

ASSET PURCHASE AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into as of this ____ day of _____, 2022 ("Effective Date"), by and between the **County of Monterey on behalf of Natividad Medical Center** (the "Purchaser"), Family Care Medical Group, Inc., (the "Seller"), and the owners of Seller, **Steven Petronijevic, D.O.**, an individual, and **Catherine Petronijevic, D.O.**, an individual ("Seller Shareholders"). Seller and Seller Shareholders are hereinafter referred to as the "Selling Parties." The Purchaser, Seller and Selling Shareholders may hereinafter be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Seller operates a medical practice located at 17615 Moro Road, Salinas, California 93907 (the "Practice");

WHEREAS, Seller Shareholder shall, in order to induce Purchaser to enter into this Agreement and purchase the assets specified herein, enter into certain restrictive covenants with Purchaser as further described herein;

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller, all of the Seller's right, title and interest in and to the hereinafter described Assets of the Seller concerning the Practice;

NOW, THEREFORE, acknowledging the receipt of adequate consideration and intending to be legally bound, the Parties hereby agree as follows:

1. DEFINITIONS.

1.1. The following terms shall have the meanings specified in this **Article 1**. Other terms are defined in the text of this Agreement, and those terms shall have the meanings respectively ascribed to them.

1.1.1. "Assets" means those assets described in **Section 2.1** of this Agreement and in **Schedule 2.1.1** and **Schedule 2.1.2** attached hereto.

1.1.2. "Closing" means the closing of the transactions contemplated herein, which transactions shall occur on the Closing Date.

1.1.3. "Closing Date" means the date of the consummation of the transactions contemplated in this Agreement pursuant to **Section 7.5** of this Agreement.

1.1.4. "Lease Agreement" shall mean the Lease Agreement entered into between Drs. Steven and Catherine Petronijevic and the Purchaser for the lease of the Premises to Purchaser after the Closing Date.

1.1.5. "Premises" means those certain premises located at 17615 Moro Road, Salinas, California 93907.

1.1.6. "Professional Services Agreement" shall mean the Professional Services Agreement entered into between the Seller and the Purchaser for the provision of professional medical services at the Practice after the Closing Date.

1.1.7. "Purchase Price" means the price set forth in **Section 4.1** of this Agreement.

1.1.8. "Returns" means all returns, declarations, reports, statements, and other documents required to be filed with respect to Taxes, and the term "Return" means any one of the foregoing Returns.

1.1.9. "Satisfactory Due Diligence" means the Purchaser's due diligence review of the Seller, and to the Purchaser's determination, in its sole discretion, that the results of such review are satisfactory and do not reveal adverse information regarding the Assets.

1.1.10. "Seller Shareholders" shall mean the individuals identified in **Schedule 1.1.10** who own the issued and outstanding stock of the Seller.

1.1.11. "Taxes" means all federal, state, local, foreign, and other net income, gross income, gross receipts, gains (including capital gains), earnings, sales, use, ad valorem, transfer, conveyance, value added, capital stock, capital duty, franchise, profits, license, lease, service, service use, withholding, payroll, employment, disability, excise, severance, stamp, occupation, premium, property, real estate, transfer, windfall profits, customs, duties, estimated, or other taxes, fees, assessments, or charges of any kind whatsoever, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto (and including any fee, assessment, or other charge in the nature of or in lieu of any such tax), and the term "Tax" means any one of the foregoing Taxes.

2. SALE OF ASSETS AND ASSUMED LIABILITIES.

2.1. Sale of Assets. On the basis of the representations and warranties, and subject to the terms and conditions set forth at length in this Agreement, the Selling Parties hereby agree to sell and the Purchaser hereby agrees to purchase all of the Selling Parties' right, title and interest in and to the following assets of the Selling Parties (collectively, the "Assets"), free and clear of all security interests, liens, claims, charges, financed purchase agreements including leases, or other encumbrances of any kind or nature whatsoever:

2.1.1. Equipment, Furniture and Fixtures. All of the office equipment, furniture, furnishings and fixtures owned by the Seller as of the Closing Date, including, but not limited to, the office and clinical equipment and the furniture, furnishings and fixtures listed on **Schedule 2.1.1**, attached hereto. Medical inventory, which shall include but not be limited to, vaccines, surgical supplies and point of testing supplies are excluded assets.

2.1.2. Trade Name, Goodwill and other Intangibles. The tradename "Family Care Medical Group," all goodwill related to such name and the Practice, and other Intangibles of the Practice. "Intangibles" means, to the extent assignable, all intangible property rights owned by the Seller and used in connection with the Practice, including all rights in all telephone and telecopy numbers, intellectual property rights, copyrights, internet domain names, e-mail addresses, social media accounts and handles of the Practice, goodwill, Licenses and Permits (as hereinafter defined), marketing materials, and vendor, supplier, and customer lists.

2.1.3. Medical Records. To the extent transferable, all patient lists, charts, files, books, records, work papers, and other similar assets of or pertaining to the Practice.

2.1.4. Proprietary Information. All of the Seller's intellectual property, trademarks, trade names, service marks, including, but not limited to, marketing plans, policies and procedures, trade secrets and other proprietary information, of whatever nature, pertaining to the Practice, such intangible property and proprietary information to be conveyed free and clear of all liens, pledges, charges, security interests, encumbrances and claims of any kind.

2.1.5. Insurance Proceeds. All insurance proceeds arising in connection with property damage to the Assets occurring on and after the Closing Date, to the extent not expended on the repair or restoration of the other Assets.

2.1.6. Certain Rights. All claims, guarantees, warranties, indemnifications and all other rights which the Seller may have against suppliers, laborers, materialmen or subcontractors arising out of or in connection with the installation, construction or maintenance of the Assets.

2.2. Assumed Contracts. On the basis of the representations and warranties, and subject to the terms and conditions set forth at length in this Agreement, the Seller hereby agrees to assign to the Purchaser, and the Purchaser hereby agrees to accept assignment of all of the Seller's rights and obligations pursuant to the contracts, leases and other agreements specifically set forth in **Schedule 2.2** attached hereto (hereinafter collectively referred to as "Assumed Contracts"). The Seller shall be responsible for obtaining consent or providing any required notice to any third-party in order to validly assign any Assumed Contract to Purchaser. Notwithstanding the foregoing, the Seller agrees to pay off any outstanding liabilities related to any account of an Assumed Contract prior to the Closing Date. The Purchaser shall not be deemed to assume or accept the assignment of any obligation or liability that may be incurred by the Seller or the Practice by reason of any tax or other obligation arising prior to the Closing Date, or by reason of any breach of or default under any contract, lease or agreement, or by reason of any act or omission which could, with the passage of time, create a breach of or default under any such contract, lease or agreement, which occurred prior to the Closing regardless of whether such default is discovered before or after the Closing.

3. EXCLUDED FROM THE SALE.

3.1. The following property, rights and liabilities of the Selling Parties shall be excluded from the sale, and shall not be considered Assets hereunder.

3.1.1. Cash and Cash Equivalents. All cash assets and cash equivalents of the Seller as of the Closing Date, such as checking and savings accounts, petty cash, cash-on-hand, retained earnings, loans receivable from any source whatsoever, cash value of life insurance, pension and profit sharing plans and insurance premium refunds are excluded from this purchase and sale.

3.1.2. Accounts Receivable. Any and all accounts receivable of the Seller generated for services rendered by the Seller or any of its stockholders, principals, employees, contractors or agents prior to the Closing Date ("Accounts Receivable").

3.1.3. Real Property. All real property owned by the Seller in connection with the Practice.

3.1.4. Personal Property. All automobiles, professional plaques, books, the two pieces of Nelson artwork, personal stationery, malpractice, casualty and general liability insurance policies, and any and all other insurance policies maintained by the Seller.

3.1.5. Excluded Contracts. Any lease, contract, agreement, obligation or other arrangement not specifically assumed by the Purchaser.

3.1.6. Liabilities. Except for the Assumed Contracts, the Purchaser shall not be deemed to have assumed, nor shall the Purchaser assume any liability of the Seller whatsoever. Without limiting the generality of the foregoing, the Purchaser shall not be deemed to have assumed, nor shall the Purchaser assume any liability for the payment of: (i) any liability based upon or arising out of any tortious or wrongful actions of the Seller or the Seller's owners, employees, contractors or agents, including, but not limited to, any worker's compensation or any discrimination claims which relate to acts initiating prior to the Closing Date, no matter when filed; (ii) any taxes of the Seller arising prior to the Closing Date or in connection with the transactions contemplated by this Agreement; (iii) any salary, wage, benefit, bonus, vacation pay, sick leave, insurance, employment tax or similar liability of the Seller to any employee, contractor, agent, officer, director or other person or entity allocable to services performed or services engaged on or prior to the Closing Date, whether discovered before or after the Closing Date; (iv) any claims, including but not limited to malpractice claims, associated with the Seller or with services performed by anyone on behalf of the Seller prior to the Closing Date, whether discovered before or after the Closing Date; (v) any contributions or payments to any pension, employee benefit or profit sharing plan of the Seller arising prior to the Closing Date; (vi) any accounts payable or invoices for goods or services incurred or used by the Seller prior to the Closing Date (which invoices shall be the sole responsibility of the Seller); (vii) any recoupment or refund requested by any federal, state or local government agency, or any other third party payor, arising out of claims submitted for payment for services rendered prior to the Closing Date; (viii) any claims from any state, federal or local government agency or authority regarding any tax-related matter, discrimination matter, or other matter concerning a violation of any statute, regulation or

ordinance occurring prior to the Closing Date, whether discovered before or after the Closing Date; (ix) all liabilities to which the Purchaser or the Assets become subject arising solely out of the Seller's failure to comply with bulk sales laws or any similar laws; and (x) any other liabilities, accounts payable or debts of the Seller incurred by the Seller prior to the Closing Date, not assumed by the Purchaser hereunder, whether discovered before or after the Closing Date (collectively, the "Excluded Liabilities").

3.2. Risk of Loss. The risk of loss or damage to any of the Assets shall remain with the Seller until the Closing and the Seller shall maintain the Seller's insurance policies covering the Assets through the Closing.

4. PURCHASE PRICE.

4.1. Purchase Price. The Purchase Price for the sale of the Assets shall be Three Hundred Thousand Dollars (\$300,000.00). The Purchase Price shall be paid to the Seller by the Purchaser in full at the Closing.

4.2. Allocation of Purchase Price. Within sixty (60) days following the Closing, the Purchaser and the Seller shall complete a final closing statement where the Purchase Price will be allocated for all federal and state tax purposes (including, but not limited to, income, excise, sales, use, personal property and transfer taxes, and otherwise) among the Assets in accordance with **Schedule 4.2**, which is in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended. Each Party further agrees to file separately Form 8594 with its federal income tax return consistent with such allocation for the tax year in which the Closing occurs and that no Party will take a position on any tax returns or filings with any governmental authority charged with the collection of taxes or having jurisdiction over the transaction contemplated hereunder or in any proceeding, that is in any manner inconsistent with the terms of the allocation as set forth in this **Section 4.2**.

4.3. Form of Payment. All sums payable under this Agreement shall be paid when due in legal tender of the United States of America in immediately available funds by certified or cashier's check or wire transfer.

4.4. Goodwill Purchase and Noncompetition Agreement. Purchaser and Seller Shareholders shall enter into the Personal Goodwill Purchase and Noncompetition Agreement thereby restricting the Seller Shareholders competition with Purchaser for five (5) years after Closing and transferring to Purchaser all of Seller Shareholder's personal goodwill related to the Practice, upon the terms and substantially in the form attached hereto as **Exhibit A-1 and Exhibit A-2** ("Personal Goodwill Purchase and Noncompetition Agreement").

5. ACKNOWLEDGEMENTS, REPRESENTATIONS AND WARRANTIES.

5.1. By the Seller. The Seller represents, warrants, and covenants to the Purchaser that the statements set forth below in this **Section 5.1** are correct and complete as of the Effective Date and

will remain correct and complete through the Closing Date. Unless otherwise indicated in the specific representation or warranty contained herein, each representation and warranty of the Seller shall survive the Closing Date and remain in full, unaltered force and effect for the applicable statute of limitations, except where specifically provided herein.

5.1.1. Enforceability. This Agreement and all other agreements and writings required to be signed by the Seller constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms.

5.1.2. Good Standing. The Seller is a corporation duly incorporated, validly existing, and in good standing under the laws of the State of California, and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Neither the ownership of its properties nor the operation of its business requires it to be qualified in any jurisdiction other than its state of organization. Such ownership is in compliance with all applicable laws, regulations and rules. The Seller has full power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated hereby.

5.1.3. Authority; No Conflict.

5.1.3.1. The Seller has the lawful authority to conduct the business of the Practice as it is presently being conducted. The Seller has full right, power, and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by the Seller and is the valid and binding obligation of the Seller, and is enforceable in accordance with its terms, except as enforcement may be limited by equitable principles limiting the right to obtain specific performance or other equitable remedies, or by applicable bankruptcy or insolvency laws and related decisions affecting creditors' rights generally.

5.1.3.2. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not, and will not, violate or conflict with any organizational document of the Seller, and do not and will not violate or conflict with, or result in a breach of, or default under, any agreement, covenant, promise, indenture, or other instrument, or any order or decree of any court or other governmental body, to which the Seller is a party or by which the Seller, or any of the Seller's assets or properties, are bound. The Seller does not have knowledge of any circumstance that could affect the validity, legality, or enforceability of this Agreement.

5.1.4. Compliance with Law. There are no pending or threatened legal, administrative, arbitral, or other actions, notices, or proceedings, nor any pending or threatened governmental investigations by any federal, state, or local government or any subdivision thereof. There are no judgments against the Seller or the Assets, and there are no orders, rules, consent decrees, or injunctions of any court, governmental department, commission, agency, or instrumentality by which the Seller is bound or to which the Seller is subject. The Seller is not in default, or alleged to be in default, under any agreement, License or Permit, or other obligation relating to the

operation of the Practice, and no other party to any such agreement, License or Permit, or other obligation is in default thereunder, and there exists no condition or event which, after notice or lapse of time or both, would constitute a default by any party to any such agreement, License or Permit, or other obligation.

5.1.5. Litigation. Except as provided in **Schedule 5.1.5**, there is no investigation or review by any governmental entity with respect to the Seller, the Practice, or the Assets currently pending nor, to the Seller's actual knowledge, has any governmental entity threatened, nor has any governmental entity indicated to the Seller an intention to conduct the same, and, there is no action, suit, or administrative, condemnation, arbitral, or other proceeding, whether at law or in equity, to which the Seller is a party, currently pending before any federal, state, or municipal court or other governmental department, commission, board, bureau, agency, or instrumentality, or, to the Seller's actual knowledge, threatened against or affecting the Seller, the Practice, or the Assets. The Seller is not, nor has it ever been, a party to any injunction, order, or decree restricting the method of the conduct of the Practice or the marketing of any of its services.

5.1.6. No Filing; No Conflict. Except as provided in **Schedule 5.1.6**, no filing, action, consent, or approval of any person, entity or governmental body is required by the Seller for the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Seller shall use its best efforts to obtain expeditiously all consents, approvals, and authorizations of third parties necessary for the performance of this Agreement and the transactions contemplated herein, including any consent required related to the Assumed Contracts. The execution and delivery of this Agreement by the Seller and the consummation of the transactions contemplated hereby by the Seller will not result in a breach of the terms or conditions of, or constitute a default under, or violate: (i) any provision of any law, regulation, or ordinance, (ii) any agreement, lease, mortgage, or other instrument or undertaking, oral or written, to which the Seller is a party or by which it may be bound or affected or (iii) any judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body.

5.1.7. Inaccuracies. The Seller shall refrain from taking any action that would render any representation or warranty of the Seller hereunder inaccurate as of the Closing Date.

5.1.8. Insurance. The Seller has maintained, and will maintain until the Closing Date, in full force and effect all policies of insurance required of the Seller and the Practice, including professional malpractice insurance (claims made) covering all physicians and other professional employees of the Practice, as well as property and general liability insurance. All such policies are with reputable insurance carriers, are in character and amount at least equivalent to those carried by persons engaged in similar businesses and subject to similar perils or hazards, and are in full force and effect in accordance with their terms.

5.1.9. Accounts Payable. The Seller shall satisfy and pay as they become due in the ordinary course any and all debts, loans and trade accounts payable owed by the Seller, and the Seller shall make any and all overdue payments prior to the Closing Date.

5.1.10. Payment of Accrued Wages and Benefits. The Seller shall pay all wages, salaries, deferred compensation, benefits and/or the monetary equivalent of benefits, including but not limited to severance pay and sick leave pay earned or otherwise owing to the Seller's employees (or to which they are entitled by law, rule or regulation or under the Seller's employment policies and procedures) that are or become payable prior to the Closing Date. The Seller shall remain responsible for the payment of all workers' compensation, unemployment compensation, disability claims, severance pay, health and welfare benefits, profit sharing, incentive, bonuses, paid time off, deferred compensation, and life insurance which relate to periods of employment with the Seller, as well as payments under any of the Seller's employee plans relating to the service of employees prior to the Closing Date, whether or not an employee plan has been terminated prior to the Closing Date and whether or not such benefit liability extends beyond the Closing.

5.1.11. Bankruptcy. No action or proceeding in bankruptcy or insolvency has been commenced or, to the best of the Seller's knowledge, threatened against the Seller.

5.1.12. Consultant's, Broker's, and Finder's Fees. No consultant, agent, broker, employee, officer, stockholder, or other person acting on behalf of or under the authority of the Seller or the Practice is or will be entitled to any consulting, commission, broker's, or finder's fee from any of the Parties hereto in connection with this Agreement or any of the transactions contemplated hereby.

5.1.13. Accuracy of Books and Records. The Seller shall maintain and keep the books and records of the Practice, which shall accurately set forth the business activities of the Seller with respect to the Practice, identify the Seller's past and current patient base, and contain true and accurate client records of professional services and treatments provided to each of the Seller's patients.

5.1.14. Transition. The Seller will use its best efforts and fully cooperate with the Purchaser in all aspects of the transfer of the Assets to the Purchaser.

5.1.15. Access to Information. The Seller shall give to the Purchaser and to appropriate representatives and advisors of the Purchaser, access, during normal business hours, to such properties, books, records, contracts and other documents pertaining to the Seller, the Practice and the Assets, as may be reasonably requested and appropriate in order to perform a due diligence review and to perform under this Agreement. Officers and employees of the Seller shall be available on a regular basis to confer with appropriate representatives of the Purchaser to report material operational matters and the general status of ongoing operations. The Seller shall cooperate in keeping the Purchaser fully informed and shall promptly provide notice to the Purchaser or its representatives of any unexpected emergency or other unanticipated adverse change in the normal course of business or prospects of the Seller.

5.1.16. No Merger or Sale. The Seller shall not, without the prior written consent of the Purchaser: (i) sell, offer, or transfer any ownership of the Seller; (ii) acquire, purchase, or take assignment of the stock or membership interest of any other third party; (iii) merge or consolidate with, or acquire substantially all of the assets of, a third party or sell or otherwise convey substantially all of the Assets to a third party; or (iv) solicit from any third party any inquiries, proposals, or offers relating to any affiliation, merger or consolidation with any corporation, business, or person. In addition, the Seller shall promptly notify the Purchaser in writing of all relevant details relating to inquiries or offers, which the Seller may receive relating to any of the matters referred to in this section.

5.1.17. Licensure of the Seller and the Practice. **Schedule 5.1.17** lists all material federal, state, and local licenses, permits and authorizations required in connection with the ownership and use of the Assets and the conduct of the Practice (collectively the “Licenses and Permits”). None of such Licenses and Permits shall have lapsed or been revoked or terminated, and the Seller and the Practice has at all times been operated and conducted in accordance and consistent with all material terms and conditions thereof and with all federal, state and local laws, rules and regulations. All physicians providing services at the Practice have a valid and unrestricted license to practice medicine in the State of California, and are in good standing with the Medical Board of California. The Seller is not in default, or alleged to be in default, under any agreement, License or Permit, or other obligation relating to the operation of the Practice, and no other party to any such agreement, License or Permit, or other obligation is in default thereunder, and there exists no condition or event which, after notice or lapse of time or both, would constitute a default by any party to any such agreement, License or Permit, or other obligation.

5.1.18. Title. The Seller has good, marketable and insurable title to the Assets, free and clear of all mortgages, liens, pledges, charges, security interests, encumbrances or claims of any kind. Each of the tangible assets included as part of the Assets is in operating condition and good repair, ordinary wear and tear excepted.

5.1.19. Medical Waste. The Seller is and always has been operating the Practice in material compliance with all laws, rules, and regulations regarding the treatment, disposal, and handling of medical waste, including, but not limited to, compliance with any and all labeling, packaging, or manifesting requirements.

5.1.20. Leases. By the Closing Date, the Seller will not be a party to any lease for realty, equipment, or other personalty related to the practice of medicine other than those leases which the Purchaser is assuming pursuant to this Agreement.

5.1.21. Taxes. The Seller represents and warrants that:

5.1.21.1. The Seller has paid, or will pay when due or finally settled, all Taxes relating to the Seller, the Practice, or the Assets which are due or become due and payable for any period prior to the Closing Date. The Seller has properly filed on a timely basis, or will file when

due, all Returns relating to the Seller, the Practice, or the Assets for all periods up to the Closing Date, and such Returns are, or will be for those not yet due, materially true, complete, and correct.

5.1.21.2. There are no liens for Taxes (other than for current Taxes not yet due and payable) on the Assets.

5.1.21.3. The Seller is not a person other than a United States person within the meaning of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

5.1.22. No Additional Representations or Warranties. As it relates to the transactions contemplated by this Agreement, the Seller has not made any representations or warranties to the Purchaser or any other individual or entity, except for those contained in this Agreement, and as relates to representations or warranties made to the Purchaser, the Purchaser hereby acknowledges and agrees that such is true.

5.2. By the Purchaser. The Purchaser represents and warrants to the Seller that the statements set forth below in this **Section 5.2** are correct and complete as of the Effective Date and will remain correct and complete through the Closing Date. Unless otherwise indicated in the specific representation or warranty contained herein, each representation and warranty of the Purchaser shall survive the Closing Date and remain in full, unaltered force and effect for the applicable statute of limitations, except where specifically provided herein.

5.2.1. Enforceability. This Agreement and all other agreements and writings required to be signed by the Purchaser constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

5.2.2. Authority; No Conflict. The Purchaser has the full right, power, and authority to enter into this Agreement and all transactions contemplated hereby and to perform fully its obligations hereunder. This Agreement has been duly executed and delivered by the Purchaser and is the valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforcement may be limited by equitable principles limiting the right to obtain specific performance or other equitable remedies, or by applicable bankruptcy or insolvency laws and related decisions affecting creditors' rights generally. The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby by the Purchaser will not result in a breach of the terms or conditions of, or constitute a default under, or violate: (i) any provision of any law, regulation, or ordinance, (ii) any agreement, lease, mortgage, or other instrument or undertaking, oral or written, to which the Purchaser is a party or by which it may be bound or affected or (iii) any judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body.

5.2.3. Consultant's, Broker's, and Finder's Fees. No consultant, agent, broker, employee, officer, stockholder, or other person acting on behalf of or under the authority of the Purchaser is or will be entitled to any consulting, commission, broker's, or finder's fee from any of the Parties hereto in connection with this Agreement or any of the transactions contemplated hereby.

5.2.4. No Additional Representations or Warranties. The Purchaser has not made any representations or warranties to the Seller or any other person, except for those expressly contained in this Agreement, and the Seller hereby agrees that such is true.

6. CONDUCT OF THE PARTIES PRIOR TO CLOSING.

6.1. Affirmative Covenants. Subject to the terms and conditions stated herein, the Parties hereto will use reasonable efforts to satisfy all conditions to the Closing set forth in this Agreement on or before the Closing and will cooperate to ensure the prompt and expedient consummation of all transactions contemplated hereby.

6.2. No Solicitation. From the Effective Date until the Closing or the termination of this Agreement, each Party hereto, and any individual or entity acting on behalf of any Party hereto, will not, directly or indirectly, solicit, encourage, or initiate any discussion with, or negotiate or otherwise deal with, or provide any information to, any individual or entity other than the Parties hereto, and any representatives of the Parties hereto, concerning any sale of assets, or similar transaction, involving the Practice, or any interest therein.

6.3. No Changes. The Seller covenants and agrees that, from the Effective Date until the Closing or the termination of this Agreement, the Seller shall operate the Practice in its customary and ordinary course and in all material respects in accordance with applicable provisions of federal, state and local laws. Without the prior written consent of the Purchaser, the Seller shall not: (a) make or commit to make any change in the business or operations of the Practice; (b) other than as expressly provided for in this Agreement, enter into any contract or commitment, waive any rights or enter into any transaction affecting the Practice or the Assets; (c) take any action or omit to take any action that materially and adversely affects the Practice's profitability or that materially and adversely affects the value of the Assets; or (d) transfer, assign, sell, mortgage, pledge or otherwise encumber any of the Assets.

6.4. Employees.

6.4.1. The Parties acknowledge and agree that all of the Seller's employees who shall become Transferred Employees (as defined below) will cease to be employees of the Seller effective as of the Closing Date, and the Seller shall take such steps as are necessary to accomplish the same. The Seller shall provide the Purchaser such documentation as the Purchaser reasonably deems necessary to confirm termination of employment of such Transferred Employees. Seller will make, at the Closing or as soon after the Closing as is reasonably practicable, a final payroll payment of all salary, wages, and other amounts due to, or for the benefit of, each current employee of the Practice and any former employee of the Practice, which payment shall include

all benefits, vacation pay, and accrued sick pay with respect to each such employee. If Seller determines that an employee should be considered for termination, or the terms of an employee's employment should be modified in any way from those terms existing on the Effective Date, Seller will communicate to Purchaser the proposed change(s) and the reason(s) therefor. Purchaser and Seller hereby agree to cooperate to reach an agreement regarding such proposed staffing changes prior to implementation of any such change by Seller

6.4.2. Offer of Employment. After the Effective Date, Seller shall: (i) cooperate with Purchaser for Purchaser to interview the employees of the Practice for possible employment with Purchaser, and (ii) not take any action to discourage such employees' consideration of possible employment by Purchaser. In addition, Seller shall terminate all employees of the Practice as of the Closing Date and cooperate with Purchaser to allow Purchaser to offer employment to all employees of the Practice. Any offer of employment shall be in accordance with the Purchaser's normal hiring policies and procedures.

6.4.3. Acceptance of Offers of Employment. All such employees who wish to accept employment must accept such offers of employment and complete such paperwork presented by the Purchaser and as may be required by applicable law no later than fifteen (15) business days prior to the Closing Date (all employees who accept such offers shall be referred to as the "Transferred Employees"), unless otherwise mutually agreed to by the Purchaser and the Seller.

6.4.4. Transfer of Personnel Records. On or before the Closing Date, the Seller shall transfer all personnel records of the Transferred Employees, including, but not limited to, all payroll, medical and other employment related records.

6.4.5. Inactive Employees. Transferred Employees who are inactive on the Closing Date will be entitled to active employment with the Purchaser in accordance with applicable law. Until such inactive Transferred Employees become active employees of the Purchaser, it shall remain the Seller's responsibility to provide any and all benefits to which inactive Transferred Employees became entitled under the Seller's policies and procedures.

6.4.6. No Third-Party Beneficiaries. No person (other than the Parties to this Agreement), including without limitation the Transferred Employees and their spouses and beneficiaries, shall be entitled to assert any claim based on any of the provisions of this **Section 6.4** against any Party to this Agreement or any of their affiliates.

7. CLOSING DELIVERIES.

7.1. Conditions Precedent to the Seller's Obligation to Close. The obligations of the Seller under this Agreement, at the option of the Seller, shall be subject to the satisfaction on the Closing Date of the following conditions (which may be waived specifically by the Seller, in whole or in part, but only in writing):

7.1.1. There shall have been no material breach by the Purchaser in the performance of any of the Purchaser's obligations hereunder; each of the representations and warranties of the Purchaser contained in or referenced in this Agreement shall be true and correct in all material respects on the Effective Date through and on the Closing Date; and there shall have been delivered to the Seller a certificate to that effect, dated as of the Closing Date and executed by the Purchaser.

7.1.2. The Purchaser shall have performed and complied with all material covenants, agreements, obligations and conditions required by this Agreement to be so complied with or performed by The Purchaser.

7.1.3. Each of the closing documents required by **Article 7** hereof shall have been duly executed and delivered in accordance with the terms of this **Article 7**.

7.2. Conditions Precedent to the Purchaser's Obligation to Close. The obligations of the Purchaser under this Agreement, at the option of the Purchaser, shall be subject to the satisfaction on the Closing Date of the following conditions (which may be waived specifically by the Purchaser, in whole or in part, but only in writing):

7.2.1. The Purchaser shall have completed Satisfactory Due Diligence.

7.2.2. The Purchaser shall have executed a new Lease Agreement for the Premises.

7.2.3. The Purchaser shall have executed a Professional Services Agreement with the Seller and all Transferred Employees shall have agreed to employment terms with the Purchaser.

7.2.4. The Seller Shareholders shall have executed the Personal Goodwill Purchase and Noncompetition Agreement with Purchaser.

7.2.5. There shall have been no material breach by the Seller in the performance of any of the Seller's obligations hereunder; each of the representations, conditions, covenants, and warranties of the Seller contained in or referenced in this Agreement shall be true and correct in all material respects on the Effective Date through and on the Closing Date; and there shall have been delivered to the Purchaser a certificate to that effect, dated as of the Closing Date and executed by the Seller.

7.2.6. There shall have been no material adverse change in the condition of, or damage to, the Assets (including, but not limited to, the Seller's goodwill associated with the Practice), and there shall have been delivered to the Purchaser a certificate to that effect, dated as of the Closing Date and executed by the Seller.

7.2.7. No litigation, written or oral threat, or investigation which challenges directly or concerns the legality of the transactions contemplated by this Agreement or which affects in any material way the Assets, the Practice, or the employees or owners of the Seller, shall have been

instituted or threatened orally or in writing, unless such threat or investigation shall have been finally resolved to the satisfaction of the Purchaser, in the Purchaser's sole discretion.

7.2.8. The Seller shall have satisfied and cleared any and all liens, pledges, charges, security interests, encumbrances or claims of any kind against the Assets.

7.2.9. The Parties shall have obtained any and all necessary corporate, governmental and third-party approvals.

7.2.10. The Purchaser shall have received all material licenses, consents, permits, approvals, and authorizations of any governmental authorities required to consummate the transaction herein contemplated, or assurances reasonably acceptable to Purchaser have been received that any material licenses, consents, permits, approvals, and authorizations not actually issued as of the Closing will be issued in the normal course following Closing.

7.2.11. Each of the closing documents required by **Article 7** hereof shall have been duly executed and delivered in accordance with the terms of this **Article 7**.

7.3. The Seller's Obligations. Provided that the Purchaser satisfies its obligations under **Article 7** of this Agreement, the Seller shall have, on or before the Closing Date:

7.3.1. Delivered the Premises and the Assets to the Purchaser in good condition and repair.

7.3.2. Executed and delivered the Bill of Sale attached hereto as **Exhibit B**.

7.3.3. Executed and delivered that certain Professional Services Agreement between the Purchaser and the Seller.

7.3.4. Executed and delivered that certain Lease Agreement.

7.3.5. Executed and delivered the Personal Goodwill Purchase and Noncompetition Agreement with Seller Shareholders.

7.3.6. Executed and delivered appropriate consents or proof of notices for all Assumed Contracts listed in **Schedule 2.2**.

7.3.7. Executed and delivered any other documents as may be reasonably necessary to effect the transactions contemplated herein.

7.3.8. Provided proof of payment and satisfaction for any and all outstanding liens related to the Assets.

7.3.9. Provided proof of payment and satisfaction for all outstanding account balances related to any Assumed Contract.

7.4. The Purchaser's Obligations. Provided that the Seller satisfies its obligations under **Article 7** of this Agreement, the Purchaser shall have, on or before the Closing Date, or as otherwise stated:

7.4.1. Paid to the Seller the Purchase Price.

7.4.2. Executed and delivered that certain Professional Services Agreement between the Purchaser and the Seller.

7.4.3. Executed and delivered that certain Lease Agreement.

7.4.4. Executed and delivered any other documents as may be reasonably necessary to effect the transactions contemplated herein.

7.4.5. Obtained all necessary licenses, consents, permits, approvals, and authorizations of any governmental authorities required to consummate the transaction herein contemplated.

7.5. Closing Date. The consummation of the transactions contemplated by this Agreement ("Closing Date") shall take place on the satisfaction or waiver of all other conditions precedent to Closing, or such other earlier or later time and date mutually agreed to by the Parties. Unless otherwise agreed in writing by the Parties at Closing, the Closing shall be effective for accounting purposes as of 12:01 a.m. on the Closing Date.

8. INDEMNIFICATION.

8.1. By the Seller. The Seller hereby agrees to indemnify, defend, and hold harmless the Purchaser, and its respective shareholders, members, managers, officers, directors, representatives, agents, employees, successors and assigns from and against any and all claims, losses, demands, recoupments, fines, interest, causes of action, judgments, lawsuits, proceedings, liabilities, damages, debts, costs and expenses, including reasonable attorneys' fees and court costs (collectively, "Losses") of every kind and nature, whether or not such Losses are known or asserted on, before or after the Closing Date, to the extent that such Losses arise from or relate to:

8.1.1. any inaccuracy in any representation or the breach of any representation or warranty made by the Seller herein or in any certificate or other document delivered to the Purchaser pursuant to the provisions of this Agreement;

8.1.2. any failure of the Seller to duly perform or observe any term, provision, covenant, agreement, or condition or perform any material act required herein;

8.1.3. any claim, threatened claim, liability or obligation arising with respect to conduct of the Seller or the ownership and operation of the Assets or the Practice prior to the Closing Date;

8.1.4. the Excluded Liabilities;

8.1.5. any income or other tax assessed against the Seller or the Practice, arising out of or related to: (i) the Practice for the period prior to the Closing Date; (ii) any transaction or activity with regard to the activities of the Seller that occurred prior to the Closing Date; or (iii) any income derived by the Seller prior to the Closing Date relating to services rendered by the Seller and the Practice prior to the Closing Date;

8.1.6. all wages, salaries, bonuses, commissions, rebates, expenses, benefits, and other compensation or fees, including applicable taxes, of any nature accrued and/or payable to any of the employees, members, managers, contractors, agents or representatives of the Seller that relate to periods prior to the Closing Date;

8.1.7. any claim of any employee of the Seller arising out of or relating to any employee stock option, bonus, retirement, profit sharing, pension, or other similar plan of the Seller, or the operation or termination of any such plan;

8.1.8. any demand, recoupment or offset of accounts receivable or collections by the Centers for Medicare and Medicaid Services ("CMS"), any CMS contractor or agent, or any third party payor (e.g., commercial health insurer) related to services rendered by the Seller and/or the Practice prior to the Closing Date; and/or

8.1.9. any claim by any third party with respect to any liability, obligation, contract, other commitment or state of facts which constitutes a breach of any representation or warranty by the Seller contained herein or in any certificate or other document delivered by or on behalf of the Seller to the Purchaser pursuant to the provisions of this Agreement.

In addition, Seller shall indemnify, defend, and hold harmless Purchaser from and against any costs and expenses (including attorney fees) which Purchaser may suffer or sustain in connection with, and in seeking to enforce, the indemnification obligations of Seller hereunder.

8.2. By the Purchaser. Subject to the limitations set forth in this **Article 8**, the Purchaser agrees to indemnify, defend and hold harmless the Seller and its respective shareholders, members, managers, officers, directors, representatives, agents, employees, successors and assigns from and against any and all Losses of every kind and nature, whether or not such Losses are known or asserted on, before or after the Closing Date, to the extent that such Losses arise from or relate to:

8.2.1. any inaccuracy in any representation or the breach of any representation or warranty made by the Purchaser herein or in any certificate or other document delivered to the Seller pursuant to the provisions of this Agreement;

8.2.2. any claim, threatened claim, liability or obligation arising with respect to the operation of the Practice by the Purchaser from and after the Closing Date;

8.2.3. any failure of the Purchaser to duly perform or observe any term, provision, covenant, agreement, or condition or perform any material act required herein; or

8.2.4. any claim by any third party with respect to any liability, obligation, contract, other commitment or state of facts which constitutes a breach of any representation or warranty by the Purchaser contained herein or in any certificate or other document delivered by or on behalf of the Purchaser to the Seller pursuant to the provisions of this Agreement.

The Purchaser shall indemnify, defend, and hold harmless the Seller from and against any costs and expenses (including attorney fees) which the Seller may suffer or sustain in connection with, and in seeking to enforce, the indemnification obligations of the Purchaser hereunder. Notwithstanding anything to the contrary, the Purchaser's indemnification and hold harmless obligations shall not apply to claims, liabilities, or demands due to acts or omissions of the Seller.

8.3. Third Party Claims.

8.3.1. In case of the assertion in writing of any claim initiated or asserted by any person, firm, governmental authority or corporation or the imposition of any penalty or assessment for which indemnity may be sought under this Agreement other than the Purchaser, the Seller or any affiliate thereof (a "Third Party Claim") or the commencement of any litigation asserting a Third Party Claim which may give rise to any indemnification obligation of the Seller or the Purchaser, as applicable (herein, the "Indemnitor") to the other party (the "Indemnified Party") under the provisions of this section, the Indemnified Party shall give notice thereof as provided hereunder as promptly as practicable after the Indemnified Party's receipt of such written assertion or the commencement of such litigation, such notice to be given by the Indemnified Party not later than would materially prejudice Indemnitor if it chose to defend such litigation as hereinafter provided.

8.3.2. If Indemnitor demonstrates to the Indemnified Party that Indemnitor will be able to pay the full amount of potential liability in connection with any Third Party Claim, Indemnitor may at its sole cost and expense, upon written notice given to the Indemnified Party within fifteen (15) days after its receipt of the Indemnified Party's notice under this **Article 8**, assume the defense, with counsel reasonably satisfactory to the Indemnified Party, of any such Third Party Claim or litigation, provided that Indemnitor admits in writing to the Indemnified Party its obligation to indemnify the Indemnified Party against liability for such claims.

8.3.3. If Indemnitor assumes the defense of any such claim or litigation, the obligations of Indemnitor hereunder as to such claim or litigation shall be limited to taking all steps necessary in the defense or settlement thereof and to holding the Indemnified Party harmless from and against any and all Losses caused by or arising out of any settlement approved by Indemnitor or

any judgment in connection with such claim or litigation, and the Indemnified Party shall make available to Indemnitor such books and records in the Indemnified Party's possession as Indemnitor may reasonably require in connection with such defense. Indemnitor shall not consent to the settlement or entry of any judgment arising from any such claim or litigation without the prior written consent of the Indemnified Party.

8.3.4. The Indemnified Party shall be entitled to be consulted about (but not control) the defense of and receive copies of all pleadings and other material papers in connection with, any such claim or litigation. If Indemnitor does not assume the defense of any such claim or litigation, the Indemnified Party may defend the same in such manner as it may deem appropriate, including but not limited to settling such claim or litigation after receiving the written consent of Indemnitor which shall not be unreasonably withheld, and Indemnitor will promptly reimburse the Indemnified Party. Anything contained in this **Article 8** to the contrary notwithstanding, (i) Indemnitor shall not be entitled to assume the defense of any such claim or litigation if the Third Party Claim seeks an order, injunction or other equitable relief against the Indemnified Party which, if successful, might materially interfere with, or adversely affect, the operation of the Assets by Purchaser; and (ii) the Indemnified Party may defend any Third Party Claim to which the Indemnified Party may have a defense or counterclaim which Indemnitor is not entitled to assert to the extent necessary to assert and maintain such defense or counterclaim.

8.3.5. The expenses of all proceedings, contests, lawsuits, or investigations with respect to all claims or actions covered by the indemnity provisions of this Agreement shall be paid by the Indemnitor. If an Indemnified Party defends itself against a claim or action for which the Indemnitor is liable, other than in connection with the Indemnifying Party's defense of such claim or action, the Indemnitor shall promptly reimburse the Indemnifying Party for the amount of all reasonable expenses, whether legal or otherwise, incurred by the Indemnifying Party in connection with the defense and/or settlement of such claim or action. If no settlement of such claim or action is made, the Indemnitor shall promptly reimburse the Indemnifying Party as indicated above and satisfy any judgment entered against the Indemnifying Party. The indemnification and hold harmless obligations stated in this Agreement shall not limit the liability of any insurer.

8.4. Effect of Investigation. The representations, warranties and covenants of the Indemnitors, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party or by reason of the fact that the Indemnified Party knew or should have known that any such representation or warranty is, was or might be inaccurate.

8.5. Cumulative Rights. The forgoing rights with respect to indemnification are cumulative and without prejudice to any other remedies that the Purchaser may have against the Seller under applicable law or otherwise.

8.6. Survival. The representations and warranties made by the Seller and the Purchaser contained in this Agreement, or in any document delivered pursuant hereto, and the Parties'

indemnity rights set forth in this **Article 8** shall survive the Closing and shall remain in full force and effect thereafter for the full period of any applicable statute of limitations (including any appeals). All obligations, covenants, undertakings, and indemnities contained in this Agreement and in any Schedule or other instrument delivered pursuant to this Agreement shall survive the Closing according to their respective terms.

9. MEDICAL RECORDS.

9.1. The Purchaser and the Seller acknowledge and agree that upon the Closing Date, the custody and possession of the Seller's and the Practice's medical records conveyed hereunder shall be transferred to the Purchaser.

9.2. The Seller shall maintain the confidentiality of all medical records conveyed to the Purchaser through this Agreement as required by applicable law, including HIPAA. For purposes of this section, "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and all rules and regulations promulgated thereunder.

9.3. The Purchaser agrees to retain the medical records in a safe place and manner for the period of time required by all applicable laws and regulations. To the extent permitted by HIPAA and other applicable laws and regulations, Purchaser shall make available to Seller all medical records conveyed hereunder.

9.4. Copies of patient records may be released to the respective patients, provided such patients have complied with all applicable statutory requirements relating to obtaining copies of such records.

9.5. The Seller will, in accordance with all applicable laws and ethical requirements, draft and co-sign a letter to inform all patients of the Practice about the sale of the Practice to the Purchaser, at such time as is mutually agreeable to the Purchaser and the Seller. All expenses of copying and mailing such letters shall be paid by the Purchaser. The Purchaser shall approve said letter.

9.6. Survival. The provisions of this **Article 9** shall expressly survive the Closing.

10. COVENANTS.

10.1 Non-Disclosure of Confidential Information. Each Party acknowledges that it shall have access to certain information and data that is confidential and proprietary to the other Party. Accordingly, each Party covenants and agrees that such Party shall, and shall cause its owners, employees, agents and representatives to (a) hold the other Party's Confidential Information (as defined below) in strict confidence and (b) not disclose, disseminate or make available to any third party the other Party's Confidential Information without the other Party's prior written consent, except in furtherance of this Agreement or as reasonably necessary to carry out its duties hereunder.

10.2 Definition of Confidential Information. For purposes of this Agreement, “Confidential Information” means any and all confidential and proprietary information disclosed (whether transmitted by oral, written, electronic or any other means) to a Party (the “Receiving Party”) by or on behalf of the other Party (the “Disclosing Party”), including, without limitation, business plans, trade secrets, intellectual property, patents, trademarks, copyrights, know-how, data, inventions, models and strategies, developments, concepts, processes, technical or engineering developments, policies and procedures, marketing plans, marketing materials, negotiation strategies, compensation structures, pension and profit-sharing plans, contracts, leases, agreements, pricing and cost information, financial statements, balance sheets, financial projections, tax records, accounting procedures, assets and liabilities, credentialing files, insurance policies, claims, settlements, pending or threatened litigation of any nature, personnel history, referral sources, and any other information concerning the business or affairs of the Disclosing Party. Confidential Information shall include information that is based upon or derived from Confidential Information. Notwithstanding anything herein to the contrary, Confidential Information shall not include any information that the Receiving Party can show: (a) was rightfully known by or in the lawful possession of the Receiving Party at or prior to the time of disclosure by the Disclosing Party; (b) is lawfully known or becomes publicly available other than as a result of a breach of this Agreement; (c) was independently developed by the Receiving Party other than as a result of a breach of this Agreement; or (d) was lawfully received by the Receiving Party from a third party without, to the Receiving Party’s reasonable knowledge, a duty of confidentiality. Notwithstanding the foregoing, the Parties acknowledge that this Agreement is a public record subject to disclosure pursuant to a request under the California Public Records Act.

10.3 Title to Confidential Information. The Parties acknowledge and agree that all Confidential Information disclosed hereunder shall remain the sole and exclusive property of the Disclosing Party. This Agreement shall not confer upon the Receiving Party, or be a basis for implying, any license, interest or rights of any kind in or to the Confidential Information of the Disclosing Party.

10.4 Disclosures Required by Law. If the Receiving Party becomes legally obligated to disclose any Confidential Information, the Receiving Party shall provide the Disclosing Party with prompt written notice so that the Disclosing Party may seek a protective order or other appropriate remedy. If such protective order or other remedy is not obtained, or if the Disclosing Party waives compliance with the provisions of this Agreement, the Receiving Party shall furnish only that portion of Confidential Information which the Receiving Party is legally required to disclose.

10.5 Return of Confidential Information. Upon the termination of this Agreement, the Receiving Party shall promptly return to the Disclosing Party or destroy any and all Confidential Information that the Receiving Party may have in its possession, and any copies thereof in any format.

10.6 Remedies. In light of the sensitive and proprietary nature of the Confidential Information protected hereunder, the Receiving Party acknowledges and agrees that the Disclosing Party shall

be entitled to enforce this Agreement by seeking an injunction to enjoin and restrain the unauthorized disclosure or use of its Confidential Information. Nothing herein shall be construed as limiting the Disclosing Party's right to seek any other remedies available to the Disclosing Party for the Receiving Party's breach or threatened breach of this **Article 10**, including, but not limited to, monetary damages. In the event that a court of competent jurisdiction determines that the Receiving Party has breached its obligations under this **Article 10**, the Receiving Party shall be responsible for reimbursing the Disclosing Party for all costs and expenses incurred by the Disclosing Party in connection with enforcing its rights hereunder, including, without limitation, reasonable attorneys' fees and court costs.

10.7. Non-Competition. Except for any services provided by the Seller Shareholders pursuant to the Professional Services Agreement, the Selling Shareholders covenants and agrees that, for a period of five (5) years ("Covenant Term") following the Closing Date, shall not, directly or indirectly, provide professional services in family medicine or internal medicine within a radius of thirty-five (35) miles of the Premises ("Covenant Radius"), either on their own account or as a partner, member of a joint venture, shareholder, member, independent contractor, officer, director, owner, or employee of another entity. The terms of the non-competition agreement between the Seller Shareholders and the Purchaser shall be set forth in **Exhibit A-1** and **Exhibit A-2**. This **Section 10.7** shall survive the Closing but shall not be applicable if this Agreement is terminated prior to the Closing.

10.8 Survival. **Sections 10.1** through **10.6** shall survive the Closing and/or termination of this Agreement for a period of five (5) years.

11. TERMINATION.

11.1 This Agreement may be terminated and the transactions contemplated hereby, including, the purchase and sale of the Assets, may be abandoned at any time prior to the Closing:

11.1.1. By mutual written agreement of the Seller and the Purchaser;

11.1.2. By the Purchaser, if there has been a material violation or breach by the Seller of any of the agreements, representations or warranties contained in this Agreement which have not been waived in writing, or if any of the conditions set forth in **Section 7.2** hereof have not been satisfied by the Closing or have not been waived in writing by the Purchaser;

11.1.3. By the Purchaser, if there shall have been a material breach of any covenant or agreement on the part of the Seller set forth in this Agreement, and the Seller has received written notice of such breach and failed to cure such breach within ten (10) business days following receipt of notice of such breach;

11.1.4. By the Seller, if there has been a material violation or breach by the Purchaser of any of the agreements, representations or warranties contained in this Agreement which has not been waived in writing, or if any of the conditions set forth in **Section 7.1** hereof have not been satisfied by the Closing or have not been waived in writing by the Seller;

11.1.5. By the Seller, if there shall have been a material breach of any covenant or agreement on the part of the Purchaser set forth in this Agreement, and the Purchaser has received written notice of such breach and failed to cure such breach within ten (10) business days following receipt of notice of such breach;

11.1.6. By either the Purchaser or the Seller, if a court of competent jurisdiction or a governmental, quasi-governmental, regulatory or administrative department, agency, commission or authority shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or action the Parties hereto shall use their best efforts to lift or dissolve), in each case restraining, enjoining or otherwise prohibiting the completion of the transactions contemplated herein or attempting to do the same; or

11.1.7. By either the Purchaser or the Seller if the other makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy or seeks or consents to any reorganization or similar relief under any present or future bankruptcy act or similar law, or is adjudicated a bankrupt or insolvent, or if a third party commences any bankruptcy, insolvency, reorganization or similar proceeding involving the other.

12. MISCELLANEOUS

12.1 Assignment. Neither the Purchaser nor the Seller shall have the right to assign its rights and obligations as set forth herein without the prior written notice and consent of the other Party.

12.2 Amendments. No amendment, modification, or waiver of any provision of this Agreement shall be binding unless in writing and signed by the Party against whom the operation of such amendment, modification, or waiver is sought to be enforced.

12.3 Notices. Any notice or document required or permitted to be given under this Agreement shall be deemed to be given on the date such notice is (i) deposited in the United States mail, postage, prepaid, certified mail, return receipt requested or (ii) deposited with a commercial overnight delivery service, to the principal business of the recipient or such other address or addresses as the Parties may designate from time to time by notice satisfactory under this Section.

12.4 Governing Law. This Agreement shall be governed by the internal laws of the State of California without giving effect to the principles of conflicts of laws.

12.5 Binding Effect. This Agreement shall inure to the benefit of the respective heirs, legal representatives and permitted assigns of each Party, and shall be binding upon the heirs, legal representatives, successors and assigns of each Party.

12.6 Titles and Captions. All articles, sections and section titles and captions contained in this Agreement are for convenience only and are not deemed a part of the context hereof.

12.7 Pronouns and Plurals. All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the persons may require.

12.8 Jurisdiction and Venue. Any dispute, controversy or claim arising out of, connected with, or relating in any way to this Agreement, its formation, negotiation, performance, nonperformance, interpretation, termination or the relationship between the Parties established by this Agreement shall be subject solely to the jurisdiction of the state courts of California and shall be venued in Monterey County.

12.9 Entire Agreement. This Agreement, including any exhibits and schedules hereto, and the other documents and certificates delivered pursuant to the terms hereof or referred to herein, set forth the entire agreement and understanding of the Parties hereto in respect of the subject matter contained herein, and supersede all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any Party hereto.

12.10 Expenses. Each Party shall bear all expenses incurred by it in connection with this Agreement and in the consummation and preparation for the transactions contemplated in this Agreement.

12.11 Dispute Resolution.

12.11.1. Mediation. Any claim, controversy or dispute that arises between the Parties hereto arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Salinas, California as set forth in **Section 12.11.2** below. Prior to instituting any arbitration proceedings or other legal action, the Parties shall use their best efforts and due diligence to reach an agreement for the resolution of such claim, controversy or dispute through discussion between appropriate representatives of the Parties. In the event that the Parties are unable to resolve any such claim, controversy or dispute within thirty (30) days, such claim, controversy or dispute shall be submitted to a disinterested third party mediator chosen by the Parties for nonbinding mediation. The Parties covenant that they will participate in mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. The provisions of this **Section 12.11.1** shall not be interpreted to restrict either Party's right to pursue equitable relief from a court of competent jurisdiction at any time or to terminate this Agreement in accordance with the terms of this Agreement.

12.11.2. Binding Arbitration. If the claim, controversy or dispute is not resolved through mediation, then it shall be submitted to Judicial Arbitration and Mediation Services ("JAMS"), or its successors, for final and binding arbitration before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. The Parties, however,

are not precluded from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The provisions of Section 1283.05 of the California Code of Civil Procedure relating to discovery in arbitration are incorporated into and made a part of this Agreement. The Parties agree to share equally in JAMS' costs of arbitration. However, in any arbitration, the arbitrator may, in the Award, allocate all or part of JAMS' costs of the arbitration, including the fees of the arbitrator, to the prevailing Party, upon motion therefore brought to the arbitrator subsequent to issuance of an award. Additionally, the prevailing Party shall be entitled to an award of attorneys' fees and costs as provided in **Section 12.11.3** below. Either Party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session or forty-five (45) days after the date of filing the written request for mediation, whichever first occurs. The mediation may continue after commencement of arbitration if the Parties so desire. Unless otherwise agreed by the parties, any mediator shall be disqualified from serving as arbitrator in the case. The provisions of this **Section 12.11.2** may be enforced by any Court of competent jurisdiction, and the Party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the Party against whom enforcement is ordered.

12.11.3. **Attorneys' Fees.** In the event that suit is brought, whether by arbitration or otherwise, regarding the provisions of this Agreement for the enforcement hereof, the prevailing Party shall be awarded its costs of suit and reasonable attorneys' fees as part of judgment rendered therein.

12.12. **Further Assurances.** The Parties agree that they will cooperate with each other in any manner that may be required to fully effectuate the complete terms and intent of this Agreement. Such cooperation shall include the execution of any instrument and the doing of any act necessary to effectuate the complete terms and intent of the Agreement.

12.13. **Representation of Counsel.** THE SELLER AND THE PURCHASER ACKNOWLEDGE THAT THEY HAVE BEEN ENCOURAGED AND HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT COUNSEL IN CONNECTION WITH THE PREPARATION AND REVIEW OF THIS AGREEMENT AND THE RELATED DOCUMENTS, INSTRUMENTS AND AGREEMENTS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

12.14. **Waiver of Compliance.** Any failure of the Purchaser, on the one hand, or the Seller, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be expressly waived in writing by the Purchaser or the Seller, as applicable, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No delay in the exercise of any right shall be deemed a waiver thereof, nor shall the waiver of a right or remedy in a particular instance constitute a waiver of such right or remedy generally.

12.15. **Third Parties.** Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or

corporation other than the Parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

12.16. Illegality. No provision of this Agreement is intended, nor shall it be construed, to violate any law or regulation. To the extent that any provision of this Agreement may be construed or deemed to be improper, illegal or unenforceable, said provision of this Agreement shall be void ab initio and eliminated from the Agreement. In the event that any provision of this Agreement becomes improper, illegal or unenforceable due to a change in law or rule, the Parties will make reasonable efforts to renegotiate the applicable provision.

12.17. Execution in Counterparts and Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all the Parties reflected herein as the signatories. Facsimile signatures shall have the same authority and effect as original signatures.

12.18. No Strict Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any Party hereto by virtue of the authorship of any of the provisions of this Agreement.

12.19. Confidentiality. No Party shall disclose the contents of this Agreement to any third-party, except as may be reasonably required to obtain the services of a professional advisor or may be required by law. The Parties shall notify their professional advisors of the non-disclosure requirements of this Agreement. This **Section 12.19** shall survive the Closing or termination of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective on the date first written above.

SELLER:
Family Care Medical Group, Inc.

By: _____
Print: _____
Title: _____

SELLER SHAREHOLDERS:
Steven Petronijevic, D.O.

By: _____
Print: _____
Title: _____

Catherine Petronijevic, D.O.

By: _____
Print: _____
Title: _____

PURCHASER:
The County of Monterey on behalf of
Natividad Medical Center

By: _____
Print: _____
Title: _____

Approved as to form (County Counsel)
Stacy Saetta

By: _____
Print: _____
Title: _____

Schedule 1.1.10

Seller Shareholders

50% Steven Petronijevic, D.O.

50% Catherine Petronijevic, D.O.

Schedule 2.1.1

Equipment, Furniture, Fixtures and Inventory

An asset depreciation schedule was provided was provided by the Practice. Leasehold improvements were reviewed but not valued. Automobiles were not valued as they will not be assets conveyed in the acquisition. The remaining assets have minimal value, as most are fully depreciated. However, assets depreciated in accordance with generally accepted accounting principles (GAAP) still have useful life, therefore have value. Based on similar acquisitions and list prices for used and reconditioned medical office equipment/furniture, the valuation range for the Practice's assets is between \$15k to \$25k.

Description	Quantity	Estimated Age
HP TouchSmart 520 PC and monitor	1	2015
HP Officejet Pro 8500A plus printer	1	2015
ACER HDMI PC Aspire XC 603 terminals	7	2015
Large screen ACER monitors	2	2015
Large Samsung monitors	2	2018
Gateway monitor	1	UK
Viewsonic monitor	1	UK
Dell monitors	10	2004
Dell computer PC terminals	9	2004
HP Color Laserjet Pro M254dw printer	1	2019
HP Photosmart 1100 printer	1	UK
Ipads	2	2011
Bases NEC Term 80 multiline phone system	11	2004
Plantronics wireless headsets	3	UK
Sentry alarm system	1	2005
Ambir Imagescan Pro 490i insurance card reader	1	2020
RPMEC 7000i check and credit card reader	1	2018
Verifone VX510 credit card machine	1	2015
DYMO label writer 450 turbo label machine	1	UK
Large Fellows shredder	1	UK
Small Fellows shredder	1	UK
Lathem 7000e time clock	1	UK

Schedule 2.1.1 (continued)

Equipment, Furniture, Fixtures and Inventory

Description	Quantity	Estimated Age
Executive wood desks and 1 bookcase Heckman	2	2005
Executive desk chair	1	2005
VIA Swopper chairs	2	2005
VIA desk chairs(2 green,2 red,3 blue, 2 burgundy)	9	2005
VIA waiting room chairs(14 blue,3 red, 7 burgundy, 3 green)	27	2005
Stools various colors	13	UK
Wooden arm patient chairs	19	1993
Security camera system	1	UK
Teal loveseat	1	2009
Wooden bookcases	4	UK
Wooden cabinets	6	UK
Large wood and beige desk	1	UK
Children's tables and chairs	3	UK
Large metal filing cabinets 9 ft x 7 .5 ft	5	2005
Metal filing cabinets 6ft x 3 ft	6	2005
Drawer metal file cabinet	2	UK
Drawer metal file cabinet	4	UK
Stainless cabinets and 3 surgical stands	6	UK
Stainless step stools	3	UK
Surgical stand lights	3	2018
Welch Allen rechargeable portable speculum lights	2	UK
Welch Allen speculum lights	6	UK
Wall mount Welch Allen otoscope/ophthalmoscope units	7	2005
Portable Welch Allen otoscope/ophthalmoscope units	5	UK
Wall mount Welch Allen BP monitor	4	2005
Welch Allen portable BP monitor	1	2005
Welch Allen automated BP and Temp monitor	1	2005
Infrared temp monitors	4	2020
Stand up weight and height scale	1	UK
Tanita Digital weight/height scale	1	UK
Tanita BD585 baby scale	1	UK
XL 700 digital talking scale	1	2018
Wheeled oxygen canisters and 1 extra cylinder	2	UK

Schedule 2.1.1 (continued)

Equipment, Furniture, Fixtures and Inventory

Description	Quantity	Estimated Age
Wheelchair	1	UK
Refrigerators	3	2016
Mckesson Consult urine analyzer	1	2017
Horizon model 642 E centrifuge	1	UK
Ambro model 650A auditory acuity	1	UK
Peltan and Crane autoclave	1	UK
Siemens HbA1C DCA Vantage	1	2015
Microscopes	2	1983
PuritanBennet Renaissance II Spirometer	1	2011
Lincare Salter Aire nebulizer	1	UK
Ellman Surgitron with tips	1	1990
ELG111 Metabolic Analyzer for body fat composition	1	2017
Pulse oximeters	2	2020
HCT centrifuge	1	1989
Liquid nitrogen tank and gun Cyomedics MT 700	1	UK
Burdick Eclipse 850 EKG machine	1	UK
Olympus OPS-CS colposcope	1	2000
Welch Allen Audiometer screener	1	UK
Enochs red exam table	1	2005
Living Earth wooden adjustable exam table pink	1	2005
Ritter Midmark 104 exam tables(2 grey, 1 blue)	3	2005
Ritter Midmark 404 exam table (burgundy)	1	2005
Ritter 304 exam tables(charcoal, beige,blue, and green)	4	2005
Ritter gerat surgical exam table	1	2005
Walsworth Woodworks teal flat exam table	1	UK
DeLonghi toaster oven	1	UK
Panasonic microwave	1	UK
Outdoor table and 5 chairs	1	2005
Kitchen table and 5 chairs	1	2005
UK = Unknown		

Schedule 2.2

Assumed Contracts

1. Athena Billing Services. Patient charging, records and billing system

All other existing contracts will be cancelled

Schedule 4.2

Allocation of Purchase Price

- 1. Hard Assets: \$20,000**
- 2. Goodwill: \$280,000**

Schedule 5.1.6

Filings and Consents

None

Exhibit A -1

Personal Goodwill Purchase and Noncompetition Agreement

THIS PERSONAL GOODWILL PURCHASE AND NONCOMPETITION AGREEMENT (this "Agreement"), is entered into this ____ day of _____, 2022 ("Effective Date") by and between, the County of Monterey on behalf of Natividad Medical Center ("Purchaser") and Steven Petronijevic, D.O. ("Petronijevic"). Purchaser and Petronijevic may at times hereinafter be referred to individually as "Party" and collectively as "Parties."

RECITALS

A. WHEREAS, Petronijevic is the owner, beneficially and of record, of fifty percent (50%) of the equity of Family Care Medical Group, Inc. ("Seller");

B. WHEREAS, Seller owns and operates family medical practice located at 17615 Moro Road, Salinas, California 93907 ("Practice");

C. WHEREAS, Petronijevic has established relationships in the medical community in connection with the Practice and has developed and maintained a quality reputation with respect to the Practice (collectively referred to hereinafter as "Personal Goodwill");

D. WHEREAS, Petronijevic desires to sell to Purchaser, and Purchaser desires to purchase from Petronijevic, all of Petronijevic's Personal Goodwill pursuant to the terms and conditions of this Agreement;

E. WHEREAS, Purchaser, Petronijevic and Seller are parties to an Asset Purchase Agreement ("Asset Purchase Agreement") of even date herewith pursuant to which the Purchaser is purchasing substantially all of the assets of Seller;

F. WHEREAS, the Asset Purchase Agreement provides that Purchaser and Petronijevic will enter into this Agreement at the closing of the transactions contemplated by the Asset Purchase Agreement;

G. WHEREAS, the agreements of Petronijevic hereunder are an important aspect of the transactions under the Asset Purchase Agreement, and Purchaser would not consummate such transactions absent execution and delivery by Petronijevic of this Agreement;

H. WHEREAS, the transactions under the Asset Purchase Agreement will redound to the benefit of Petronijevic; and

I. WHEREAS, Petronijevic is willing to provide Purchaser with certain non-competition agreements and covenants for the benefit of Purchaser.

NOW, THEREFORE, in further consideration of the execution of the Asset Purchase Agreement, the foregoing recitals which are incorporated herein, and the mutual covenants and conditions contained herein, the Parties agree as follows:

AGREEMENT

1. Closing and Consideration

1.1 The closing of the transactions contemplated by this Agreement (the "Closing") shall be contingent upon the simultaneous closing of the transactions contemplated by the Asset Purchase Agreement.

1.2 As consideration for Petronijevic's agreements set forth herein, the Purchaser shall enter into the Asset Purchase Agreement with Seller and Petronijevic, which Asset Purchase Agreement includes payments for Personal Goodwill and certain non-compete covenants.

2. Purchase and Sale of Personal Goodwill. Upon and subject to the terms and conditions hereof, Petronijevic shall sell, convey, transfer and assign to Purchaser, and Purchaser shall purchase and accept from Petronijevic, all of the Personal Goodwill, free and clear of any pledge, lien, charge, claim, encumbrance, security interest, deed of trust or mortgage (collectively, "Lien"). Petronijevic represents and warrants to Purchaser that (a) Petronijevic has not previously assigned, sold, conveyed, or transferred in any way 'the Personal Goodwill; (b) Petronijevic has all requisite power and authority to sell, convey, transfer and assign to Purchaser all of 'the Personal Goodwill, free and clear of any Lien; (c) no consent, approval or action of, filing with or notice to any third party on the part of Petronijevic is required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby; and (d) to the best of Petronijevic's knowledge, the execution and delivery by Petronijevic of this Agreement does not, and the performance by Petronijevic of his obligations under this Agreement and the consummation of the transactions contemplated hereby does not and will not conflict with or result in a violation or breach of (i) any laws, rules, regulations, or orders applicable to Petronijevic, or Seller; or (ii) any of the terms, conditions, provisions of any agreement to which Petronijevic, or Seller is a party. Petronijevic further agrees that following the Closing Date, Petronijevic will take such action as is reasonable and necessary in order to effectuate the transfer of 'the Personal Goodwill to Purchaser. Such obligation of Petronijevic shall be for the purpose of transitioning 'the Personal Goodwill to Purchaser. The event of the death or disability of Petronijevic during such period shall not constitute a breach of Petronijevic's obligation hereunder.

3. Definitions. For purposes of this Agreement:

3.1.1 "Business" shall mean the (i) the arrangement for and provision of family medical care and associated services; (ii) development and implementation of programs to provide and manage family medical care either independently or in conjunction with a an existing health care business; and (iii) billing, management and other services attendant to such family medical care.

3.1.2 "Covenant Term" shall mean the five (5) year period following the Closing Date.

3.1.3 "Covenant Radius" shall mean the area within a thirty-five (35) mile radius of the Premises.

4. Noncompetition, Nonsolicitation, Etc.

4.1 For the Covenant Term and within the Covenant Radius, Petronijevic shall not engage in the Business and shall not at any time directly or indirectly, alone or in association with others, own any interest in, manage, operate, control, or be connected in any manner directly or indirectly with the ownership, management, operation or control of any entity engaging in the Business, including, without limitation, serving as an employee, agent, affiliate, associate, consultant, partner, co-venturer, independent contractor or investor of an entity engaged in the Business.

4.2 For the Covenant Term, Petronijevic agrees not to directly or indirectly solicit or hire any of the current or former providers, referral sources, payors, facilities, patients, customers, staff employees, contractors, consultants, or clients of Seller or Purchaser, with the purpose of obtaining or using any of them in or for the benefit of a business competitive with or similar to the Business. Notwithstanding the foregoing, Seller and/or Petronijevic shall be entitled to employ Petronijevic, or engage Petronijevic through a Professional Services Agreement. The Parties acknowledge that any activities Petronijevic engages in as part of such Professional Services Agreement shall not be a violation of the covenants in this Agreement.

4.3 Purchaser and Petronijevic intend that the covenants contained in Section 4.1 shall be construed as a series of separate covenants, one for each geographic area specified. Except for the specified time limitations and geographic coverage, each separate covenant shall be deemed identical in terms. If, in any arbitration or judicial proceeding, the arbitrator(s) or court shall refuse to enforce all of the separate covenants contained in Sections 4.1 and 4.2 hereof because the time limit is too long, it is expressly understood and agreed between the parties hereto that for purposes of such proceeding such time limitation shall be deemed reduced to the extent necessary to permit enforcement of such covenants. If, in any arbitration or judicial proceeding, the arbitrator(s) or court shall refuse to enforce all of the separate covenants contained in Sections 4.1 and 4.2 hereof because they are more extensive (whether as to geographic area, scope of business, or otherwise) than necessary to protect the Business and goodwill of Purchaser, it is expressly understood and agreed between the Parties that for purposes of such proceeding the geographic area, scope of business or other aspect shall be deemed reduced to the extent necessary to permit enforcement of such covenants.

4.4 It is hereby stipulated by Purchaser and Petronijevic that:

(a) The agreement contained in this paragraph is intended as an agreement authorized by Section 16601 of the California Business and Professions Code as it now exists.

(b) The provision of Section 16601 of the California Business and Professions Code as it now exists is incorporated herein.

(d) All terms used in this paragraph, including the term "business" shall have the same meaning as has been given, up to the date of this contract, to such term as is used in Section 16601 of the California Business and Professions Code by the California Supreme Court and the Courts of Appeal of the State of California.

(d) The parties, and each of them, are represented by counsel. It is agreed that this Agreement is not intended to and does not violate the provisions of Section 650 of the California Business and Professions Code as it now exists.

5. Miscellaneous

5.1 The rights and remedies of the Parties hereunder are not exclusive of, or limited by, or in limitation of, any other rights or remedies which Purchaser or Petronijevic may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative. Without limiting the generality of the foregoing, the rights and remedies hereunder, and the obligations and liabilities of Purchaser and the Petronijevic hereunder, are in addition to any other rights or remedies under law.

5.2 This Agreement shall be binding upon all of the Parties hereto and their respective heirs, personal representatives, successors and assigns. Neither this Agreement nor any of the rights, interests, or obligations of the Parties hereunder may be assigned by any of the Parties without the prior written consent of the other Parties.

5.3 If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected thereby and this Agreement will be construed and enforced as if such invalid, illegal or unenforceable provisions had not been included herein. To the extent permitted by applicable law, each Party waives any provision of law which renders any version of this Agreement invalid, illegal or unenforceable in any respect.

5.4 Nothing contained herein shall be construed to require the commission of any act contrary to law. Should there be any conflict between any provision hereof and any present or future statute, law, ordinance, or regulation, the latter shall prevail, but the provisions of this Agreement affected thereby shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law, and the remaining provisions of this Agreement shall remain in full force and effect. This Agreement is made under and shall be construed pursuant to the laws of the State of California. This Agreement may be executed in any number of counterpart signature pages each of which shall be deemed to be an original and all of which together shall constitute one and the same original instrument. This Agreement and its counterparts may be executed and delivered by facsimile transmission with confirmation of received transmission or other electronic means that faithfully reproduces the original with same effect as if a manually signed original were personally delivered.

5.5 This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings with respect thereto. No representation, promise, inducement or statement of intention has been made by any Party that is not embodied herein, and no Party shall be bound by or liable for any alleged representation, promise, inducement or statement not so set forth herein.

5.6 This Agreement may be modified, amended, superseded or cancelled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a

written instrument executed by the Parties to be bound by any such modification, amendment, supersession, cancellation or waiver.

5.7 Petronijevic acknowledges that the covenants set forth herein are made in exchange for good and valuable consideration provided to Petronijevic by the Purchaser. The Parties agree that the scope and nature of the covenants contained in Sections 4.1 and 4.2 above are fair and reasonable and that the time periods and scope specified therein name the fair, appropriate, minimum and reasonable time, geographic area and scope of business necessary to protect the Purchaser.

5.8 The Parties to this Agreement agree that (a) the provisions of Sections 4.1 and 4.2 are reasonable and necessary to protect the legitimate interests of the Purchaser; (b) any violation of such Sections 4.1 and 4.2 shall result in irreparable injury to Purchaser; (c) if Petronijevic breaches any of the terms set forth in this Agreement, the damages to Purchaser and its Affiliates will be substantial, although difficult to ascertain, and money damages will not afford Purchaser an adequate remedy; and (d) if Petronijevic is in breach of any one or more of provisions of this Agreement, or threatens a breach thereof, Purchaser shall be entitled, in addition to all other rights and remedies as may be provided under this Agreement or by law, to specific performance, injunctive and other equitable relief to prevent or restrain a breach of this Agreement.

5.9 This Agreement is in addition to the Asset Purchase Agreement. Each Party's rights and remedies under this Agreement and the Asset Purchase Agreement shall be independent, separate and distinct, and at the option of each Party, cumulative.

In the event of a breach or default by a Party under the Asset Purchase Agreement, such Party shall be deemed to be in default under and to have breached this Agreement.

6. Notices

Any notice or other communication required or permitted hereunder shall be provided in accordance with the Notice provisions in Section 12.3 of the Asset Purchase Agreement.

IN WITNESS WHEREOF, the Parties have caused this Personal Goodwill Purchase and Noncompetition Agreement to be executed, as of the Effective Date.

SELLER:

Steven Petronijevic, D.O.

PURCHASER:

**The County of Monterey on behalf of
Natividad Medical Center**

By: _____

Print: _____

Title: _____

By: _____

Print: _____

Title: _____

Approved as to form (County Counsel)

By: _____
Print: _____
Title: _____

Exhibit A -2

Personal Goodwill Purchase and Noncompetition Agreement

THIS PERSONAL GOODWILL PURCHASE AND NONCOMPETITION AGREEMENT (this "Agreement"), is entered into this ____ day of _____, 2022 ("Effective Date") by and between, the County of Monterey on behalf of Natividad Medical Center ("Purchaser") and Catherine Petronijevic, D.O. ("Petronijevic"). Purchaser and Petronijevic may at times hereinafter be referred to individually as "Party" and collectively as "Parties."

RECITALS

A. WHEREAS, Petronijevic is the owner, beneficially and of record, of fifty percent (50%) of the equity of Family Care Medical Group, Inc. ("Seller");

B. WHEREAS, Seller owns and operates family medical practice located at 17615 Moro Road, Salinas, California 93907 ("Practice");

C. WHEREAS, Petronijevic has established relationships in the medical community in connection with the Practice and has developed and maintained a quality reputation with respect to the Practice (collectively referred to hereinafter as "Personal Goodwill");

D. WHEREAS, Petronijevic desires to sell to Purchaser, and Purchaser desires to purchase from Petronijevic, all of Petronijevic's Personal Goodwill pursuant to the terms and conditions of this Agreement;

E. WHEREAS, Purchaser, Petronijevic and Seller are parties to an Asset Purchase Agreement ("Asset Purchase Agreement") of even date herewith pursuant to which the Purchaser is purchasing substantially all of the assets of Seller;

F. WHEREAS, the Asset Purchase Agreement provides that Purchaser and Petronijevic will enter into this Agreement at the closing of the transactions contemplated by the Asset Purchase Agreement;

G. WHEREAS, the agreements of Petronijevic hereunder are an important aspect of the transactions under the Asset Purchase Agreement, and Purchaser would not consummate such transactions absent execution and delivery by Petronijevic of this Agreement;

H. WHEREAS, the transactions under the Asset Purchase Agreement will redound to the benefit of Petronijevic; and

I. WHEREAS, Petronijevic is willing to provide Purchaser with certain non-competition agreements and covenants for the benefit of Purchaser.

NOW, THEREFORE, in further consideration of the execution of the Asset Purchase Agreement, the foregoing recitals which are incorporated herein, and the mutual covenants and conditions contained herein, the Parties agree as follows:

AGREEMENT

1. **Closing and Consideration**

1.1 The closing of the transactions contemplated by this Agreement (the "Closing") shall be contingent upon the simultaneous closing of the transactions contemplated by the Asset Purchase Agreement.

1.2 As consideration for Petronijevic's agreements set forth herein, the Purchaser shall enter into the Asset Purchase Agreement with Seller and Petronijevic, which Asset Purchase Agreement includes payments for Personal Goodwill and certain non-compete covenants.

2. **Purchase and Sale of Personal Goodwill.** Upon and subject to the terms and conditions hereof, Petronijevic shall sell, convey, transfer and assign to Purchaser, and Purchaser shall purchase and accept from Petronijevic, all of the Personal Goodwill, free and clear of any pledge, lien, charge, claim, encumbrance, security interest, deed of trust or mortgage (collectively, "Lien"). Petronijevic represents and warrants to Purchaser that (a) Petronijevic has not previously assigned, sold, conveyed, or transferred in any way 'the Personal Goodwill; (b) Petronijevic has all requisite power and authority to sell, convey, transfer and assign to Purchaser all of 'the Personal Goodwill, free and clear of any Lien; (c) no consent, approval or action of, filing with or notice to any third party on the part of Petronijevic is required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby; and (d) to the best of Petronijevic's knowledge, the execution and delivery by Petronijevic of this Agreement does not, and the performance by Petronijevic of his obligations under this Agreement and the consummation of the transactions contemplated hereby does not and will not conflict with or result in a violation or breach of (i) any laws, rules, regulations, or orders applicable to Petronijevic, or Seller; or (ii) any of the terms, conditions, provisions of any agreement to which Petronijevic, or Seller is a party. Petronijevic further agrees that following the Closing Date, Petronijevic will take such action as is reasonable and necessary in order to effectuate the transfer of 'the Personal Goodwill to Purchaser. Such obligation of Petronijevic shall be for the purpose of transitioning 'the Personal Goodwill to Purchaser. The event of the death or disability of Petronijevic during such period shall not constitute a breach of Petronijevic's obligation hereunder.

3. **Definitions.** For purposes of this Agreement:

3.1.1 "Business" shall mean the (i) the arrangement for and provision of family medical care and associated services; (ii) development and implementation of programs to provide and manage family medical care either independently or in conjunction with a an existing health care business; and (iii) billing, management and other services attendant to such family medical care.

3.1.2 "Covenant Term" shall mean the five (5) year period following the Closing Date.

3.1.3 "Covenant Radius" shall mean the area within a thirty-five (35) mile radius of the Premises.

4. **Noncompetition, Nonsolicitation, Etc.**

4.1 For the Covenant Term and within the Covenant Radius, Petronijevic shall not engage in the Business and shall not at any time directly or indirectly, alone or in association with others, own any interest in, manage, operate, control, or be connected in any manner directly or indirectly with the ownership, management, operation or control of any entity engaging in the Business, including, without limitation, serving as an employee, agent, affiliate, associate, consultant, partner, co-venturer, independent contractor or investor of an entity engaged in the Business.

4.2 For the Covenant Term, Petronijevic agrees not to directly or indirectly solicit or hire any of the current or former providers, referral sources, payors, facilities, patients, customers, staff employees, contractors, consultants, or clients of Seller or Purchaser, with the purpose of obtaining or using any of them in or for the benefit of a business competitive with or similar to the Business. Notwithstanding the foregoing, Seller and/or Petronijevic shall be entitled to employ Petronijevic, or engage Petronijevic through a Professional Services Agreement. The Parties acknowledge that any activities Petronijevic engages in as part of such Professional Services Agreement shall not be a violation of the covenants in this Agreement.

4.3 Purchaser and Petronijevic intend that the covenants contained in Section 4.1 shall be construed as a series of separate covenants, one for each geographic area specified. Except for the specified time limitations and geographic coverage, each separate covenant shall be deemed identical in terms. If, in any arbitration or judicial proceeding, the arbitrator(s) or court shall refuse to enforce all of the separate covenants contained in Sections 4.1 and 4.2 hereof because the time limit is too long, it is expressly understood and agreed between the parties hereto that for purposes of such proceeding such time limitation shall be deemed reduced to the extent necessary to permit enforcement of such covenants. If, in any arbitration or judicial proceeding, the arbitrator(s) or court shall refuse to enforce all of the separate covenants contained in Sections 4.1 and 4.2 hereof because they are more extensive (whether as to geographic area, scope of business, or otherwise) than necessary to protect the Business and goodwill of Purchaser, it is expressly understood and agreed between the Parties that for purposes of such proceeding the geographic area, scope of business or other aspect shall be deemed reduced to the extent necessary to permit enforcement of such covenants.

4.4 It is hereby stipulated by Purchaser and Petronijevic that:

(a) The agreement contained in this paragraph is intended as an agreement authorized by Section 16601 of the California Business and Professions Code as it now exists.

(b) The provision of Section 16601 of the California Business and Professions Code as it now exists is incorporated herein.

(d) All terms used in this paragraph, including the term "business" shall have the same meaning as has been given, up to the date of this contract, to such term as is used in Section 16601 of the California Business and Professions Code by the California Supreme Court and the Courts of Appeal of the State of California.

(d) The parties, and each of them, are represented by counsel. It is agreed that this Agreement is not intended to and does not violate the provisions of Section 650 of the California Business and Professions Code as it now exists.

5. Miscellaneous

5.1 The rights and remedies of the Parties hereunder are not exclusive of, or limited by, or in limitation of, any other rights or remedies which Purchaser or Petronijevic may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative. Without limiting the generality of the foregoing, the rights and remedies hereunder, and the obligations and liabilities of Purchaser and the Petronijevic hereunder, are in addition to any other rights or remedies under law.

5.2 This Agreement shall be binding upon all of the Parties hereto and their respective heirs, personal representatives, successors and assigns. Neither this Agreement nor any of the rights, interests, or obligations of the Parties hereunder may be assigned by any of the Parties without the prior written consent of the other Parties.

5.3 If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected thereby and this Agreement will be construed and enforced as if such invalid, illegal or unenforceable provisions had not been included herein. To the extent permitted by applicable law, each Party waives any provision of law which renders any version of this Agreement invalid, illegal or unenforceable in any respect.

5.4 Nothing contained herein shall be construed to require the commission of any act contrary to law. Should there be any conflict between any provision hereof and any present or future statute, law, ordinance, or regulation, the latter shall prevail, but the provisions of this Agreement affected thereby shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law, and the remaining provisions of this Agreement shall remain in full force and effect. This Agreement is made under and shall be construed pursuant to the laws of the State of California. This Agreement may be executed in any number of counterpart signature pages each of which shall be deemed to be an original and all of which together shall constitute one and the same original instrument. This Agreement and its counterparts may be executed and delivered by facsimile transmission with confirmation of received transmission or other electronic means that faithfully reproduces the original with same effect as if a manually signed original were personally delivered.

5.5 This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings with respect thereto. No representation, promise, inducement or statement of intention has been made by any Party that is not embodied herein, and no Party shall be bound by or liable for any alleged representation, promise, inducement or statement not so set forth herein.

5.6 This Agreement may be modified, amended, superseded or cancelled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a

written instrument executed by the Parties to be bound by any such modification, amendment, supersession, cancellation or waiver.

5.7 Petronijevic acknowledges that the covenants set forth herein are made in exchange for good and valuable consideration provided to Petronijevic by the Purchaser. The Parties agree that the scope and nature of the covenants contained in Sections 4.1 and 4.2 above are fair and reasonable and that the time periods and scope specified therein name the fair, appropriate, minimum and reasonable time, geographic area and scope of business necessary to protect the Purchaser.

5.8 The Parties to this Agreement agree that (a) the provisions of Sections 4.1 and 4.2 are reasonable and necessary to protect the legitimate interests of the Purchaser; (b) any violation of such Sections 4.1 and 4.2 shall result in irreparable injury to Purchaser; (c) if Petronijevic breaches any of the terms set forth in this Agreement, the damages to Purchaser and its Affiliates will be substantial, although difficult to ascertain, and money damages will not afford Purchaser an adequate remedy; and (d) if Petronijevic is in breach of any one or more of provisions of this Agreement, or threatens a breach thereof, Purchaser shall be entitled, in addition to all other rights and remedies as may be provided under this Agreement or by law, to specific performance, injunctive and other equitable relief to prevent or restrain a breach of this Agreement.

5.9 This Agreement is in addition to the Asset Purchase Agreement. Each Party's rights and remedies under this Agreement and the Asset Purchase Agreement shall be independent, separate and distinct, and at the option of each Party, cumulative.

In the event of a breach or default by a Party under the Asset Purchase Agreement, such Party shall be deemed to be in default under and to have breached this Agreement.

6. Notices

Any notice or other communication required or permitted hereunder shall be provided in accordance with the Notice provisions in Section 12.3 of the Asset Purchase Agreement.

IN WITNESS WHEREOF, the Parties have caused this Personal Goodwill Purchase and Noncompetition Agreement to be executed, as of the Effective Date.

SELLER:

Catherine Petronijevic, D.O.

PURCHASER:

**The County of Monterey on behalf of
Natividad Medical Center**

By: _____

Print: _____

Title: _____

By: _____

Print: _____

Title: _____

Approved as to form (County Counsel)

By: _____
Print: _____
Title: _____

Exhibit B

Bill of Sale

This Bill of Sale ("Bill of Sale") is executed and delivered by Family Care Medical Group, Inc. a California corporation ("Seller"), to County of Monterey on behalf of Natividad Medical Center ("Purchaser"), as follows:

1. **Introduction.** Unless otherwise defined herein, all initially capitalized terms used herein shall have the meanings ascribed to them in the Asset Purchase Agreement dated as of _____, 2022 by and among Seller and Purchaser (the "Asset Purchase Agreement"). Pursuant to the Asset Purchase Agreement, Seller agreed to sell, and Purchaser agreed to purchase, certain of the personal property and assets of the Seller for the purchase price of Three Hundred Thousand Dollars (\$300,000.00). On the date hereof, the parties have completed the sale and purchase transactions in accordance with the terms of the Asset Purchase Agreement.

2. **The Transfer of Purchased Assets.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby conveys, grants, bargains, sells, transfers, sets over, assigns, alienates, remises, releases, delivers and confirms and by this Bill of Sale does convey, grant, bargain, sell, transfer, set over, assign, alienate, remise, release, deliver and confirm unto Purchaser, its successors and assigns, forever, all of the Purchased Assets (as defined in Section 2.1 of the Asset Purchase Agreement) which include, without limitation, certain equipment, furniture, software, supplies, and intangibles of the Practice operated by Seller located at 17615 Moro Road, Salinas, California 93907.

3. **Title to Purchased Assets.** Seller represents and warrants that it has, and has vested in Purchaser, good and valid and marketable title to the Assets, free and clear of any claim, encumbrance, security interest, pledge, lien, lease, charge, equity, covenant, or restriction of every nature and kind whatsoever.

4. **Further Actions.** Seller covenants and agrees that it will, whenever and as often as reasonably requested to do so by Purchaser, its successors and assigns, execute, acknowledge and deliver such other instruments of conveyance and transfer and take such other action as may be required more effectively to convey, transfer to, and vest in Purchaser, its successors and assigns, and to put Purchaser, its successors and assigns, in possession of any property conveyed, transferred and delivered hereunder.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Bill of Sale as of this ____ day of _____, 2022.

SELLER:

Family Care Medical Group, Inc.

By: _____

Print: _____

Title: _____