflow at the Desert Healthcare District. They are responsible for producing a variety of business correspondence, reports, confidential documents, and/or forms related to DHCD administration and program divisions.

### ***Reporting Relationship***

The Administrative and Program Assistant reports to the Chief Administration Officer.

### ***Professional Responsibilities***

The major role of Administrative and Program Assistant is to assist the Chief Administration Officer and the Chief Program Officer by assuming responsibility for administrative duties and is responsible for organizing and expediting workflow at the Desert Healthcare District. their responsibilities include but are not limited to:

- Provides administrative and clerical support to the Chief Administration Officer and the Chief Program Officer related to District/Foundation grantmaking program, including scheduling meetings and other events, preparing correspondence, sending mailings and related duties as assigned. Organize, manage, and maintain electronic and paper grant files and databases. Assists in tracking project finances.
- Compiles and maintains employee records. Assists with the daily administrative operations of human resource and interacts with employees, management and other business associates. Works with benefit brokers/vendors. Presents and administers benefits packages; supports on-boarding and discharge processes. Checks references and organizes background checks.
- Files all organizational documents, including accounting, personnel, and payroll files.
- Work to enhance and improve grants management processes and increase efficiencies.
- Assists in the review and processing of grant applications from letters of intent to approval/denial, including assistance in preparation of funding recommendations for committees and staff.
- Assist in monitoring and documenting grantee performance and preparation of reports for staff, committees, and board.
- Assist in facilitating interaction between grant seekers, grantees, and the District.
- Perform other duties as assigned by the administration and program teams.

### ***Salary range***

***\$40,000 - \$70,000***

### ***Professional Requirements***

Bachelor's degree required. Minimum five years administrative, program and support experience, preferably in grantmaking, nonprofit, governmental or related institutions. Excellent oral and written communication skills, including grammar, spelling and punctuation and ability to write clear and professional letters, reports, memos, agendas, minutes, and other business documents. Ability to interact professionally, appropriately, and effectively with board members, co-workers, members of the public, grant seekers, grantees, and diverse community, government and professional individuals and groups. Computer proficiency in Microsoft Office and database management software, including grant information and tracking systems. Strong organizational skills. Ability to work productively without direct supervision. Bilingual (English/Spanish) ability strongly preferred.

8-30-19



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Consulting Services Agreement for Maggie Martinez dba Personnel 411 HR Consulting - \$833.33/month plus special projects fees

---

**Staff Recommendation:** Consideration to approve a Consulting Services Agreement for Maggie Martinez dba Personnel 411 HR Consulting - \$833.33/month plus special projects fees.

**Background:**

- The CEO has completed an internal assessment of the organization's structure and immediate staffing needs in consultation with staff and recommends a new organizational chart.
- The new organization chart, if approved, includes a Human Resources (HR) Consultant.
- Ms. Martinez is currently the Assistant Director of HR Department at Los Angeles County.
- Prior to this Ms. Martinez was the Director of HR Business Support Services at L.A. Care Health Plan, a public agency in Los Angeles.
- Ms. Maggie Martinez is a former Director of Human Resources for First 5 LA, a public agency in Los Angeles. Dr. Barzaga worked at First 5 LA during part of the time Ms. Martinez was Director of HR at First 5 LA.
- The HR Consultant will review personnel records, review employee handbook, conduct employment investigations, review compliance with regulatory trainings, etc., as outlined in the proposal (Exhibit A) included in the packet.
- The HR Consultant shall provide the services for a flat monthly fee of \$833.33, plus fees for special projects.
- A Consulting Services Agreement and Proposal (Exhibit A) is included in the packet for your review.
- Staff recommends approval of the Consulting Services Agreement for Maggie Martinez dba Personnel 411 HR Consulting.

**Fiscal Impact:**

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

The HR consultant is not included in the District's FY19-20 annual budget. However, by not rehiring the COO position, the Staffing budget was reduced creating net savings of \$155,141 and sufficient budget to accommodate the expense of the consultant.

## **CONSULTING SERVICES AGREEMENT**

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

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

1. District would like to retain the professional services of Consultant to provide Human Resources Consulting Services.

2. Consultant is an expert in the field and is qualified and possesses the knowledge, skill, expertise, necessary to provide the professional services (“Services”) as more specifically outlined in the attached Exhibit “A” (“Consultant Proposal”).

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

#### **1. CONSULTANT’S SERVICES.**

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

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

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

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

#### **2. FEES AND PAYMENTS.**

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

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

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

### **3. TERM; TERMINATION.**

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

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

### **4. INDEPENDENT CONTRACTOR.**

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

### **5. OWNERSHIP OF DOCUMENTS.**

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

### **6. INDEMNIFICATION.**

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

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

## 7. NOTICE.

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

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

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

## 8. MISCELLANEOUS PROVISIONS.

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

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

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

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

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

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

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

“District”:

Desert Healthcare District

By: \_\_\_\_\_  
Les Zendle M.D., President

Date: \_\_\_\_\_

“Consultant”:

Personnel 411 HR Consulting

By: \_\_\_\_\_  
Maggie Martinez

Date: \_\_\_\_\_

DRAFT

**Maggie Martinez**

**EXHIBIT A**

**d.b.a. Personnel 411 HR Consulting**

1621 Edgewood Dr. Alhambra, California 91803

Tel: (323) 497-6964

Proposal for HR Consulting Services

Submitted to Desert Healthcare District

August 27, 2019

Dear Dr. Barzaga,

I am pleased to submit the following proposal to your organization to offer Human Resources Consulting Services.

As an HR professional with over 25 years of experience in both the private and public sector, I am confident that I can offer the support you need to meet your HR needs.

The following is a partial list of services that would be offered:

- Review/audit of existing personnel records to ensure record-keeping is in compliance with the law (to include main personnel file, I-9 employment eligibility records, medical/health records, workers' compensation records, etc).
- Review of standard correspondence to support new hires, voluntary separations, terminations of employment, transfers and other routine personnel status changes. Drafting or revision of correspondence where needed.
- Review or preparation of forms to support routine personnel actions: status change documents, disciplinary notice templates, documents for reporting work-related injury or illness.
- Review of compliance with regulatory training requirements; recommendations for training where needed/appropriate to ensure either compliance with regulatory requirements or to address organizational needs.
- Support with conducting investigations/addressing allegations of misconduct.
- Support with disability management compliance, including the interactive process.
- Support with communications regarding organizational, management, or operational matters that impact employees.
- Review employee handbook.

HR consulting shall be provided as needed for a flat monthly retainer of \$833.33; any services for special projects (i.e. periodic review/drafting of the employee handbook, special audits, investigations), would be provided at an additional flat rate to be negotiated at the time the assignment is made. HR consultant shall coordinate all work with District's management and general counsel.

I appreciate your consideration and would value the opportunity to support the Desert Healthcare District.

Sincerely,

Maggie Martinez

- Seasoned Leader and Strategic HR Business Partner
- Experience in the Nonprofit & Public Sectors
- Effective Executive Coach and Mentor
- Exceptional Communication and Interpersonal Skills
- Fully Fluent in written and spoken Spanish
- Experienced and Effective Investigator of Workplace Issues

## **PROFESSIONAL EXPERIENCE**

---

### **County of Los Angeles, Dept. of Human Resources      April 2017 to present**

Assistant Director, Branch III

Branch III in DHR encompasses employee benefit and retirement plan (operations and administration), workplace programs (wellness, charitable giving, RideShare), occupational health (medical and psychological), leave management and return to work.

- As a member of the Executive DHR team, help develop and lead the strategic goals of the broader organization.
- Leading the re-engineering of the County's occupational health, leave management, and return to work programs, and driving an inclusive and transparent change management process.
- Redesign of all forward-facing websites for programs reporting into the branch to ensure up to date content, ease of obtaining information, and accessibility of resources.

### **L.A. Care Health Plan, Los Angeles, California      December 2015 to April 2017**

Established in 1997, L.A. Care Health Plan is an independent public agency created by the state of California to provide health coverage to low-income Los Angeles County residents. Serving more than 2 million members in six health plans, the company is the nation's largest publicly operated health plan with an operating budget of \$3.7 billion dollars, and a \$90 million dollar personnel budget in support of 2000+ employees.

#### **Director, HR Business Support Services**

As Director of HR Business Support Services, responsible for introducing and integrating the HR Business Partner model and strategic human resources support across the organization.

- Successfully designed, implemented and staffed a new HR Strategic Business Partner model that transformed HR from a transactional orientation to a highly regarded strategic partner.
- Implemented an organization-wide employee engagement strategy to build management accountability, align mission and culture in order to maximize employee engagement as a key driver of organizational performance.
- Designed and implemented the organization's New Employee Orientation Program and worked closely with the Director of Career & Learning Services and with the Compliance & Regulatory Affairs Department to evaluate and consolidate training requirements for new hires.
- Designed and implemented an infrastructure for the Talent Review Committee that moved the organization into a strategic workforce planning process that reviews and



measures quality of hires.

- Collaborated closely with peer directors in Total Rewards, Talent Acquisition, and Career & Learning Services to elevate and coordinate the provision of services and support to employees and managers.
- Successfully redesigned and launched and integrated performance management process to align organizational incentive plans, merit, and performance reviews to organizational strategic goals and build a culture of accountability.
- Reduced ergonomics and workers compensation costs realigning vendor contracts and internal resources, and integrating auditing control functions to improve efficiencies.
- Developed and delivered monthly HR Lunch & Learn Network training session for supervisors and managers across the organization to promote understanding of HR topics and to facilitate internal networking and collaboration.

**Director of Human Resources, First 5 LA, Los Angeles, California  
February 2007 to November 2015**

- Responsible for the design, implementation and oversight of all human resource functions for the Los Angeles County Children & Families First – Proposition 10 Commission, a public entity in Los Angeles. Developed and implemented HR department goals and objectives congruent with First 5 LA's strategic plan. Developed measurement criteria and monitored programs on an on-going basis.
- Strategically redesigned organization compensation and rewards programs to increase employee retention and improve employee engagement and attraction.
- Directed and coordinated all human resources activities including compensation and benefits, leave management, performance evaluations, employee engagement and development, and employee surveys.
- Implemented strategy and infrastructure for First 5 LA's record keeping systems to ensure compliance with state and federal records management and retention requirements and annual audits.
- Researched, implemented and managed a number of new web-based systems, including an HRIS system incorporating electronic candidate management and web-based programs to manage background screening services, and performance evaluations.
- Created and implemented a comprehensive employee on-boarding program that included a post-recruitment survey and an exit interview process that included a post-separation employee survey.
- Ensured compliance with local, state and federal regulations, such as EEO, FLSA, ADA/ADEA, HIPPA, FMLA/CFRA, and other compliance programs.
- Responded to all claims from regulatory and oversight agencies including DFEH, EEOC, OSHA, etc.
- Established a closed chapter of Toastmasters International.

**Director of Human Resources  
AIDS Healthcare Foundation, Los Angeles, California  
May 1993 to February 2007**

Implemented and oversaw all human resource functions for a large multi-faceted healthcare organization. At the time, AHF was the world's largest HIV/AIDS organization with a \$100+ million budget, 750+ employees and independent consultants at over 50 locations domestic and international locations, including Northern and Southern California, the State of Florida, Uganda, South Africa, Rwanda, Swaziland, Zambia, Honduras, Mexico, India. Programs include medical care, pharmacies, research, and prevention and retail thrift stores. Traveled domestically and internationally to develop, implement and oversee HR programs and remotely managed regional/international HR managers to ensure fidelity to organizational policies and procedures. Established a Toastmasters International Chapter to support employee and manager development.

**Campaign Manager, Michael Weinstein for City Council, Los Angeles, California  
January to April 1993**

Responsible for day-to-day operation of campaign office and the candidate's calendar.  
Recruited volunteers and coordinated successful get-out-the-vote operation.  
Coordinated major grassroots handwritten letter campaign to voters.

**Associate Consultant, Select Committee on California-Mexico Affairs  
California State Assembly, Sacramento, California  
March 1992 to January 1993**

Performed legislative tracking, prepared analyses and statements for committee presentations by Assembly Member.  
Successfully guided twelve bills through the State Legislature, receiving Governor's signature.  
Drafted news releases and speeches for the Latino Legislative Caucus.

**Field Representative, Assembly Member Richard Polanco,  
California State Assembly, District 55, Los Angeles, California  
March 1991 to February 1992 and April 1990 to December 1990**

Liaison to public and staff specialist on education, affirmative action, health, worker's compensation, unemployment, HIV/AIDS and other issues.  
Conceived, developed and managed community outreach projects.  
Developed direct mail pieces and coordinated district-wide targeted mail program.

**EDUCATION**

---

**Occidental College, Los Angeles, California**  
Bachelor's Degree (A.B.) in English Literature

**PROFESSIONAL CREDENTIALS**

---

- Certified Senior Professional in Human in Human Resources, HRCI
- Certified Strategic HR Business Partner, Human Capital Institute
- Certified Facilitator, Korn Ferry Leadership Architect
- Competent Communicator, Toastmasters International
- Graduate, Hispanic Leadership Training & Development Program, Kellogg Center of the United Way.

**KNOWLEDGE, SKILLS & TRAINING**

---

- Exceptional verbal communication and writing skills.
- Fully fluent in written and spoken Spanish; bi-cultural.
- Experienced and effective investigator of internal workplace issues and complaints.
- Experienced and effective mentor/coach for leadership, managers and line staff.
- Computer literate in word processing, presentation and database applications, spreadsheets and Internet research.

## PROFESSIONAL REFERENCES

---

Robert Turner, Ph.D  
Former Chief Human Resources Officer, L.A. Care Health Plan  
(714) 743-5840  
Former supervisor

Dr. Antonio J. Gallardo  
President, FRAI  
Professor, UCLA Extension  
(323) 363-2341  
Former colleague, Dr. Gallardo was the Chief Program Officer at First 5 LA

Carol Baker  
Chief, Community and Marketing Services  
Los Angeles County, Department of Beaches & Harbors  
(310) 305-9562  
Former colleague at First 5 LA

Maria Lemus  
Executive Director  
Vision y Compromiso  
(626)864-6177  
Client

Additional references available upon request



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: First Amendment to the Chief Executive Officer's Employment Agreement  
– Auto Allowance \$500 per month

---

**Staff Recommendation:** Consideration to approve the First Amendment to the Chief Executive Officer's Employment Agreement – Auto Allowance \$500 per month.

**Background:**

- An employment agreement was executed on June 11, 2019 for the District's new CEO, Dr. Conrado Barzaga.
- The District's annual budget as approved by the Board includes a \$6,000 allocation (\$500 per month) for auto allowance for the CEO.
- As an employee of the District, Staff is entitled to mileage reimbursement. However, Staff believes the CEO's time is better spent attending to the goals and mission of the District than maintaining a mileage log.
- Staff desires to amend the CEO's Employment Agreement to include a monthly auto allowance.
- The First Amendment to the CEO's Employment Agreement is included for your review.
- Staff recommends approval of the First Amendment to the CEO's Employment Agreement to include a \$500 per month auto allowance.

**Fiscal Impact:**

\$500.00 per month (\$6,000 annually) is included in the District's FY19-20 annual budget.

**FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT  
BETWEEN DESERT HEALTHCARE DISTRICT  
AND CONRADO E. BARZAGA, M.D.**

The Employment Agreement dated June 11, 2019, between Desert Healthcare District (“District”) and Conrado E. Barzaga M.D. (“Employee”), is hereby amended as follows:

1. Section 4. is modified to read:

“Relocation Expenses and Automobile Allowance. Employee currently resides in Upland California and will need to relocate to the Coachella Valley, California. As part of this Agreement, District agrees to pay Six Thousand Dollars (\$6,000) for relocation expenses. Payment shall be made to Employee upon commencement of employment on July 31, 2019. In addition, the District agrees to pay Employee an automobile allowance in exchange for the Employee securing a personal vehicle to be used for District business and/or functions, during, before, and after normal work hours. The automobile allowance shall be \$500 per month for travel within Riverside County and San Bernardino County, and standard IRS reimbursement rates for auto travel outside of Riverside County and San Bernardino County. Employee shall be responsible for the costs of operation, repair, maintenance, and liability, property damage and comprehensive insurance for the personal vehicle.”

2. Except as modified by this First Amendment, the terms and conditions of the June 11, 2019 Employment Agreement are restated and shall remain in full force and effect.
3. The effective date of this Amendment is October 1, 2019.

“Employee”:

“District”:

By \_\_\_\_\_  
Conrado E. Barzaga M.D.  
Chief Executive Officer

By \_\_\_\_\_  
Les Zandle M.D., President,  
Board of Directors



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: September 10, 2019  
To: Finance and Administration Committee  
Subject: Request for Proposals – Community Health Needs Assessment (CHNA)

---

**Recommendation:**

Consideration to recommend release of the Community Health Needs Assessment Request for Proposals and identify and establish a contract for negotiation.

**Background:**

- In June 2017, the Board of Directors of the Desert Healthcare District and Foundation approved a 3-year strategic plan with three defined Strategic Priorities through June 2020.
- The over-arching priorities include Providers, Facilities and Services, Valley-Wide Expansion, and Improved Community Health Status and the four Community Health Focus Areas of homelessness; primary care and behavioral health access; healthy eating, active living; and quality, safety, accountability and transparency.
- On November 6, 2018, eastern Coachella Valley voters approved extending the District boundaries east of Cook Street, more than doubling the coverage area.
- The newly annexed boundaries of the District and Foundation created a new demographic and geographic landscape.
- With new boundaries and the 2017-2020 Strategic Plan sunseting, it is necessary to reassess the entire Coachella Valley and get a clear picture of the health needs to understand where the District and Foundation can target its efforts and make the greatest health impact.

**Information:**

- With the newly expanded service area, there will be a shift in health priorities that better represent the entire Coachella Valley.
- It is apparent that great health disparities exist in Coachella Valley. It is the District's and Foundation's interest to promote equitable access to health resources and health outcomes through a new strategic plan which will ultimately be informed by the CHNA.
- A comprehensive CHNA will help to effectively allocate and drive investments and resources to areas of the most prioritized community health needs.
- The CHNA will identify community health needs and priorities, and it will provide a basis for future decision-making and monitoring.
- The CHNA proposal is included for your review and consideration.
- Staff is recommending the release of the request for proposals commissioning an assessment of the Coachella Valley residents' health needs and to identify and establish a contract for negotiation.

**Fiscal Impact:**

Not to exceed \$300,000.



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

REQUEST FOR PROPOSALS (RFP)

RFP # 20191001

RELEASE DATE: October 1, 2019

COACHELLA VALLEY COMMUNITY HEALTH NEEDS ASSESSMENT

RFP SUBMISSION DATE: November 8, 2019

Proposal Contact: [info@dhcd.org](mailto:info@dhcd.org)

DRAFT

DESERT HEALTHCARE DISTRICT AND FOUNDATION  
Coachella Valley Community Health Needs Assessment

REQUEST FOR PROPOSALS  
Table of Contents

I. TIMELINE..... 3

II. BACKGROUND ..... 4

III. MISSION AND VISION ..... 4

IV. PURPOSE OF REQUEST FOR PROPOSAL..... 5

V. PROPOSAL DELIVERABLES ..... 5

VI. QUALIFICATIONS ..... 6

VII. SCOPE OF WORK..... 7

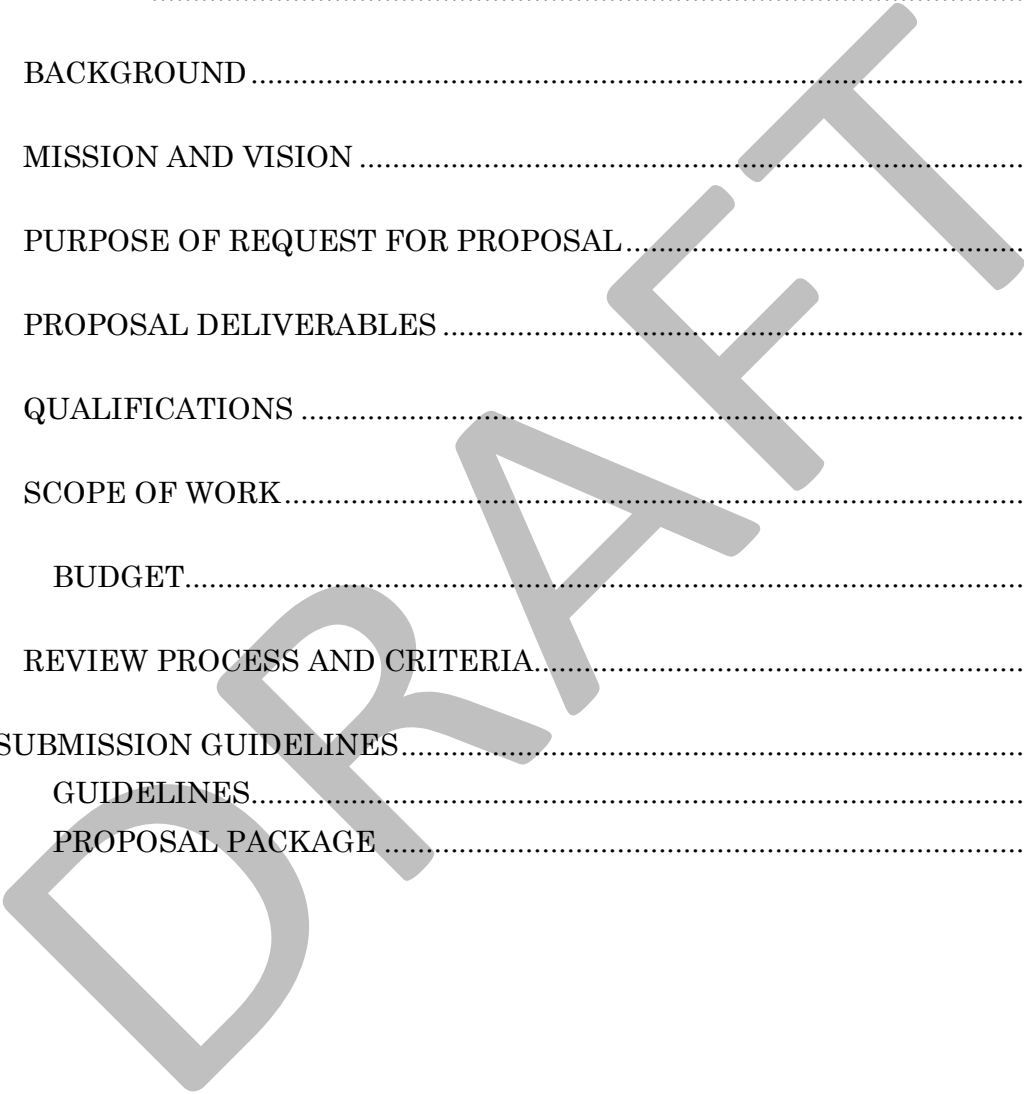
VIII. BUDGET..... 7

IX. REVIEW PROCESS AND CRITERIA..... 8

X. SUBMISSION GUIDELINES..... 9

    A. GUIDELINES..... 9

    B. PROPOSAL PACKAGE ..... 9





## I. TIMELINE

The RFP process will operate along the following timeline: [Note: The Desert Healthcare District and Foundation (District and Foundation) reserves the right to modify the stated schedule of events at any time.]

Date	Activity
September 26, 2019	Release Request for Proposals
October 3, 2019	Bidder's Conference (Webinar)
November 1, 2019	Last day to submit questions electronically to the Desert Healthcare District by 5:00 p.m.
November 8, 2019	Proposal Package due to the Desert Healthcare District via electronic submission to info@dhcd.org by 5:00 p.m.
November 11, 2019 – November 29, 2019	Proposals will be reviewed.
December 10, 2019	Award recommendations to Program Committee and Finance Committee.
December 17, 2019	Board of Directors' final approval at the December Board Meeting.
January 6, 2019	Contract begins.

All questions and requests for additional information regarding this RFP must be received electronically by the District and Foundation by 5:00 p.m. on November 1, 2019. The Desert Healthcare District and Foundation reserves the sole right to determine the timing and content of the responses to all questions and requests for additional information.

Questions and information requests can be submitted to:

Desert Healthcare District and Foundation Staff  
E-mail: info@dhcd.org

## II. BACKGROUND

The Desert Healthcare District was created in 1948 to serve residents within a 457-square-mile area of the Coachella Valley. The District included communities in the western end of the valley (Palm Springs, Desert Hot Springs, Cathedral City, Thousand Palms, Rancho Mirage, Mountain Center, San Geronio, and a portion of Palm Desert), with Cook Street as a boundary line. Once established, the District then built and the Board operated Desert Hospital, now known as Desert Regional Medical Center. In 1997, the Board voted to lease the hospital and all operations to Tenet Health Systems for 30 years. Subsequently, the District opted to create a system change implementing a defined grantmaking program. The District budgets approximately \$4 million each year for grants and other programs that seek to achieve optimal health at all stages of life for all District residents.

In June 2017, the Board of Directors of the Desert Healthcare District and Foundation approved a 3-year strategic plan with three defined Strategic Priorities through June 2020. The over-arching priorities include Providers, Facilities and Services, Valley-Wide Expansion, and Improved Community Health Status. Within the Strategic Plan priorities, the Board also identified four Community Health Focus Areas: homelessness; primary care and behavioral health access; healthy eating, active living; and quality, safety, accountability and transparency.

Addressing the strategic priority area of Valley-Wide Expansion, eastern Coachella Valley voters, on November 6, 2018, approved extending the District boundaries east of Cook Street, Palm Desert. More than doubling the coverage area, the expansion enlarged the District to include the rest of Palm Desert, as well as Indian Wells, La Quinta, Indio, Coachella, Bermuda Dunes, Thermal, Mecca, North Shore and other unincorporated communities.

The newly annexed boundaries of the District and Foundation created a new demographic and geographic landscape. With the newly expanded service area, it is anticipated that there will be a shift in health priorities that are representative of the entire valley. With the 2017-2020 Strategic Plan sunset, it is necessary to reassess the entire Coachella Valley and get a clear picture of the health needs to understand where the District and Foundation can target its efforts and make the greatest health impact. It is apparent that great health disparities exist in Coachella Valley. It is the District' and Foundation's interest to promote equitable access to health resources and health outcomes through a new strategic plan.

## III. MISSION AND VISION

The mission and vision of the Desert Healthcare District and Foundation focus on the advancement of community wellness in the Coachella Valley:

### MISSION

To achieve optimal health at all stages of life for all District residents.

### VISION

Connecting Coachella Valley residents to health and wellness services and programs through philanthropy, health facilities, information and community education, and public policy.

## IV. PURPOSE OF REQUEST FOR PROPOSAL

The Desert Healthcare District and Foundation aims at effectively allocating resources and driving investments to areas of the most prioritized community health needs of the entire Coachella Valley. To that end, the District and Foundation is issuing a request for proposals commissioning an assessment of the Coachella Valley residents' health needs. The assessment will not only identify community health needs, it will also provide a basis for future decision-making and monitoring.

## V. PROPOSAL DELIVERABLES

The qualified applicant will be responsible for the complete coordination, research, and writing of a fully comprehensive Community Health Needs Assessment (CHNA) with a focus on qualitative and quantitative data gathering and analysis. The applicant is required to include development and implementation of a resident-driven engagement process to involve the community, key stakeholders and subject matter experts throughout the entire scope of the project. The final report will be due to the Desert Healthcare District and Foundation on June 30, 2020. The selected applicant will be required to conduct the following activities as part of its completion of the CHNA requirements and deliverables:

A Community Health Needs Assessment report must include, but is not limited to, the following:

- An Executive Summary
- Purpose and goal of report
- Assessment approach, methods, and data limitations including engagement process
- Overview of Coachella Valley physical, demographic, and cultural landscape including, but not limited to:
  - Population characteristics
  - Social determinants of health
  - Health disparities as a metric for assessing health equity
- An overview or reference to relatable health assessments and reports previously conducted in the Coachella Valley throughout the report, as appropriate
- An assessment of the health needs of the community with a detailed analysis
- The identification, prioritization, and trends of the top five health needs in the community
- Needs by demographics (age, gender, race, income, educational status, etc.) under subject areas including, but not limited to, the following: poverty, education, employment, housing, health, food security, transportation, and childcare accessibility
- Community perceptions on the confounding and contributing factors of the top five health needs and strategic responses to the top five identified
- Outline key disparities in health outcomes by race and ethnicity
- An asset/resource mapping for services targeting the top five prioritized health issues
- A review of the breadth of healthcare access and use of preventive services
- Strengths, assets, gaps, and barriers to accessing healthcare in the Coachella Valley
- Create recommendations, with an equity lens, and possible solutions including:

- How best to address the top five health needs of the community
- Ways in which the District and Foundation can engage stakeholders in aligning around a community health improvement framework that is grounded in principles of health equity and population health
- Facilitate the development of a process to track actions taken to implement strategies to create a community health improvement plan
- Set measures and targets to monitor top five health needs over time
- Develop annual report template to monitor the community health improvement plan
- Develop annual reporting process for stakeholders to revisit progress and reassess priorities to update and revise the community health improvement plan strategies, activities, time frames, targets, assigned responsibilities, etc.
- Create a PowerPoint presentation outlining key findings throughout the entire Community Health Needs Assessment process

## VI. QUALIFICATIONS

The Desert Healthcare District and Foundation is accepting proposals from qualified organizations to render professional services to conduct and produce a Community Health Needs Assessment. Applicants must demonstrate the following in order to be considered for selection of the Coachella Valley CHNA project:

- Knowledge and skills
  - Ability to design a strategic engagement approach for a diverse community, conduct formative research, qualitative and quantitative data collection, and data analysis
  - Demonstrate relatable work experience
    - The applicant strongly demonstrates credibility for this kind of work (i.e. strength, name recognition, and a history of achievements)
    - The proposal should include three references who can speak to their experience in conducting projects of similar scope
- Applicant has the capacity and infrastructure to execute proposal
- Financial stability
  - The applicant strongly demonstrates a financial history that shows a continuous cycle of fiduciary responsibility and sustainability
  - Applicant will be subject to a financial stability review
- Other desired qualifications
  - Sensitivity to the cultural and demographic diversity of communities throughout the Coachella Valley
  - Facilitate effective and appropriate communication, problem-solving, and planning methods with various stakeholders and residential communities
  - Ability to coordinate a resident-engaged process and approach
  - Ability to perform other duties which may be deemed necessary and appropriate

## VII. SCOPE OF WORK

The applicant will create a scope of work and submit within the Proposal Package (Section X), addressing how the organization will lead a community-driven collaborative process resulting in a comprehensive Community Health Needs Assessment, producing the project deliverables, as detailed in Section V, by June 30, 2020. The applicant will be responsible for the content layout, design, and research integrity of all data, with flexibility as determined by the Desert Healthcare District and Foundation. The applicant will use relevant and appropriate quantitative and qualitative methodologies to systematically research, collect, summarize, map, analyze, and make conclusions from data and information on the entire Coachella Valley.

Applicant will develop a proposed project plan, including the process and methodology that will be used to conduct the assessment and meet all project deliverables. Preference will be given to applicants that:

- Incorporate the nine-step guide from the Association for Community Health Improvement's Community Health Assessment Toolkit.
- Integrate the Healthy People 2020 framework to assessing Social Determinants of Health key indicators and underlying factors in their proposed work. Please reference: <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

Applicant will highlight how they will adhere to the administrative responsibilities and duties listed below:

- Attend all meetings either in person, by telephone, or other electronic means with designated Desert Healthcare District and Foundation staff and Board members
- Provide biweekly progress updates of the development of the CHNA
- Conduct research using an approach that ensures accurate, up-to-date, and ethical methods and materials
- Write and submit multiple drafts throughout the contract
- Review, edit and take into consideration all District and Foundation staff and Board of Directors comments and concerns
- Convey to the District and Foundation all documentation and data related to the production of the CHNA with the understanding that the District and Foundation is the sole owner of the Community Health Needs Assessment
- Present findings to the Desert Healthcare District and Foundation's committees and Board meeting during the month of July 2020 for final approval

## VIII. BUDGET

The budget is specific and reasonable, and all items strongly align with the described project. The budget strongly demonstrates financial clarity and tells the same story as the proposal narrative and does not exceed \$300,000.

## IX. REVIEW PROCESS AND CRITERIA

A Review Committee will be formed for the purpose of leading a detailed review process and making recommendations to the Desert Healthcare District and Foundation's committees and Board of Directors. Award of the contract will be determined based on how each proposal meets the threshold criteria outlined in sections V and VII.

The final proposal will be selected based upon the applicant's capacity, functionality, experience, quality of past work, budget, and other factors as outlined elsewhere in this RFP through a two-phase review process listed below.

### Phase 1:

The Review Committee will consider the following criteria during the recommendation process:

- Applicant's eligibility and qualifications.
- Applicant's ability and capacity to meet proposal requirements including the completeness of proposal.
- Skill and experience of key personnel.
- Demonstrated experience with Community Health Needs Assessments or similar projects.
- Detailed approach and methods for project completion.
- Compliance with administrative requirements of the request for proposal format, due dates, etc.
- Results of communications with references supplied by applicants.
- Ability and commitment to meeting time deadlines.
- Contractor's financial stability.
- Outlined budget.
- Community Health Assessment Methodology.
- Integration of Healthy People 2020 framework to assessing Social Determinants of Health indicators in their proposed work.
- All proposals will be scored and the proposal with the highest score will be selected.

Proposals that are incomplete or do not meet the minimum requirements are subject to disqualification.

### Phase 2:

The Review Committee will consider each proposal resulting from this RFP and make a recommendation to the Desert Healthcare District and Foundation Committees and Board of Directors. The Board of Directors will make the final approval during the December Board meeting. The Desert Healthcare District and Foundation will consider proposals based on their relative merit, risk and values to the District and can reject any or all offers during this RFP process without obligation or liability to any potential contractors.

## X. SUBMISSION GUIDELINES

### A. GUIDELINES

The submitted proposals must follow the below guidelines to be considered for selection:

- The proposal should not exceed six (6) pages total, not including the cover letter or any appendices
- Times New Roman Font, 12-point
- All pages and page number must be numbered sequentially with the name of applicant organization at the top of each page
- Include a table of contents with page numbers

### B. PROPOSAL PACKAGE

To be considered for selection, a complete proposal package must include all items detailed below:

- 1) **Cover Page:** Provide name of organization, address, website, and primary contact person with email and phone.
- 2) **Table of Contents:** A table of contents must be submitted outlining all sections of the proposal package with corresponding page numbers.
- 3) **General:** Provide an overview of your organization and describe how your firm is capable of meeting the terms and conditions of this project.
- 4) **Expertise:** Describe your organization's expertise in conducting relatable projects and any characteristics of the organization which make it especially qualified to perform required work activities. Please discuss your firm's involvement with similar agencies to the Desert Healthcare District and Foundation.
- 5) **Key Staff:** Provide a list of proposed staff for this work. Include each person's curriculum vitae in the attachments. Please provide full contact information for your firm's primary contact and the person responsible for project communication between your firm and the Desert Healthcare District and Foundation.
- 6) **References:** Please provide contact information for three customer references for work you have done that is relevant to this effort. Information regarding each reference should include the individual's name, address, telephone number and email address.
- 7) **Work Examples:** Please provide examples from projects you or your firm has successfully completed that are similar to the Desert Healthcare District and Foundation Community Health Needs Assessment project. Electronic links to relevant documents or websites will be acceptable.
- 8) **Approach and Methods to Deliverables (Section V) and Scope of Work (Section VII) Requirements:** Develop a proposed project plan and describe in detail the approach and specific methods your firm will use to produce the Deliverables and Scope of Work details described in this RFP. Preference will be given to applicants that incorporate the nine-step guide from the Association for

Community Health Improvement's Community Health Assessment Toolkit and integrate the Healthy People 2020 framework to assessing Social Determinants of Health indicators. Make sure to describe in detail, the following:

- a. Applicant will develop a proposed project plan, including the design, methods, and analysis techniques for use in collecting quantitative and qualitative data on health priorities, barriers, and meet all project deliverables. Please, include how you will:
    - i. Identify existing data sources that will be used for analysis. Include plan to gather quantitative and qualitative data that is representative of community members throughout the service area of the District.
    - ii. Identify data gaps and your plan to obtain missing data, if feasible.
    - iii. Identify the five greatest health needs across the Coachella Valley.
    - iv. Develop a plan to make strong conclusions based on data collected and district residents' input, incorporating a racial equity framework to show how needs are experienced by different groups.
    - v. Help the District monitor the top five health needs of the community (dashboard).
  - b. The methods and analysis techniques that will be utilized for extensive secondary data collection.
  - c. Processes you will use to ensure collaboration with residents and public and private health and healthcare stakeholders across the entire Coachella Valley.
- 9) **Work Plan and Timeline:** Provide a realistic and detailed work plan for the deliverables you are to complete. Display the work plan in a timeline format that ensures the final Community Health Needs Assessment is completed by June 30, 2020. Provide details for the work to be completed each month and the person or position responsible for tasks.
- a. Provide a list of project deliverables with a detailed timeline for each deliverable and overall project completion for the Comprehensive Community Needs Assessment.
  - b. If subcontractors will be used, include tasks delegated to them.
- 10) **Budget:** Provide an understandable and clearly delineated cost proposal. Include an estimate of hours for all project staff and describe key roles and responsibilities for each. Additionally, please include a cost break down for all indirect and direct expenses.
- a. For budget purposes, assume at least three trips to meet on-site with the District and Foundation staff over the course of the contract. Additionally, the applicant will be expected to give at least two presentations to the Desert Healthcare District and Foundation, with one being a presentation to the District's Program Committee and one being a presentation of a final report to the Desert Healthcare District and Foundation Board of Directors during its July 2020 Board Meeting.





**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Coachella Valley Association of Governments (CVAG) Memorandum of Agreement (MOU) – CV Link Contingency and Conditions Analysis

---

**Staff Recommendation:** Information and discussion.

**Background:**

- In 2013, the DHCD and CVAG entered into an MOU to provide \$10,000,000 towards the construction of the CV Link, a 50-mile multi-use trail way spanning the Coachella Valley.
- The MOU describes funding contingencies and conditions to be met prior to the District completing a grant with CVAG for \$10M.
- CVAG has been working over the past 6 years to secure funding and develop the plans to construct the CV Link.
- June 12, 2019, CVAG provided a letter to the DHCD requesting a formal grant contract.
- At the July 25, 2019, the Board of Directors directed staff to work with CVAG staff to provide an analysis of the contingencies and conditions of the MOU and to develop a grant contract to bring to the September 24, 2019 Board of Director's meeting.
- DHCD staff has been working on gathering information about a potential grant.
- Included in the packet is an analysis of the MOU contingencies and conditions for information and discussion.

**Fiscal Impact:**

\$10,000,000 future cash disbursements – In 2013, the District booked the \$10M as an expense and created a future liability.

**Memorandum of Understanding  
Between  
Desert Healthcare District  
And  
Coachella Valley Association of Governments  
CV Link – Contingency and Conditions Update 09.10.19**

<b>Contingency</b>	<b>CVAG</b>	<b>DHCD Confirmation</b>
<p>DHCD funding is tied to CVAG securing gap funding of \$12,600,000. Created when the South Coast Air Quality Management District (“AQMD”) award of \$17,400,000 was insufficient to meet the funding contingency which tied a DHCD grant award of \$10,000,000 to an AQMD award of at least \$30,000,000. The \$12,600,000 must be secured within 30 months of June 1, 2013 and may be from single or multiple funding sources.</p>	<p>October 28, 2013, CVAG’s Executive Committee took action to approve a commitment of \$12.6 Million of MAP 21 CMAQ federal transportation funds to the CVAG CV Link project.</p> <p>Reference: Minutes of October 28, 2013 CVAG Executive Committee Meeting</p>	<p>Although it seems that this contingency has been satisfied, it is unclear how much of the monies have been “secured” vs. “received”.</p>
<b>Conditions</b>		
<p>1. DHCD funding tied to 1) design, 2) right of way and/or easements, 3) community engagement and outreach, and 4) construction of facilities within the DHCD boundaries.</p>		<p>DHCD Board of Directors will consider the referenced condition items when considering approval of the grant contract.</p>
<p>2. DHCD reserves the right to revoke its unexpended financial commitments in the event it becomes necessary to address a major DHCD or DRMC related financial obligation (e.g. seismic retrofit obligations, cancellation of Tenet lease, etc.)</p>		<p>DHCD Board of Directors will consider potential financial obligations when considering approval of the grant contract.</p>

**Memorandum of Understanding  
Between  
Desert Healthcare District  
And  
Coachella Valley Association of Governments  
CV Link – Contingency and Conditions Update 09.10.19**

<p>3. DHCD funding will be utilized on an actual cost reimbursable basis with the understanding that actual disbursements will not be necessary for 2 more years. Such disbursements will likely occur over a 5-6-year period thereafter (e.g. approximately (\$1-\$2Million/year).</p>	<p>CVAG’s June 12, 2019 letter states its intent is to begin seeking approximately <u>\$2M for design and construction</u> as soon as the grant contract is finalized. CVAG is sensitive to any cash flow considerations of the District. The intent to use District funds will be allocated toward the building of 15 miles of the project in 2020.</p>	<p>Disbursement schedule to be created with grant contract including payment schedule and deliverables (Exhibit B) and subject to approval by the DHCD Board of Directors.</p>
<p>4. CVAG will make every effort to tie DHCD funding to acquisitions of a “property interest” in the project. Such an interest will be ownership of an easement(s) in favor of the DHCD and to ensure that the route remains open for public health related purposes. Such a property interest becomes an asset of the DHCD.</p>	<p>In November 2018, CVAG and the District’s legal counsel developed conducive language to be included in all easements.</p> <p>Reference: Correspondence between CVAG and DHCD Legal Counsel. Sample of Easement Deed.</p>	<p>Condition 4 is pending approval of the proposed legal language by DHCD Board of Directors.</p>
<p>5. DHCD will assume a participatory role during the design phase to ensure that <u>public health related objectives are secured</u> and that, where feasible, connections to schools, health facilities and the like are adequately accommodated.</p>	<p>CVAG provided the following during over the past 6 years:</p> <ol style="list-style-type: none"> <li>1. Quarterly written updates/progress reports included in Board packets.</li> <li>2. In-person presentations at the January and April 2016 Board meetings.</li> <li>3. July 18, 2019 – CVAG delivered a set of final Construction Plans. CVAG indicates, where feasible, CVAG has included connections to schools, community parks, employment centers, health facilities and other public spaces.</li> </ol>	<p>Although DHCD received the referenced records and reports, the DHCD has not had a participatory role in the process, in particular securing public health related objectives.</p>

**Memorandum of Understanding  
Between  
Desert Healthcare District  
And  
Coachella Valley Association of Governments  
CV Link – Contingency and Conditions Update 09.10.19**

<p>6. Final design and budget must be acceptable to the DHCD.</p>	<p>CVAG anticipates a revised budget once the construction drawings are finalized.</p> <p>Reference: Detailed Engineers Estimate and Total Project Costs 06/14/16</p>	<p>Cost estimate from 2016 is provided.</p> <p>How does the exclusion of Rancho Mirage and Indian Wells affect the overall design and budget?</p> <p>The project was originally expected to be 50 miles long. Nonparticipation by Rancho Mirage and Indian Wells would reduce it by at least 8 miles (-16%).</p>
<p>7. A collaboration between DHCD and CVAG will determine the long-term health benefit by the development and implementation of a health assessment tool.</p>	<p>A Health Impact Assessment report was completed in November 2015.</p> <p>DHCD received the Health Impact Assessment report August 2019.</p> <p>Reference: Health Impact Assessment – November 2015</p>	<p>Although the Health Impact Assessment was completed, the DHCD did not collaborate in the assessment.</p> <p>The Health Impact Assessment does not provide sufficient evidence that the CV Link will have a positive impact on the health of the District population.</p> <p>A Cochrane Review did not find strong evidence that an intervention like CV Link will effectively increase physical activity for the population.</p>
<p>8. If approved as recommended, the grant contract will include deliverables and payment schedule, if and when the \$12.6 Million is secured as demonstrated by formal action/notice of awards and/or other documentation suitable to the DHCD.</p>	<p>CVAG has submitted the appropriate documentation through the DHCD's formal grant program.</p>	<p>The DHCD's Program Committee &amp; Finance &amp; Administration Committee will review at their September meetings. Final approval to be considered by the Board of Directors.</p>

**Memorandum of Understanding  
Between  
Desert Healthcare District  
And  
Coachella Valley Association of Governments  
CV Link – Contingency and Conditions Update 09.10.19**

<p>9. Based on the recommendations, if the contingency is met (\$12.6 Million is secured), the \$10 Million grant award will be booked as a liability by DHCD at that time. Availability of funds will be tied to demonstrated progress such as successful completion of environmental clearances.</p>	<p>CVAG Executive Committee meeting of October 28, 2013  Reference: Minutes of October 28, 2013 CVAG Executive Committee Meeting</p>	<p>The MOU acknowledging the \$10 Million commitment was booked as a future grant payable on the books of the District on November 21, 2013.</p>
<p>10. Based on DHCD actions outlined above, CVAG agrees to use its best efforts to acquire additional funding to develop the CV Link. In consideration for those efforts, DHCD agrees to maintain its funding commitment outlined above in effect for 30 months expiring on November 30, 2015.</p>		<p>This clause indicates the MOU may have expired on November 30, 2015.</p>

**UNDERLYING PUBLIC HEALTH AND PUBLIC SAFETY CONSIDERATIONS**

- Seismic retrofitting of DRMC is estimated to cost between \$119M-\$180M. DHCD does not have sufficient cash reserves to cover these costs.
- Emergent needs raised by the community, remain unaddressed. Some of which have significant impact on respiratory and heart diseases and access to healthcare and public safety services.
- For example, 31 mobile home parks are without paved roads. Paved roads would reduce PM<sub>2.5</sub> and PM<sub>10</sub> (fine and coarse) particle pollution and improve air quality. The benefits of this, may include a reduction in respiratory and heart diseases; increased access to emergency responders, including fire and ambulance; health services, and public transportation.

**Memorandum of Understanding  
Between  
Desert Healthcare District  
And  
Coachella Valley Association of Governments  
CV Link – Contingency and Conditions Update 09.10.19**

- Another public health and public safety concern is whether CV Link will attract homeless encampments, as it has happened in other areas in California, creating health, environment and public safety hazards, including trash, needles, human waste and the potential outbreaks of communicable infectious diseases.
- The CV Link Master Plan outlines crime prevention through environment design and discusses a safety and security plan that will be developed and implemented with area police, fire chiefs and County Sheriffs; however, there is no Safety and Security budget planned.
- Additionally, a Federal Appeals Court ruling says, “if there is no option of sleeping indoors, the government cannot criminalize indigent, homeless people for sleeping outdoors, on public property, on the false premise they had a choice in the matter”.

**COST ESTIMATES/CONSTRUCTION CONCERNS**

- The construction budget dated 6/14/16 estimated a cost of \$100 million.
- It was stated that overall construction cost is an estimate and actual cost will be determined by contracting bids.
- The opt-out by Rancho Mirage and Indian Wells would reduce the original 50 miles by 8 miles. This reduction represents 16% of the total length of the trail. What impact does this have on the cost estimate and a revised master plan?



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: September 10, 2019  
To: Finance & Administration Committee  
Subject: Political Consultants for a potential Tenet Transaction for the Sale of DRMC

---

**Staff Recommendation:** Discussion regarding consulting services for a political consultant should a Tenet transaction develop for a sale of Desert Regional Medical Center (DRMC)

**Background:**

- July 14, 2019, Tenet submitted a proposal to purchase Desert Regional Medical Center from the Desert Healthcare District (DHCD).
- July 25, 2019, the proposal was presented to the Board of Directors.
- The Board requested Tenet bring back a more substantial proposal.
- A service agreement with Kaufman Hall was approved to work with DHCD regarding the proposal.
- An ad hoc committee was formed and is working with Staff, the District's legal counsel, and Kaufman Hall.
- Should a future Tenet proposal be agreeable to the Board of Directors, DHCD will engage a political consultant to determine the feasibility of placing an initiative on either the March or November 2020 election ballot.
- The feasibility phase will require polling and focus groups.
- If the ballot initiative is deemed feasible, DHCD will work with the consultant to create a program to educate the public on the potential sale.
- Staff would like to begin the discussion with the Committee.

**Fiscal Impact:**

Estimated Costs:	
Feasibility:	\$ 70,000
Education Program:	<u>\$115,000</u>
Total:	\$185,000