



**DESERT HEALTHCARE DISTRICT**  
**Finance, Legal, Administration, & Real Estate Committee Meeting**  
**November 12, 2019**

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:00 PM, Tuesday, November 12, 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.

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**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**

**ACTION**

1. F&A Minutes – Meeting October 8, 2019 – Pg. 2-6

**V. CEO REPORT**

**VI. CHIEF ADMINISTRATION OFFICER'S REPORT – Pg. 7**

Information

1. LPMP Leasing Update – Pg. 8

**VII. FINANCIAL REPORTS**

**ACTION**

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

**VIII. OTHER MATTERS**

1. LPMP Lease – Suite 2W 107 – Corey King, N.D. & William Grimm Jr. M.D. – Pg. 32-53
2. T-Mobile Cell Site Amendment #3 – Extending the lease 5 years – Pg. 54-57
3. Political Consultants for Potential Hospital Lease/Transaction – Pg. 58

**ACTION**  
**ACTION**  
**ACTION**

**IX. ADJOURNMENT**

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



**DESERT HEALTHCARE DISTRICT**  
**FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE**  
**MEETING MINUTES**  
**October 8, 2019**

Directors Present	District Staff Present	Absent
Chair/Treasurer Mark Matthews Vice-President Leticia De Lara	Conrado E. Bázquez, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Alejandro Espinoza, Program Officer and Outreach Director Stephen Huyck, Accounting Manager Meghan Kane, Community Health Analyst Andrea S. Hayles, Clerk to the Board	Director Arthur Shorr

AGENDA ITEMS	DISCUSSION	ACTION
<b>I. Call to Order</b>	Chair Matthews called the meeting to order at 3 p.m.	
<b>II. Approval of Agenda</b>	Chair Matthews asked for a motion to approve the agenda.	<b>Moved and seconded by Chair Matthews and Vice-President De Lara to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	There was no public comment.	
<b>IV. Approval of Minutes</b> 1. F&A Minutes – Meeting September 10, 2019	Chair Matthews motioned to approve the September 10, 2019 minutes.	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the minutes. Motion passed unanimously.</b>
<b>V. CEO Report</b>	No report was provided.	
<b>VI. Chief Administration Officer’s Report</b> 1. LPMP Leasing Update	Chris Christensen, CAO, explained that Cohen Musch has relocated to the approved suite with an interested party in the newly vacated suite. A new proposal for suite 2W 107 is in the process of negotiations. There are currently three vacancies at Las Palmas Plaza that the broker is marketing.	
<b>VII. Financial Reports</b> 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits	Chris Christensen, CAO, provided an overview of the financials. The District is presently ahead of the budget due to grants that have not been awarded. The committee	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the September 2019 District Financial Reports - Items 1-10 and to forward to the Board for approval.</b>

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<p>4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule</p>	<p>reviewed the financials and moved to approve.</p>	<p><b>Motion passed unanimously.</b></p>
<p><b>VIII. Other Matters</b> 1. <b>Craig Hartzheim – Moss Levy &amp; Hartzheim – FY 2019 Audit Reports – District &amp; RPP</b> a. <b>Management Letter, Communication Letter, Internal Controls Report</b> b. <b>District Audit Report</b> c. <b>RPP Audit Report</b>  2. <b>Auditing Firms – Request for Proposal</b></p>	<p>Craig Hartzheim, Moss, Levy &amp; Hartzheim, provided details of the preliminary audit in May, detailing both the District, Foundation, and Pension Plan. Mr. Hartzheim provided an overview of the Management Letter, General Expenses, and the Rental Income with highlights of the audit report. Similar to 2018, Mr. Hartzheim explained that there is a potential liability given the small accounting department, but the District is transparent with Board review.</p> <p>Vice-President De Lara suggests that the District consider a grant writer to obtain more revenue for state and federal grant submissions.</p> <p>Chris Christensen, CAO, explained that the District evaluates a new auditing firm every 5 years. The nine auditing firms were detailed for proposal requests.</p>	<p><b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the audited financials and forward to the Board for approval. Motion passed unanimously.</b></p> <p><b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the auditing firms request for proposal and forward to the Board for approval. Motion passed unanimously.</b></p>

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<p><b>3. LPMP Lease Renewal – Suite 3E 104-105 – Laboratory Corporation of America</b></p>	<p>Chris Christensen, CAO, explained that the current lease is on a month-to-month basis, and a 3-year lease term has been identified. The monthly base rent is \$1.55/sq. ft. and the Tenant Improvement Allowance is \$20/sq. ft.</p>	<p><b>Moved and seconded by Vice-President De Lara and Chair Mathews to approve the LPMP lease renewal – Laboratory Corporation of America and forward to the Board for approval. Motion passed unanimously.</b></p>
<p><b>4. Las Palmas Medical Plaza – Fire Sprinkler Alarm Proposal</b></p>	<p>Chris Christensen, CAO, detailed the work to date and the requirements of having a monitoring service for the fire sprinkler alarm system on the west side of the medical plaza. Staff recommended option 1 that includes a monitoring fee of \$75 per month.</p>	<p><b>Moved and seconded by Vice-President De Lara and Chair Mathews to approve the La Palmas Medical Plaza fire sprinkler alarm proposal and forward to the board for approval. Motion passed unanimously.</b></p>
<p><b>5. Political Consultants for Potential Hospital Lease/Transaction</b></p>	<p>Conrado E. Barzaga, MD, CEO, explained the Tenet negotiations and the need for a political consultant at the request of the Board – requesting approval up to \$70k for phase 1 feasibility.</p> <p>Chair Mathews suggested that staff bring forward an agreement for approval.</p> <p>Vice-President De Lara requested that staff compare the services and fees of local political consultants</p>	<p><b>Moved and seconded by Vice-President De Lara and Chair Mathews to forward to the Board the political consultant’s proposals, including local firms for potential hospital lease/transaction for approval. Motion passed unanimously.</b></p>
<p><b>6. Policy Map – 15 Month Subscription - \$5,005.54</b></p>	<p>Alejandro Espinoza, Program Officer and Outreach Director, provided the details of Policy Map – an online mapping tool. Policy Map provides access to proprietary interactive maps.</p>	

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	<p>Vice-President De Lara inquired how SHAPE, the county program, and Lift to Rise’s portal differ from Policy Map, explaining that the District should be collaborating with other agencies, and she will not support the Policy Map. The District is the healthcare leader for the Coachella Valley, and more community-based collaboration and comparisons are necessary as opposed to duplicating services.</p> <p>Mr. Espinoza explained that he will be presenting the data maps to the Board from Policy Map, such as a demo that includes the capabilities of all three platforms.</p> <p>Chair Matthews inquired on the goals of the maps, which are the best, and how the committee makes the determination.</p> <p>Conrado E. Bárzaga, CEO, explained that Lift to Rise’s data portal is not intuitive, difficult to navigate, he has not noted anything meaningful, and there are limitations and restrictions to point in time. The maps the District will create are specific to the Coachella Valley and a repository of data for the public to utilize. It is also difficult for Lift to Rise to maintain the portal primarily due to the</p>	
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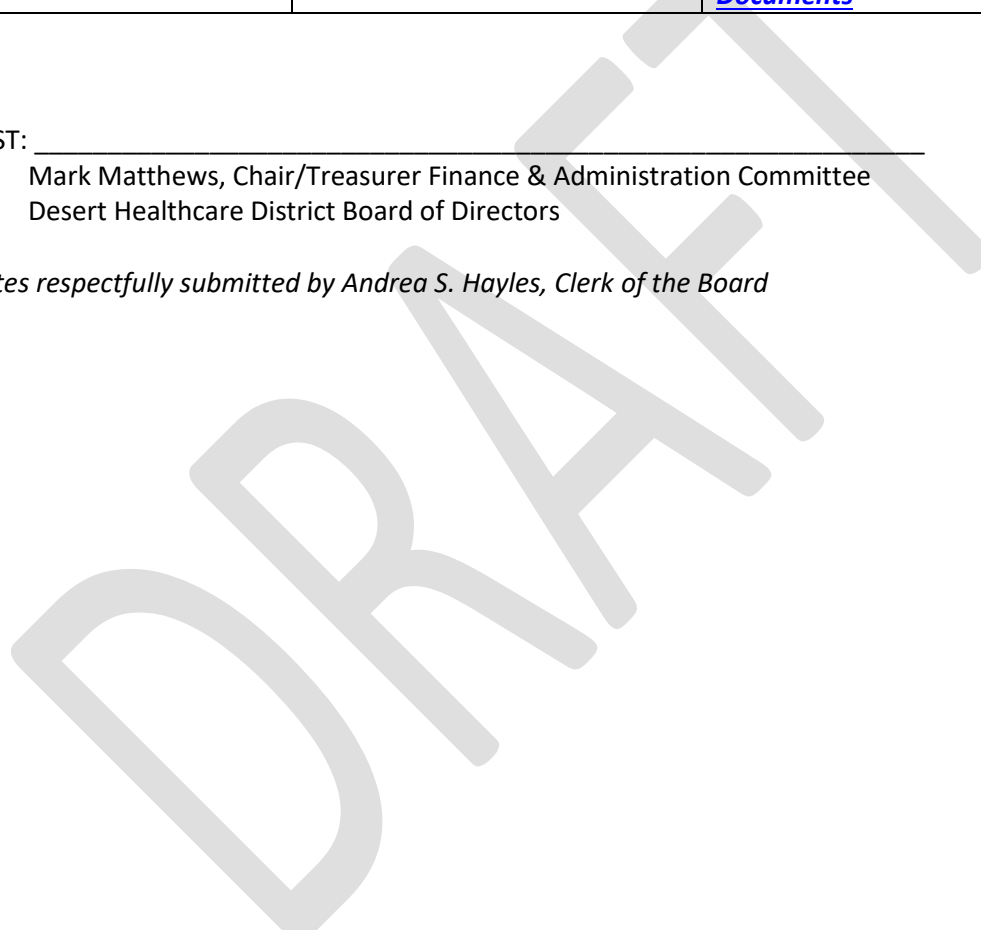


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	expenses since the tool is owned by the University of Southern California. Lift to Rise and the entire community will benefit from the data and policy analysis with Policy Map.	
<b>IV. Adjournment</b>	Chair Matthews adjourned the meeting at 4:31 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></b>

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*





## **Chief Administration Officer's Report**

**November 12, 2019**

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

#### **Occupancy:**

See attached unit rental status report.

97.9% currently occupied –

Total annual rent including CAM fees is \$1,198,901.

#### **Leasing Activity:**

Cohen, Musch, Thomas Medical Group (currently located in 3W-101) is beginning tenant improvement work in their newly leased suites (1W 105-106).

This committee meeting we are presenting a lease agreement for unit 2W-107 with a commencement date of December 1, 2019.

**Las Palmas Medical Plaza  
Unit Rental Status  
As of November 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%						
3W, 101	Available when Cohen, Musch relocates to 1W, 105-106					1,656	3.36%						
<b>Total - Vacancies</b>						<b>1,024</b>	<b>2.07%</b>	Currently excludes 3W, 101					
<b>Total Suites-33 - 29 Suites Occupied</b>		<b>\$ 57,097.90</b>				<b>49,356</b>	<b>97.9%</b>	<b>\$ 71,894.33</b>	<b>\$ 862,731.96</b>	<b>\$ 1.49</b>	<b>\$ 28,014.08</b>	<b>\$ 99,908.41</b>	<b>\$ 1,198,900.92</b>
<b>Summary - All Units</b>													
	<b>Vacant</b>	<b>1,024</b>	<b>2.1%</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>OCTOBER 2019 FINANCIAL STATEMENTS</b>
<b>INDEX</b>
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
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Check Register - LPMP
Grants Schedule

DESERT HEALTHCARE DISTRICT  
YEAR TO DATE VARIANCE ANALYSIS  
ACTUAL VS BUDGET  
FOUR MONTHS ENDED OCTOBER 31, 2019

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

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 2,821,442	\$ 2,744,256	\$ 77,186	Interest income (net) from FRF investments \$91k; lower NEOPB Grant Income \$14k
5000 - Direct Expenses	\$ 227,183	\$ 356,652	\$ (129,469)	Lower wage expense \$98k due to no COO salary; lower health insurance related expenses \$26k; lower various 5.5k
6500 - Professional Fees Expense	\$ 351,601	\$ 394,992	\$ (43,391)	Lower Professional Services 21k; lower PR & Communications 19k; lower Legal 3.5k
7000 - Grants Expense	\$ 540,493	\$ 1,200,168	\$ (659,675)	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 October 2019

	MONTH			TOTAL		
	Oct 19	Budget	\$ Over Budget	Jul - Oct 19	Budget	\$ Over Budget
<b>Income</b>						
4000 · Income	702,257	686,064	16,193	2,821,442	2,744,256	77,186
4500 · LPMP Income	99,908	101,950	(2,042)	397,266	406,250	(8,984)
4501 · Miscellaneous Income	750	950	(200)	3,000	3,800	(800)
<b>Total Income</b>	<b>802,915</b>	<b>788,964</b>	<b>13,951</b>	<b>3,221,708</b>	<b>3,154,306</b>	<b>67,402</b>
<b>Expense</b>						
5000 · Direct Expenses	70,751	89,292	(18,541)	227,183	356,652	(129,469)
6000 · General & Administrative Exp	52,690	43,081	9,609	167,607	172,326	(4,719)
6325 · CEO Discretionary Fund	-	417	(417)	-	1,668	(1,668)
6445 · LPMP Expenses	80,016	82,398	(2,382)	314,907	329,592	(14,685)
6500 · Professional Fees Expense	38,335	98,748	(60,413)	351,601	394,992	(43,391)
6700 · Trust Expenses	18,053	11,245	6,808	49,421	44,980	4,441
<b>Total Expense Before Grants</b>	<b>259,845</b>	<b>325,181</b>	<b>(65,336)</b>	<b>1,110,723</b>	<b>1,300,196</b>	<b>(189,473)</b>
7000 · Grants Expense	221,547	300,042	(78,495)	540,493	1,200,168	(659,675)
<b>Net Income</b>	<b>321,523</b>	<b>163,741</b>	<b>157,782</b>	<b>1,570,495</b>	<b>653,936</b>	<b>916,556</b>

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

	MONTH			TOTAL		
	Oct 19	Budget	\$ Over Budget	Jul - Oct 19	Budget	\$ Over Budget
<b>Income</b>						
<b>4000 · Income</b>						
4010 · Property Tax Revenues	561,355	561,355	-	2,245,420	2,245,420	-
<b>4200 · Interest Income</b>						
4220 · Interest Income (FRF)	66,093	106,250	(40,157)	398,459	425,000	(26,541)
9999-1 · Unrealized gain(loss) on invest	67,665	8,333	59,332	151,444	33,332	118,112
<b>Total 4200 · Interest Income</b>	133,758	114,583	19,175	549,903	458,332	91,571
<b>4300 · DHC Recoveries</b>						
4305 · Patient Related Collections	49	-	49	49	-	49
4350 · Rental - Airways	1,749	1,750	(1)	6,996	7,000	(4)
<b>Total 4300 · DHC Recoveries</b>	1,798	1,750	48	7,045	7,000	45
4400 · Grant Income	5,347	8,375	(3,028)	19,075	33,500	(14,425)
<b>Total 4000 · Income</b>	702,258	686,063	16,195	2,821,443	2,744,252	77,191
4500 · LPMP Income	99,908	101,950	(2,042)	397,266	406,250	(8,984)
4501 · Miscellaneous Income	750	950	(200)	3,000	3,800	(800)
<b>Total Income</b>	802,916	788,963	13,953	3,221,709	3,154,302	67,407
<b>Expense</b>						
<b>5000 · Direct Expenses</b>						
<b>5100 · Administration Expense</b>						
5110 · Wages Expense	68,792	82,846	(14,054)	232,965	331,384	(98,419)
5111 · Allocation to LPMP - Payroll	(5,085)	(5,084)	(1)	(20,340)	(20,336)	(4)
5112 · Vacation/Sick/Holiday Expense	3,682	7,500	(3,818)	23,270	30,000	(6,730)
5114 · Allocation to Foundation	(25,473)	(25,473)	-	(101,892)	(101,892)	-
5115 · Allocation to NEOPB	(4,770)	(7,289)	2,519	(17,095)	(29,156)	12,061
5119 · Allocation to RSS/CVHIP-DHCF	(2,161)	(2,382)	221	(7,002)	(9,528)	2,526
5120 · Payroll Tax Expense	5,316	6,338	(1,022)	20,167	25,352	(5,185)
<b>5130 · Health Insurance Expense</b>						
5131 · Premiums Expense	14,055	12,213	1,842	39,153	48,852	(9,699)
5135 · Reimb./Co-Payments Expense	1,056	2,250	(1,194)	4,816	9,000	(4,184)
<b>Total 5130 · Health Insurance Expense</b>	15,111	14,463	648	43,969	57,852	(13,883)
5140 · Workers Comp. Expense	619	1,042	(423)	3,440	3,652	(212)
5145 · Retirement Plan Expense	4,994	4,212	782	15,237	16,848	(1,611)
5160 · Education Expense	1,301	625	676	9,372	2,500	6,872
<b>Total 5100 · Administration Expense</b>	62,326	76,798	(14,472)	202,091	306,676	(104,585)
<b>5200 · Board Expenses</b>						
5210 · Healthcare Benefits Expense	2,793	5,834	(3,041)	11,156	23,336	(12,180)
5230 · Meeting Expense	1,703	1,667	36	5,316	6,668	(1,352)

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

	MONTH			TOTAL		
	Oct 19	Budget	\$ Over Budget	Jul - Oct 19	Budget	\$ Over Budget
5235 · Director Stipend Expense	2,600	4,200	(1,600)	6,100	16,800	(10,700)
5240 · Catering Expense	649	583	66	1,770	2,332	(562)
5250 · Mileage Reimbursement Expense	680	208	472	746	832	(86)
<b>Total 5200 · Board Expenses</b>	<b>8,425</b>	<b>12,492</b>	<b>(4,067)</b>	<b>25,088</b>	<b>49,968</b>	<b>(24,880)</b>
<b>Total 5000 · Direct Expenses</b>	<b>70,751</b>	<b>89,290</b>	<b>(18,539)</b>	<b>227,179</b>	<b>356,644</b>	<b>(129,465)</b>
<b>6000 · General &amp; Administrative Exp</b>						
6110 · Payroll fees Expense	299	208	91	778	832	(54)
6120 · Bank and Investment Fees Exp	9,527	9,833	(306)	37,616	39,332	(1,716)
6125 · Depreciation Expense	986	1,250	(264)	3,944	5,000	(1,056)
6126 · Depreciation-Solar Parking lot	15,072	15,072	-	60,288	60,288	-
6130 · Dues and Membership Expense	15,896	2,500	13,396	19,563	10,000	9,563
6200 · Insurance Expense	1,953	1,500	453	7,212	6,000	1,212
6300 · Minor Equipment Expense	-	42	(42)	-	168	(168)
6305 · Auto Allowance & Mileage Exp	462	600	(138)	462	2,400	(1,938)
6306 · Staff- Auto Mileage reimb	-	500	(500)	266	2,000	(1,734)
6309 · Personnel Expense	-	83	(83)	6,000	332	5,668
6310 · Miscellaneous Expense	-	42	(42)	53	168	(115)
6311 · Cell Phone Expense	579	776	(197)	2,008	3,104	(1,096)
6312 · Wellness Park Expenses	-	83	(83)	-	332	(332)
6315 · Security Monitoring Expense	108	42	66	216	168	48
6340 · Postage Expense	278	417	(139)	556	1,668	(1,112)
6350 · Copier Rental/Fees Expense	394	458	(64)	1,182	1,832	(650)
6351 · Travel Expense	1,536	917	619	4,517	3,668	849
6352 · Meals & Entertainment Exp	728	583	145	2,141	2,332	(191)
6355 · Computer Services Expense	1,264	3,775	(2,511)	5,947	15,100	(9,153)
6360 · Supplies Expense	2,908	1,667	1,241	12,052	6,668	5,384
6380 · LAFCO Assessment Expense	153	1,667	(1,514)	612	6,668	(6,056)
<b>6400 · East Valley Office</b>						
6405 · East Valley Office - Rent	550	650	(100)	2,200	2,600	(400)
6410 · East Valley Office - Utilities	-	417	(417)	-	1,668	(1,668)
<b>Total 6400 · East Valley Office</b>	<b>550</b>	<b>1,067</b>	<b>(517)</b>	<b>2,200</b>	<b>4,268</b>	<b>(2,068)</b>
<b>Total 6000 · General &amp; Administrative Exp</b>	<b>52,693</b>	<b>43,082</b>	<b>9,611</b>	<b>167,613</b>	<b>172,328</b>	<b>(4,715)</b>
6325 · CEO Discretionary Fund		417	(417)		1,668	(1,668)
6445 · LPMP Expenses	80,017	82,395	(2,378)	314,910	329,580	(14,670)
<b>6500 · Professional Fees Expense</b>						
6516 · Professional Services Expense	5,125	70,000	(64,875)	259,347	280,000	(20,653)
6520 · Annual Audit Fee Expense	1,563	1,540	23	6,252	6,160	92
6530 · PR/Communications/Website	894	7,208	(6,314)	9,459	28,832	(19,373)

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

	MONTH			TOTAL		
	Oct 19	Budget	\$ Over Budget	Jul - Oct 19	Budget	\$ Over Budget
6560 · Legal Expense	30,753	20,000	10,753	76,546	80,000	(3,454)
<b>Total 6500 · Professional Fees Expense</b>	<b>38,335</b>	<b>98,748</b>	<b>(60,413)</b>	<b>351,604</b>	<b>394,992</b>	<b>(43,388)</b>
<b>6700 · Trust Expenses</b>						
6711 · Disability Admin. Fee Expense	-	537	(537)	-	2,148	(2,148)
<b>6720 · Pension Plans Expense</b>						
6721 · Legal Expense	-	167	(167)	-	668	(668)
6725 · RPP Pension Expense	10,000	10,000	-	40,000	40,000	-
6728 · Pension Audit Fee Expense	8,053	542	7,511	9,421	2,168	7,253
<b>Total 6720 · Pension Plans Expense</b>	<b>18,053</b>	<b>10,709</b>	<b>7,344</b>	<b>49,421</b>	<b>42,836</b>	<b>6,585</b>
<b>Total 6700 · Trust Expenses</b>	<b>18,053</b>	<b>11,246</b>	<b>6,807</b>	<b>49,421</b>	<b>44,984</b>	<b>4,437</b>
<b>Total Expense Before Grants</b>	<b>259,845</b>	<b>325,178</b>	<b>(65,333)</b>	<b>1,110,723</b>	<b>1,300,196</b>	<b>(189,473)</b>
<b>7000 · Grants Expense</b>						
7010 · Major Grant Awards Expense	216,200	291,667	(75,467)	521,418	1,166,668	(645,250)
7027 · Grant Exp - NEOPB	5,347	8,375	(3,028)	19,075	33,500	(14,425)
<b>Total 7000 · Grants Expense</b>	<b>221,547</b>	<b>300,042</b>	<b>(78,495)</b>	<b>540,493</b>	<b>1,200,168</b>	<b>(659,675)</b>
<b>Net Income</b>	<b>321,523</b>	<b>163,741</b>	<b>157,782</b>	<b>1,570,495</b>	<b>653,936</b>	<b>916,559</b>

Las Palms Medical Plaza  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through October 2019

	MONTH			TOTAL		
	Oct 19	Budget	\$ Over Budget	Jul - Oct 19	Budget	\$ Over Budget
<b>Income</b>						
4500 · LPMP Income						
4505 · Rental Income	71,894	73,250	(1,356)	285,859	291,950	(6,091)
4510 · CAM Income	28,014	28,700	(686)	111,407	114,200	(2,793)
4513 · Misc. Income	-	-	-	-	100	(100)
<b>Total 4500 · LPMP Income</b>	<b>99,908</b>	<b>101,950</b>	<b>(2,042)</b>	<b>397,266</b>	<b>406,250</b>	<b>(8,984)</b>
<b>Expense</b>						
6445 · LPMP Expenses						
6420 · Insurance Expense	1,879	1,083	796	7,516	4,332	3,184
6425 · Building - Depreciation Expense	21,484	21,667	(183)	85,936	86,668	(732)
6426 · Tenant Improvements -Dep Exp	15,914	17,083	(1,169)	63,656	68,332	(4,676)
6427 · HVAC Maintenance Expense	115	1,333	(1,218)	4,014	5,332	(1,318)
6428 · Roof Repairs Expense	-	208	(208)	-	832	(832)
6431 · Building -Interior Expense	-	833	(833)	1,600	3,332	(1,732)
6432 · Plumbing -Interior Expense	1,670	333	1,337	1,670	1,332	338
6433 · Plumbing -Exterior Expense	-	208	(208)	-	832	(832)
6434 · Allocation Internal Prop. Mgmt	5,085	5,084	1	20,340	20,336	4
6435 · Bank Charges	1,269	1,042	227	4,508	4,168	340
6437 · Utilities -Vacant Units Expense	67	208	(141)	146	832	(686)
6439 · Deferred Maintenance Repairs Ex	-	500	(500)	-	2,000	(2,000)
6440 · Professional Fees Expense	10,117	10,472	(355)	46,733	41,888	4,845
6441 · Legal Expense	-	83	(83)	-	332	(332)
6458 · Elevators - R & M Expense	228	1,000	(772)	3,547	4,000	(453)
6460 · Exterminating Service Expense	-	417	(417)	360	1,668	(1,308)
6463 · Landscaping Expense	4,987	833	4,154	4,987	3,332	1,655
6467 · Lighting Expense	-	833	(833)	-	3,332	(3,332)
6468 · General Maintenance Expense	-	83	(83)	-	332	(332)
6471 · Marketing-Advertising	-	1,417	(1,417)	-	5,668	(5,668)
6475 · Property Taxes Expense	6,000	6,008	(8)	24,000	24,032	(32)
6476 · Signage Expense	215	125	90	215	500	(285)
6480 · Rubbish Removal Medical Waste E	1,480	1,442	38	4,447	5,768	(1,321)
6481 · Rubbish Removal Expense	2,227	2,250	(23)	8,908	9,000	(92)
6482 · Utilities/Electricity/Exterior	539	625	(86)	1,628	2,500	(872)
6484 · Utilities - Water (Exterior)	451	708	(257)	2,152	2,832	(680)
6485 · Security Expenses	6,290	6,417	(127)	27,047	25,668	1,379
6490 · Miscellaneous Expense	-	100	(100)	1,500	400	1,100
<b>Total 6445 · LPMP Expenses</b>	<b>80,017</b>	<b>82,395</b>	<b>(2,378)</b>	<b>314,910</b>	<b>329,580</b>	<b>(14,670)</b>
<b>Net Income</b>	<b>19,891</b>	<b>19,555</b>	<b>336</b>	<b>82,356</b>	<b>76,670</b>	<b>5,686</b>

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

			Oct 31, 19
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
	1000 · CHECKING CASH ACCOUNTS		1,896,724
	1100 · INVESTMENT ACCOUNTS		56,973,237
	<b>Total Checking/Savings</b>		<b>58,869,961</b>
<b>Accounts Receivable</b>			92,158
<b>Other Current Assets</b>			
	1270 · Prepaid Insurance -Ongoing		31,806
	1279 · Pre-Paid Fees		21,312
	1281 · NEOPB Receivable		25,077
	1295 · Property Tax Receivable		2,032,888
	<b>Total Other Current Assets</b>		<b>2,111,082</b>
	<b>Total Current Assets</b>		<b>61,073,201</b>
<b>Fixed Assets</b>			
	1300 · FIXED ASSETS		4,907,713
	1335-00 · ACC DEPR		(1,882,081)
	1400 · LPMP Assets		7,086,991
	<b>Total Fixed Assets</b>		<b>10,112,623</b>
<b>Other Assets</b>			
	1700 · OTHER ASSETS		2,867,136
<b>TOTAL ASSETS</b>			<b>74,052,960</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
	2000 · Accounts Payable		88,324
	2001 · LPMP Accounts Payable		18,458
	<b>Total Accounts Payable</b>		<b>106,782</b>
<b>Other Current Liabilities</b>			
	2002 · LPMP Property Taxes		24,000
	2110 · Direct Deposit Liabilities		(23,850)
	2131 · Grant Awards Payable		6,342,328



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

		<b>Oct 31, 19</b>
	<b>2133 · Accrued Accounts Payable</b>	129,550
	<b>2141 · Accrued Vacation Time</b>	30,111
	<b>2145 · Payroll Liability</b>	(11,676)
	<b>2188 · Current Portion - LTD</b>	9,869
	<b>2190 · Investment Fees Payable</b>	6,786
	<b>Total Other Current Liabilities</b>	<b>6,507,117</b>
	<b>Total Current Liabilities</b>	<b>6,613,898</b>
	<b>Long Term Liabilities</b>	
	<b>2170 · RPP - Pension Liability</b>	3,435,623
	<b>2171 · RPP-Deferred Inflows-Resources</b>	1,643,743
	<b>2280 · Long-Term Disability</b>	40,626
	<b>2281 · Grants Payable - Long-term</b>	5,400,000
	<b>2286 · Retirement BOD Medical Liabilit</b>	84,122
	<b>2290 · LPMP Security Deposits</b>	57,098
	<b>Total Long Term Liabilities</b>	<b>10,661,211</b>
	<b>Total Liabilities</b>	<b>17,275,110</b>
	<b>Equity</b>	
	<b>3900 · *Retained Earnings</b>	55,207,356
	<b>Net Income</b>	1,570,495
	<b>Total Equity</b>	<b>56,777,851</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>74,052,960</b>

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

			Oct 31, 19
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
<b>1000 · CHECKING CASH ACCOUNTS</b>			
		1010 · Union Bank - Checking	1,611,951
		1046 · Las Palmas Medical Plaza	284,273
		1047 · Petty Cash	500
<b>Total 1000 · CHECKING CASH ACCOUNTS</b>			<b>1,896,724</b>
<b>1100 · INVESTMENT ACCOUNTS</b>			
		1130 · Facility Replacement Fund	56,576,108
		1135 · Unrealized Gain(Loss) FRF	397,129
<b>Total 1100 · INVESTMENT ACCOUNTS</b>			<b>56,973,237</b>
<b>Total Checking/Savings</b>			<b>58,869,961</b>
<b>Accounts Receivable</b>			
		1201 · Accounts Receivable	
		1204 · LPMP Accounts Receivable	(18,298)
		1205 · Misc. Accounts Receivable	3,000
		1211 · A-R Foundation - Exp Allocation	107,456
<b>Total 1201 · Accounts Receivable</b>			<b>92,158</b>
<b>Other Current Assets</b>			
		1270 · Prepaid Insurance -Ongoing	31,806
		1279 · Pre-Paid Fees	21,312
		1281 · NEOPB Receivable	25,077
		1295 · Property Tax Receivable	2,032,888
<b>Total Other Current Assets</b>			<b>2,111,082</b>
<b>Total Current Assets</b>			<b>61,073,201</b>
<b>Fixed Assets</b>			
<b>1300 · FIXED ASSETS</b>			
		1310 · Computer Equipment	88,582
		1315 · Computer Software	68,770
		1320 · Furniture and Fixtures	33,254
		1325 · Offsite Improvements	300,849
		1331 · DRMC - Parking lot	4,416,257

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

		<b>Oct 31, 19</b>
<b>Total 1300 · FIXED ASSETS</b>		<b>4,907,713</b>
<b>1335-00 · ACC DEPR</b>		
	1335 · Accumulated Depreciation	(206,425)
	1336 · Acc. Software Depreciation	(68,770)
	1337 · Accum Deprec- Solar Parking Lot	(1,477,227)
	1338 · Accum Deprec - LPMP Parking Lot	(129,659)
<b>Total 1335-00 · ACC DEPR</b>		<b>(1,882,081)</b>
<b>1400 · LPMP Assets</b>		
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	2,193,683
	1404 · Tenant Improvements - CIP	129,550
	1406 · Building Improvements	
	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	364,891
	1409 · Accumulated Depreciation	
	1410 · Accum. Depreciation	(7,251,573)
	1412 · T I Accumulated Dep.-New	(1,456,558)
<b>Total 1409 · Accumulated Depreciation</b>		<b>(8,708,131)</b>
<b>Total 1400 · LPMP Assets</b>		<b>7,086,991</b>
<b>Total Fixed Assets</b>		<b>10,112,623</b>
<b>Other Assets</b>		
<b>1700 · OTHER ASSETS</b>		
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,159,189
	1741 · OPEB-Deferrred Outflows-Resourc	14,147
<b>Total 1700 · OTHER ASSETS</b>		<b>2,867,136</b>
<b>TOTAL ASSETS</b>		<b>74,052,960</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		

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

			Oct 31, 19
	<b>Accounts Payable</b>		
		2000 · Accounts Payable	88,324
		2001 · LPMP Accounts Payable	18,458
	<b>Total Accounts Payable</b>		<b>106,782</b>
	<b>Other Current Liabilities</b>		
		2002 · LPMP Property Taxes	24,000
		2110 · Direct Deposit Liabilities	(23,850)
		2131 · Grant Awards Payable	6,342,328
		2133 · Accrued Accounts Payable	129,550
		2141 · Accrued Vacation Time	30,111
		2145 · Payroll Liability	(11,676)
		2188 · Current Portion - LTD	9,869
		2190 · Investment Fees Payable	6,786
	<b>Total Other Current Liabilities</b>		<b>6,507,117</b>
	<b>Total Current Liabilities</b>		<b>6,613,898</b>
	<b>Long Term Liabilities</b>		
		2170 · RPP - Pension Liability	3,435,623
		2171 · RPP-Deferred Inflows-Resources	1,643,743
		2280 · Long-Term Disability	40,626
		2281 · Grants Payable - Long-term	5,400,000
		2286 · Retirement BOD Medical Liabilit	84,122
		2290 · LPMP Security Deposits	57,098
	<b>Total Long Term Liabilities</b>		<b>10,661,211</b>
	<b>Total Liabilities</b>		<b>17,275,110</b>
	<b>Equity</b>		
		3900 · *Retained Earnings	55,207,356
		Net Income	1,570,495
	<b>Total Equity</b>		<b>56,777,851</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>74,052,960</b>

**Desert Healthcare District  
A/R Aging Summary  
As of October 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>	27,634	(1,811)	28,385	27,247	26,002	107,456	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	750	3,000	Slow Pay
<b>Steven Gundry, M.D.</b>	-	(5,235)	-	-	-	(5,235)	Prepaid
<b>TOTAL</b>	<b>28,384</b>	<b>(20,110)</b>	<b>29,135</b>	<b>27,997</b>	<b>26,752</b>	<b>92,158</b>	

**Desert Healthcare District**  
**Deposit Detail**  
**October 2019**

<b>Type</b>	<b>Date</b>	<b>Name</b>	<b>Amount</b>
<b>Deposit</b>	<b>10/01/2019</b>		<b>247</b>
		Principal Financial Group	(247)
<b>TOTAL</b>			<b>(247)</b>
<b>Deposit</b>	<b>10/02/2019</b>		<b>1,749</b>
		T-Mobile	(1,749)
<b>TOTAL</b>			<b>(1,749)</b>
<b>Deposit</b>	<b>10/18/2019</b>		<b>20</b>
		Rogers, Carole - ACHD Meal Reimb	(20)
<b>TOTAL</b>			<b>(20)</b>
<b>Deposit</b>	<b>10/29/2019</b>		<b>158,895</b>
		Riverside County Treasurer-	(158,895)
<b>TOTAL</b>			<b>(158,895)</b>
<b>Deposit</b>	<b>10/30/2019</b>		<b>49</b>
		California Business Bureau, Inc.	(49)
<b>TOTAL</b>			<b>(49)</b>
		<b>TOTAL</b>	<b>160,960</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
<b>July</b>	2.5%	\$ 165,105	1.3%	\$ 87,106	\$ (77,998)	2.5%	\$ 168,407	0.0%	\$ -	\$ (168,407)
<b>Aug</b>	1.6%	\$ 105,667	1.3%	\$ 88,674	\$ (16,993)	1.6%	\$ 107,780	3.1%	\$ 207,292	\$ 99,512
<b>Sep</b>	2.6%	\$ 171,709	2.4%	\$ 155,626	\$ (16,083)	2.6%	\$ 175,143	0.0%	\$ -	\$ (175,143)
<b>Oct</b>	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	2.4%	\$ 158,895	\$ 158,895
<b>Nov</b>	0.4%	\$ 26,417	0.0%	\$ -	\$ (26,417)	0.4%	\$ 26,945	0.0%		
<b>Dec</b>	16.9%	\$ 1,116,106	17.8%	\$ 1,177,161	\$ 61,054	16.9%	\$ 1,138,429	0.0%		
<b>Jan</b>	31.9%	\$ 2,106,733	19.7%	\$ 1,299,278	\$ (807,456)	31.9%	\$ 2,148,868	0.0%		
<b>Feb</b>	0.0%	\$ -	13.9%	\$ 918,846	\$ 918,846	0.0%	\$ -	0.0%		
<b>Mar</b>	0.3%	\$ 19,813	0.7%	\$ 44,532	\$ 24,719	0.3%	\$ 20,209	0.0%		
<b>Apr</b>	5.5%	\$ 363,230	5.9%	\$ 392,745	\$ 29,515	5.5%	\$ 370,495	0.0%		
<b>May</b>	19.9%	\$ 1,314,232	20.3%	\$ 1,341,271	\$ 27,039	19.9%	\$ 1,340,517	0.0%		
<b>June</b>	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>5.4%</b>	<b>\$ 366,187</b>	<b>\$ (85,142)</b>

**Las Palmas Medical Plaza**  
**Deposit Detail - LPMP**  
October 2019

Type	Date	Name	Amount
<b>Deposit</b>	<b>10/01/2019</b>		<b>11,832</b>
Payment	10/01/2019	Cohen Musch Thomas Medical Group	(3,543)
Payment	10/01/2019	EyeCare Services Partners Management LLC	(6,159)
Payment	10/01/2019	Desert Oasis Healthcare Medical Group	(2,130)
<b>TOTAL</b>			<b>(11,832)</b>
<b>Deposit</b>	<b>10/01/2019</b>		<b>3,854</b>
Payment	10/01/2019	Quest Diagnostics Incorporated	(3,854)
<b>TOTAL</b>			<b>(3,854)</b>
<b>Deposit</b>	<b>10/04/2019</b>		<b>24,233</b>
Payment	10/04/2019	Derakhsh Fozouni, M.D.	(5,841)
Payment	10/04/2019	Palmtree Clinical Research	(6,217)
Payment	10/04/2019	Ramy Awad, M.D.	(3,180)
Payment	10/04/2019	Aijaz Hashmi, M.D., Inc.	(2,745)
Payment	10/04/2019	Brad A. Wolfson, M.D.	(3,354)
Payment	10/04/2019	Cure Cardiovascular Consultants	(2,898)
<b>TOTAL</b>			<b>(24,233)</b>
<b>Deposit</b>	<b>10/07/2019</b>		<b>5,250</b>
Payment	10/07/2019	Pathway Pharmaceuticals, Inc.	(2,249)
Payment	10/07/2019	Peter Jamieson, M.D.	(3,001)
<b>TOTAL</b>			<b>(5,250)</b>
<b>Deposit</b>	<b>10/15/2019</b>		<b>44,730</b>
Payment	10/15/2019	Desert Family Medical Center	(3,493)
Payment	10/15/2019	Desert Regional Medical Center	(4,903)
Payment	10/15/2019	Tenet HealthSystem Desert, Inc.	(28,052)
Payment	10/15/2019	Tenet HealthSystem Desert, Inc	(5,543)



**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
October 2019**

<b>Type</b>	<b>Date</b>	<b>Name</b>	<b>Amount</b>
Payment	10/15/2019	Dennis Spurgin, D.C.	(2,739)
<b>TOTAL</b>			<b>(44,730)</b>
<b>Deposit</b>	<b>10/23/2019</b>		<b>4,774</b>
Payment	10/23/2019	Laboratory Corporation of America	(4,774)
<b>TOTAL</b>			<b>(4,774)</b>
<b>Deposit</b>	<b>10/30/2019</b>		<b>13,524</b>
Payment	10/30/2019	EyeCare Services Partners Management LLC	(6,159)
Payment	10/30/2019	Steven Gundry, M.D.	(5,235)
Payment	10/30/2019	Desert Oasis Healthcare Medical Group	(2,130)
<b>TOTAL</b>			<b>(13,524)</b>
		<b>TOTAL</b>	<b>108,197</b>

**Desert Healthcare District**  
**Check Register**  
As of October 31, 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1010 · Union Bank - Checking</b>				
Liability Check	10/03/2019		QuickBooks Payroll Service	(35,160)
Bill Pmt -Check	10/03/2019	15654	Arthur Shorr - Sept 2019 Stipend	(500)
Bill Pmt -Check	10/03/2019	15655	Boyd & Associates	(108)
Bill Pmt -Check	10/03/2019	15656	Chris Christensen	(48)
Bill Pmt -Check	10/03/2019	15657	Conrado Barzaga.	(342)
Bill Pmt -Check	10/03/2019	15658	Donna Den Bleyker.	(602)
Bill Pmt -Check	10/03/2019	15659	Graphtek Interactive	(300)
Bill Pmt -Check	10/03/2019	15660	Image Source	(658)
Bill Pmt -Check	10/03/2019	15661	INPRO-EMS Construction	(432)
Bill Pmt -Check	10/03/2019	15662	Leticia De Lara - Sept 2019 Stipend	(400)
Bill Pmt -Check	10/03/2019	15663	Ready Refresh	(48)
Bill Pmt -Check	10/03/2019	15664	So.Cal Computer Shop	(810)
Bill Pmt -Check	10/03/2019	15665	Top Shop	(276)
Bill Pmt -Check	10/03/2019	15666	Underground Service Alert of Southern Cal	(3)
Bill Pmt -Check	10/03/2019	15667	Vanessa Smith-	(508)
Bill Pmt -Check	10/03/2019	15668	Verizon Wireless	(694)
General Journal	10/04/2019	04-01	401a payment - 10/04/19 payroll	(1,727)
General Journal	10/04/2019	04-01	457b payment - 10/04/19 payroll	(2,529)
Check	10/06/2019	Auto Pay	Calif. Public Employees'Retirement System	(14,356)
General Journal	10/08/2019	04-02	October 2019 LTD Payment - Jena Marie Van Earl	(1,234)
Bill Pmt -Check	10/08/2019	15669	First Bankcard (Union Bank)	(2,901)
Bill Pmt -Check	10/08/2019	15670	First Bankcard (Union Bank)	(1,427)
Bill Pmt -Check	10/08/2019	15671	Desert Healthcare Foundation	(200,000)
Bill Pmt -Check	10/08/2019	15672	Evelt PerezGil - Sept 2019 Stipend	(200)
Bill Pmt -Check	10/08/2019	15673	Jewish Family Service of the Desert	(40,500)
Bill Pmt -Check	10/08/2019	15674	Law Offices of Scott & Jackson	(19,778)
Bill Pmt -Check	10/08/2019	15675	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	10/08/2019	15676	Staples Credit Plan	(753)
Bill Pmt -Check	10/08/2019	15677	State Compensation Insurance Fund	(619)
Bill Pmt -Check	10/08/2019	15678	Time Warner Cable	(242)
Bill Pmt -Check	10/08/2019	15679	Will Dean	(194)
Bill Pmt -Check	10/08/2019	15680	Xerox Financial Services	(394)
Liability Check	10/17/2019		QuickBooks Payroll Service	(35,058)

**Desert Healthcare District**  
**Check Register**  
**As of October 31, 2019**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
Bill Pmt -Check	10/17/2019	15681	California Special Districts Association	(7,615)
Bill Pmt -Check	10/17/2019	15682	KaufmanHall	(123,622)
Bill Pmt -Check	10/17/2019	15683	Meghan Kane	(15)
Bill Pmt -Check	10/17/2019	15684	Palms to Pines Printing	(203)
Bill Pmt -Check	10/17/2019	15685	Regents - University of California	(385)
Bill Pmt -Check	10/17/2019	15686	SDRMA	(200)
Bill Pmt -Check	10/17/2019	15687	The Nyhart Company	(7,597)
Bill Pmt -Check	10/17/2019	15688	CoPower Employers' Benefits Alliance	(2,182)
General Journal	10/18/2019	04-05	401a payment - 10/18/19 payroll	(1,724)
General Journal	10/18/2019	04-05	457b payment - 10/18/19 payroll	(2,516)
Check	10/23/2019	Auto Pay	Principal Financial Group-	(746)
Check	10/23/2019	Auto Pay	Principal Financial Group-	(798)
Check	10/25/2019		Service Charge	(527)
Bill Pmt -Check	10/29/2019	15689	Alejandro Espinoza-	(833)
Bill Pmt -Check	10/29/2019	15690	Andrea S. Hayles-	(81)
Bill Pmt -Check	10/29/2019	15691	Dale Barnhart	(1,000)
Bill Pmt -Check	10/29/2019	15692	Del Valle Informador Inc.	(400)
Bill Pmt -Check	10/29/2019	15693	Ernest Enterprises	(80)
Bill Pmt -Check	10/29/2019	15694	Evelt PerezGil - Oct 2019 Exp & Mileage Reimb	(155)
Bill Pmt -Check	10/29/2019	15695	Image Source	(529)
Bill Pmt -Check	10/29/2019	15696	Leticia De Lara - Oct 2019 Stipend	(300)
Bill Pmt -Check	10/29/2019	15697	Meghan Kane	(548)
Bill Pmt -Check	10/29/2019	15698	Principal Life Insurance Co.	(1,259)
Bill Pmt -Check	10/29/2019	15699	Regional Access Project Foundation	(550)
Bill Pmt -Check	10/29/2019	15700	Shred-It	(195)
Bill Pmt -Check	10/29/2019	15701	Zendle, Les- Sept 2019 Stipend & Mileage	(340)
Liability Check	10/31/2019		QuickBooks Payroll Service	(35,665)
General Journal	10/31/2019	04-09	Record Medical Reimb - October 2019	(1,076)
<b>TOTAL</b>				<b>(554,443)</b>

**Desert Healthcare District**  
**Details for credit card Expenditures**  
**Credit card purchases - September 2019 - Paid October 2019**

Number of credit cards held by District personnel -2  
 Credit Card Limit - \$7,000  
 Credit Card Holders:  
     Conrado Bárzaga - Chief Executive Officer  
     Chris Christensen - Chief Administration Officer

Routine types of charges:  
 Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items

		Statement		Expense Type	Amount	Purpose	Description	Participants
Year	Month Charged	Total Charges						
		\$ 4,327.98						
<b>Chris' Statement:</b>								
2019	September	\$ 2,901.26		District				
				GL	Dollar	Descr		
				5230	\$ (30.00)	Partial refund for All Valley Mayor Tribal Chair Luncheon (Mark)		
				6352	\$ 196.97	Staff Lunch		
				6130	\$ 450.00	Annual Dropbox subscription		
				5230	\$ 89.00	All Valley Mayor & Tribal Chair Luncheon - Mark		
				5230	\$ 110.00	Coachella Valley Economic Partnership - Lety		
				6352	\$ 156.01	Staff Lunch		
				6360	\$ 62.70	Conference call expense		
				6360	\$ 20.53	Conference call expense		
				5240	\$ 168.54	9/10/19 Program Committee food		
				5240	\$ 251.97	UCR SOM Meeting		
				5230	\$ 300.00	Lifestream Gala - Les		
				5160	\$ 195.00	LGBT Community Center of the Desert - Conrado		
				5230	\$ 780.00	LGBT Community Center of the Desert - Les & Guest; Carole & Guest		
				5240	\$ 150.54	9/24/19 BOD meeting food		
					\$ 2,901.26			
<b>Conrado's Statement:</b>								
2019	September	\$ 1,426.72		District				
				GL	Dollar	Descr		
				6352	\$ 64.10	Conrado, Les, & Doug - VIM Meeting		
				6352	\$ 22.00	So Cal Grantmakers Meeting - Conrado		
				6352	\$ 50.42	Conrado, Les, & Tom Kirk - CVAG Meeting		
				5160	\$ 931.00	APHA Registration - Conrado		
				5160	\$ 75.00	Palm Springs State of the City - Donna		
				6352	\$ 45.07	Breakfast Meeting - Conrado & Arthur		
				6352	\$ 70.13	Lunch Meeting - Conrado & Carol		
				5230	\$ 69.00	La Quinta State of the City - Karen		
				5160	\$ 100.00	Pueblo Unido CDC - Conrado & Guest		
					\$ 1,426.72			

**Las Palmas Medical Plaza**  
**Check Register**  
As of October 31, 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1046 · Las Palmas Medical Plaza</b>				
Bill Pmt -Check	10/03/2019	10078	Desert Water Agency	(562)
Bill Pmt -Check	10/03/2019	10079	Imperial Security	(3,145)
Bill Pmt -Check	10/03/2019	10080	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	10/08/2019	10081	Palm Springs Disposal Services Inc	(2,227)
Bill Pmt -Check	10/08/2019	10082	Stericycle, Inc.	(1,480)
Bill Pmt -Check	10/17/2019	10083	Desert Oasis Healthcare-	(5,280)
Bill Pmt -Check	10/17/2019	10084	Imperial Security	(1,573)
Bill Pmt -Check	10/17/2019	10085	Frontier Communications	(228)
Bill Pmt -Check	10/17/2019	10086	Southern California Edison	(606)
Bill Pmt -Check	10/29/2019	10087	Desert Air Conditioning Inc.	(115)
Bill Pmt -Check	10/29/2019	10088	Desert Modern Landscape Design	(9,495)
Bill Pmt -Check	10/29/2019	10089	Imperial Security	(3,145)
Check	10/31/2019		Service Charge	(1,269)
<b>TOTAL</b>				<b>(39,240)</b>



**MEMORANDUM**

DATE: November 12, 2019

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

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Current number of participants in Plan:

Active – still employed by hospital	111
Vested – no longer employed by hospital	59
Former employees receiving annuity	<u>8</u>
Total	<u>178</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, 2019 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$3.4M**. A monthly accrual of \$10K is being recorded each month as an estimate for FY2020.

The payouts, excluding monthly annuity payments, made from the Plan for the Four (4) months ended October 31, 2019 totaled **\$68K**. Monthly annuity payments (8 participants) total **\$1.03K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 10/31/19						
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	\$ 710	\$ 2,290
	Unexpended funds of Grant #967 (\$2,290.34 10% Retention)				\$ -	\$ (2,290)
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	\$ -
2019-1017-BOD-09-24-19	Jewish Family Services - Case Management Services for Homeless Prevention - 1 Yr		\$ 90,000	\$ 90,000	\$ 40,500	\$ 49,500
2019-1025-BOD-09-24-19	Desert Healthcare Foundation - Ready Set Swim - 1 Yr		\$ 200,000	\$ 200,000	\$ 200,000	\$ -
2019-1023-BOD-10-22-19	CVRM - Transportation for Seniors & Homeless Hospital Discharge Referrals - 1 Yr		\$ 216,200	\$ 216,200	\$ 48,645	\$ 167,555
				\$ -	\$ -	\$ -
<b>TOTAL GRANTS</b>		<b>\$ 15,126,867</b>	<b>\$ 506,200</b>	<b>\$ 13,315,555</b>	<b>\$ 1,570,937</b>	<b>\$ 11,742,328</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>10/31/2019</b>
<b>Amount granted through June 30, 2020:</b>			\$ (506,200)		2131	\$ 6,342,328
Mini Grants:	1009; 1015; 1019; 1016		\$ (17,508)		2281	\$ 5,400,000
Net adj - Grants not used:	967		\$ 2,290		<b>Total</b>	<b>\$ 11,742,328</b>
<b>Balance available for Grants/Programs</b>			<b>\$ 2,978,582</b>		<b>Difference - Rdg</b>	<b>\$ 0</b>



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: November 12, 2019  
To: Finance & Administration Committee  
Subject: Lease Agreement – Corey King, N.D. & William Grimm Jr., M.D. 2W 107

---

**Staff Recommendation:** Consideration to approve the draft lease agreement for Corey King, N.D. & William Grimm Jr., M.D. at the Las Palmas Medical Plaza.

**Background:**

- Corey King, N.D. & William Grimm Jr., M.D. are prospective tenants of the Las Palmas Medical Plaza
- Drs. King & Grimm are requesting a lease of five years, with a base rent of \$2.00/square foot and a Tenant Improvement Allowance of \$12/square foot with one optional five-year extension. The lease also includes one month of rent abatement and an annual base rent increase of 4%
- 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 - \$171,204

Estimated cost of Tenant Improvement Allowance (\$12.00/sf) - \$12,288

Estimated cost of Broker Commission - \$7,987



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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Corey King, ND & William Grimm, Jr., MD, 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)*: \$ Twenty-Four Thousand Five-Hundred Seventy-Six & 00/100 (24,576.00) per year.

b. *Base Year*: The calendar year of December 1 to November 30.

c. *Broker(s)*:

Landlord's: Coldwell Banker Commercial Lyle & Associates.

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. 2W-107 Palm Springs, CA 92262.

h. *Monthly Installments of Base Rent (initial)*: \$ Two-Thousand, Forty-Eight and 00/100 Dollars (\$2,048.00) per month.

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

j. *Tenant Improvement Allowance (TI)*: Twelve and 00/100 Dollars (\$12.00) per square foot or Twelve-Thousand Two-Hundred Eighty-Eight & 00/100 Dollars (\$12,288.00).

k. *Parking*: Tenant shall be permitted, to park 5 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.

l. *Premises*: That portion of the Building containing approximately 1024 square feet of Rentable Area, located in Building 2W and known as Suite 107.

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

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

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

- o. *Security Deposit (Section 7)*: \$ Two-Thousand Six-Hundred Eighty-Two & 88/100 Dollars (\$2,682.88).
- 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*: 2.07%. 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)*: Medical practice 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 certain 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 the agreed upon tenant improvements. This allowance will be reimbursed to tenant upon satisfactory receipt of paid invoices and inspection by Property Management that work has been satisfactorily completed. Any additional tenant improvements will be at the sole expense of the Tenant. Improvements shall conform to a high quality of design approved by Landlord prior to commencement of work, and shall be performed by a licensed General Contractor approved by Landlord in advance. Tenant shall submit plans and specifications for any and all improvements to Landlord, and where necessary, the City of Palm Springs and other applicable government agencies for their required approval (if any) prior to commencement of work. Tenant and the General Contractor shall indemnify and hold Landlord and its officers, agents and employees harmless from any liability resulting from the tenant improvement work and shall be named as an additional insured on the insurance policy of both the Tenant and the General Contractor. All costs shall be subject to prevailing wages and if construction costs exceed \$25,000, then the tenant improvements shall also be subject to California competitive bid statutes.

## 6. INTEREST AND LATE CHARGES.

If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the maximum rate then allowed by law. Tenant acknowledges that the late payment of any Monthly Installment of Base Rent will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Landlord within five (5) days from the date it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease.

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**7. SECURITY DEPOSIT.**

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

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

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

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

**9. SERVICES AND UTILITIES.**

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

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

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

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

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

#### 10. CONDITION OF THE PREMISES.

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

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

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

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

**12. ALTERATIONS AND ADDITIONS.**

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

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

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

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

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

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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

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- (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.

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

**20. EMINENT DOMAIN.**

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

**21. INDEMNIFICATION.**

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

**22. TENANT'S INSURANCE.**

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

### 23. WAIVER OF SUBROGATION.

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

### 24. SUBORDINATION AND ATTORNMENT.

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

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

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## 25. TENANT ESTOPPEL CERTIFICATE.

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

## 26. TRANSFER OF LANDLORD'S INTEREST.

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

## 27. DEFAULT.

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

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

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

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

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

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

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

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

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

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

## 28. BROKERAGE FEES.

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

### 29. NOTICES.

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

### 30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

### 31. RELOCATION OF PREMISES.

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

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

### 32. QUIET ENJOYMENT.

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

### 33. OBSERVANCE OF LAW.

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

### 34. FORCE MAJEURE.

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

### 35. CURING TENANT'S DEFAULTS.

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

### 36. SIGN CONTROL.

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

### 37. MISCELLANEOUS.

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

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

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>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.

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## EXHIBIT "A"

### RULES AND REGULATIONS

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

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

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

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

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

\_\_\_\_\_  
Landlord's Initials

\_\_\_\_\_  
Tenant's Initials

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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 Corey King, ND & William Grimm, Jr., MD, 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	\$2048.00	
12/1/2020-11/30/2021	\$2129.92	Greater of 4% or CPI
12/1/2021-11/30/2022	\$2215.12	Greater of 4% or CPI
12/1/2022-11/30/2023	\$2303.72	Greater of 4% or CPI
12/1/2023-11/30/2024	\$2395.87	Greater of 4% or CPI
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Two Thousand Six Hundred Eighty-Two & 88/100 Dollars (\$2,682.88).
- 6. Renewal Options: Tenant requests one optional 5-year extension Greater of 4% or Market Rate
- 7. Fire Sprinklers: **Fire Sprinkler system installation shall be the responsibility of the District. In opting out of performing the fire sprinkler installation, Tenant grants permission to Landlord to coordinate all such activities necessary to complete the fire sprinkler installation in a timely manner.**
- 8. Rent Abatement: Landlord shall provide one (1) month of rent abatement in the amount of Two-Thousand Six-Hundred Eighty-Two & 88/100 Dollars (\$2,682.88).

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: November 12, 2019  
To: Finance and Administration Committee  
Subject: T-Mobile 3<sup>rd</sup> Amendment to the Communications Site Sublease Agreement

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**Recommendation:**

Consideration to approve the 3<sup>rd</sup> Amendment to the T-Mobile Communications Site Sublease Agreement.

**Background:**

- In 1996, T-Mobile, formerly Pacific Bell, installed a cellular communications tower at the hospital (DRMC).
- The original terms of the Sublease
  - Five (5) year lease with four (4) additional renewal terms
  - \$1,000 per month with 15% annual increases
- The original Sublease expires 8/14/2021.
- T-Mobile desires to extend the Sublease for five (5) additional and successive five (5) year terms.
- The beginning monthly rate will be \$1,650.
- All other terms remain unchanged.
- A draft 3<sup>rd</sup> Amendment to the Communications Site Sublease Agreement is included in the packet for review and consideration of approval.
- Staff recommends approval of the 3<sup>rd</sup> Amendment.

**Fiscal Impact:**

\$133,500 - Life of the Amendment #3

## Third Amendment To The Communications Site Sublease Agreement

This Third Amendment to The Communications Site Sublease Agreement (the "**Amendment**") is effective as of the date of execution by the last party to sign (the "**Effective Date**") by and between Desert Hospital District, a political subdivision of the State of California, also known as Desert Healthcare District, ("Sublessor") and T-Mobile West, LLC, a Delaware limited liability corporation ("**Sublessee**") (each a "**Party**", or collectively, the "**Parties**").

Landlord and Sublessee (or their predecessors-in-interest) entered into that certain The Communications Site Sublease Agreement dated April 19, 1996, including that certain First Amendment dated February 5, 1998, and also including that certain Second Amendment dated April 29, 1998 (including all amendments, collectively, the "**Lease**") regarding the leased premises ("**Premises**") located at 1150 N. Indian Canyon Dr., Palm Springs, CA 92262 (the "**Property**").

For good and valuable consideration, Landlord and Sublessee agree as follows:

1. The Lease is in full force and effect and neither Landlord nor Sublessee is in breach under the terms of the Lease.
2. Commencing on August 15, 2021, the Term of the Lease will automatically be extended for five (5) additional and successive five (5) year terms (each a "**Renewal Term**"), provided, that Sublessee may elect not to renew by providing Landlord sixty (60) days' notice prior to the expiration of the then current Renewal Term.
3. At the commencement of the first Renewal Term provided for in this Amendment, Sublessee shall pay Landlord Sixteen Hundred Fifty Dollars and 00/00 (\$1650.00) per month ("**Rent**") in advance, by the fifth (5<sup>th</sup>) day of each month. Any Rent previously paid from and after the commencement of the first Renewal Term provided for in this Amendment shall be offset against the new Rent. Rent shall be adjusted, effective on the first day of the second Renewal Term and each subsequent Renewal Term, by an amount equal to fifteen percent (15 %) over the Rent for the immediately preceding Renewal Term.
4. Sublessee may transmit and receive on any frequencies permitted by law.
5. Sublessee shall have the right to enlarge the Premises, to the extent practicable, so that Sublessee may implement any necessary upgrades and additions ("**Additional Premises**"), for a mutually agreed upon increase in monthly rent. Addition of coaxial cables, raceways, conduits and other ancillary equipment shall not require increased Rent. Any enlargement of the Premises shall require the written approval of Sublessor, which shall not be unreasonably withheld.

6. Sublessee may terminate the Lease by providing Landlord at least six (6) months' advance written notice of termination due to technological, regulatory, or economic reasons.
7. Sublessee shall have the right to connect to and otherwise utilize any and all pre-existing utility related equipment or alternatively, install new utility related equipment (collectively, the "**Utility Facilities**") located on or serving the Property which are either owned by or available to Landlord and to construct, install, operate, maintain, repair, add, upgrade, remove or replace Utility Facilities on the Property.
8. Should Landlord receive a bona fide offer from a third party that would result in an assignment of some or all of the Rent ("**Rental Stream Offer**"), Landlord shall immediately notify Sublessee, and Sublessee shall have the right to match the terms of the Rental Stream Offer within forty-five (45) days. No Rental Stream Offer may be entered into by Landlord without the prior written consent of Sublessee.
9. Any charges payable under the Lease other than Rent shall be billed by Landlord to Sublessee within twelve (12) months from the date in which the charges were incurred or due; otherwise the same shall be deemed time-barred and be forever waived and released by Landlord.
10. All notices, requests, demands and other communications shall be in writing and shall be effective three (3) business days after deposit in the U.S. mail, certified, return receipt requested or upon receipt if personally delivered or sent via a nationally recognized courier to the addresses set forth below. Landlord or Sublessee may from time to time designate any other address for this purpose by providing written notice to the other Party.

If to Sublessee:

T-Mobile USA, Inc.  
 12920 SE 38th Street  
 Bellevue, WA 98006  
 Attn: Lease Compliance/ IE04463A

If to Landlord:

Desert Healthcare District  
 1140 North Indian Canyon Drive  
 Attn: Chief Executive Officer  
 Palm Springs, CA 92263

11. Sublessee reserves the right to update the description of the Premises to reflect any modifications or changes, from time to time during the Term of the Lease.
12. Sublessee and Landlord will reasonably cooperate with each other's requests to approve permit applications and other documents related to the Property.



13. Landlord will execute a Memorandum of Lease at Sublessee 's request. If the Property is encumbered by a deed, mortgage or other security interest, Landlord will also execute a subordination, non-disturbance and attornment agreement.
14. Except as expressly set forth in this Amendment, the Lease otherwise is unmodified. To the extent any provision contained in this Amendment conflicts with the terms of the Lease, the terms and provisions of this Amendment shall control. Each reference in the Lease to itself shall be deemed also to refer to this Amendment.
15. This Amendment may be executed in duplicate counterparts, each of which will be deemed an original. Signed electronic copies of this Amendment will legally bind the Parties to the same extent as originals.
16. Each of the Parties represents and warrants that it has the right, power, legal capacity and authority to enter into and perform its respective obligations under this Amendment. Landlord represents and warrants to Sublessee that the consent or approval of a third party has either been obtained or is not required with respect to the execution of this Amendment.
17. This Amendment will be binding on and inure to the benefit of the Parties herein, their heirs, executors, administrators, successors-in-interest and assigns.

IN WITNESS, the Parties execute this Amendment as of the Effective Date.

**LANDLORD:**

**Desert Healthcare District, a political subdivision of the State of California**

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

Print Name: \_\_\_\_\_

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

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

**SUBLESSEE:**

**T-Mobile West, LLC, a Delaware limited liability corporation**

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

Print Name: \_\_\_\_\_

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

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

\_\_\_\_\_  
T-Mobile Contract Attorney  
as to form



**DESERT HEALTHCARE**  
DISTRICT & FOUNDATION

Date: November 12, 2019  
To: Finance & Administration Committee  
Subject: Consulting services agreement with Strategies 360 as a political consultant for a potential Tenet Transaction for the Sale of DRMC

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**Staff Recommendation:** Consideration to approve a consulting services agreement with Strategies 360 to provide political consulting services for a potential Tenet transaction for the 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.
- Feasibility scope of work – the Consultant will provide guidance to the Board in providing messaging to the public and in strategizing a potential ballot initiative. Polling and focus groups will be conducted as part of this phase.
- A service agreement would be structured to authorize the Feasibility process.
- If the ballot initiative is deemed feasible, the Board may then consider engaging the consultant further to create a program to educate the public on the potential sale. A proposal for education scope of work would be submitted at a later date.
- Four consulting firms, including one local firm, provided proposals for consideration.
- Staff recommends approval of a consulting services agreement with Strategies 360.

**Fiscal Impact:**

Estimated Costs:  
Feasibility phase      \$ 69,000