

COUNTY OF MONTEREY

STANDARD LEASE AGREEMENT



LEASED PREMISES:	NATIVIDAD PROFESSIONAL CENTER 1441 Constitution Blvd. Bldg #400, Suite # 100, Salinas, CA 93906
LESSEE:	MONTEREY BAY MANAGEMENT SERVICES, LLC
LESSOR:	COUNTY OF MONTEREY, on behalf of NATIVIDAD MEDICAL CENTER 1441 Constitution Blvd., Bldg # 300, Salinas, CA 93906

COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

PREAMBLE

THIS LEASE ("Lease") is made by and between THE COUNTY OF MONTEREY, on behalf of **NATIVIDAD MEDICAL CENTER** ("LESSOR") and **Monterey Bay Management Services, LLC** ("LESSEE"). LESSOR and LESSEE are sometimes referred to in this Lease as a "Party" or, collectively, as the "Parties."

The Parties hereby agree as follows:

ARTICLE 1 - PREMISES

1.1 **Description:** LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, upon the terms and conditions herein set forth, that certain real property and its appurtenances, situated at **1441 Constitution Boulevard, Building # 400, Suite # 100, Salinas, CA 93906** and described as follows: General offices consisting of approximately **5,935** rentable square feet of space, (the "**Premises**"), as designated in **Exhibit A1**, which is attached and incorporated herein. The term "rentable square feet" shall be used as defined by the Building Owners and Managers Association ("BOMA"). If the Premises constitutes only a portion of the building or complex, the Premises represents one hundred percent (100%) of the total rentable space. The Premises is **Nine and three tenths percent (9.3%)** of the total building .

1.2 **Non-Exclusive Use Areas:** LESSEE shall also have the non-exclusive right to use, in common with other tenants in the building, any and all of the following areas which may be appurtenant to the Premises: Common entrances, lobbies, elevators, stairways and access ways, loading and unloading areas, visitor parking areas, ramps, drives, platforms, public rest rooms, and common walkways and sidewalks necessary for access to the Premises.

1.3 **Parking Areas:** LESSEE shall be provided **ten (10) exclusive and unlimited** nonexclusive parking spaces in the parking area adjacent to the building, in which the Premises are a part of, at no cost to LESSEE throughout the Lease Term (defined below). Exclusive and nonexclusive parking areas to be further defined in **Exhibit A2**, which is attached and incorporated herein. LESSOR, at LESSOR'S expense may need to post parking signage if deemed necessary for LESSEE'S use of the Premises.

1.4 **No Warranties:** LESSOR makes no express or implied warranties or representations as to the merchantability, fitness, design, condition, quality, capacity, material, equipment or workmanship in or of the Premises. By taking possession of the Premises, LESSEE conclusively shall be deemed to have (i) accepted the Premises "AS IS" and without any such express or implied warranty, and approved the Premises in its condition existing as of such date, and (ii) confirmed that it has satisfied itself by its own independent investigation as to the condition and feasibility of use of the Premises.

ARTICLE 2 - TERM

2.1 **Lease Term:** The term of this Lease (the "Lease Term") shall be **one (1) year**, commencing on **January 1, 2013** ("Lease Commencement Date") and ending **December 31, 2013**. This lease may terminate sooner than December 31, 2013 if Lessee and Lessor agree to new terms and rent rates prior to December 31, 2013.

2.2 **Monthly Rent Limit:** LESSOR and LESSEE agree that the monthly rent in the Lease Term shall be no more than ninety-five percent (95%) of the then current market "Gross Lease" rents for *general office or warehouse* space in the **Salinas**, California area. As it pertains to this Lease, "Gross Lease" shall mean that the LESSOR will be responsible to pay for the general maintenance and repair, elevator maintenance and repair, property taxes and assessments, insurances (Real Property and lessor's risk liability), water and common area expenses out of the monthly rent paid by the LESSEE for the Premises.

ARTICLE 3 - RENT

In consideration of the continuing right of use, quiet enjoyment and possession of the Premises, LESSEE shall pay to LESSOR as monthly rent for the Premises the initial sum of **Twelve Thousand Six Hundred & Thirty Dollars (\$12,630.00)**, payable on or before the first day of each month. LESSEE shall commence rental payments upon occupancy ("Rent Commencement Date"). If the Rent Commencement Date is other than the first day of a calendar month, then the rent for that month shall be prorated on a daily basis, based on a thirty (30) day month. Rent shall be payable to LESSOR at the address specified in Article 6 or at such other address as LESSOR may from time to time designate in writing. In addition, LESSEE shall contract and pay directly to its vendors for its responsibilities as outlined in **Exhibits D and E**. *[Initial rent is computed as follows: \$2.13 per square foot per month.]*

ARTICLE 4 - TERMINATION BY LESSOR AND LESSEE

4.1 ***Termination Without Cause:*** Notwithstanding any other provisions of this Lease, LESSOR or LESSEE may terminate this Lease upon ninety (90) days written notice. If this Lease is terminated prior to the date that is twelve (12) months from the Lease Commencement Date (the "**One Year Anniversary**"), the Parties shall not, at any time prior to the One Year Anniversary, enter into any other agreement or arrangement for the lease of the Premises that modifies, changes, or alters in any way the provisions of this Lease.

4.2 ***Termination or Modification in the Event of Government Action:*** If the Parties receive notice of any Government Action, the Parties shall attempt to amend this Lease in order to comply with the Government Action. If the Parties, acting in good faith either are unable to agree to the amendments necessary to comply with the Government Action, or, alternatively, if either Party determines in good faith that compliance with the Government Action is impossible or infeasible, this Lease shall terminate ten (10) days after one Party notifies the other of such fact. For the purposes of this Section, "**Government Action**" shall mean any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body or any private agency, or any notice of a decision, interpretation, finding, or action by any governmental or private agency, court or other third party which, in the opinion of counsel to LESSOR, as a result or consequence, in whole or in part, of this Lease or the transactions or arrangements contemplated by this Lease, if or when implemented, would:

- (a) revoke or jeopardize the status of any health facility license granted to LESSOR;
- (b) revoke or jeopardize the federal, state or local tax-exempt status of LESSOR, their tax-exempt financial obligations, or constitute a violation of the Intermediate Sanctions law applicable to tax exempt organizations;
- (c) prevent LESSEE from being able to access and use the facilities of LESSOR;
- (d) constitute a violation of 42 U.S.C. Section 1395nn (commonly referred to as the Stark law) if LESSEE referred patients to LESSOR;
- (e) prohibit LESSOR from billing for services provided to patients referred by LESSEE; or
- (f) subject LESSOR, LESSEE, or any of their respective employees or agents, to civil or criminal prosecution on the basis of their participation in executing this Lease or performing their respective obligations under this Lease.

4.3 ***Rights upon Termination:*** Upon any termination or expiration of this Lease, all rights and obligations of the Parties shall cease except those rights and obligations that have accrued or expressly survive such termination or expiration.

4.4 ***Condition at Termination:*** LESSEE may remove any fixtures, machinery and equipment installed in the Premises by LESSEE upon the termination of this Lease, if LESSEE is not then in default under this Lease and if LESSEE repairs any damage to the Premises caused by such removal. Upon termination of this Lease, LESSEE shall return the Premises in the same condition as when delivered to LESSEE, reasonable wear and tear, and damage by casualty, and alterations approved by LESSOR excepted.

ARTICLE 5 - NOTICES

All notices or correspondence provided for herein shall be effective only when made in writing, personally delivered or deposited in the United States mail, sent certified, postage prepaid, and addressed as follows:

To LESSEE: Monterey Bay Management Services, LLC To LESSOR: COUNTY OF MONTEREY, on behalf of NATIVIDAD MEDICAL CENTER
1441 Constitution Blvd, 1441 Constitution Blvd.
Building # 400, Suite 100 Building # 300
Salinas, CA 93906 Salinas, CA 93906

Copy to: _____

Copy to: COUNTY OF MONTEREY
Department of Public Works, Arch. Svcs.
168 West Alisal Street, 2nd Floor
Salinas, CA 93901

And _____

Rent payments to LESSOR shall be made to (need not be sent certified): **Manco Abbott, Inc., PO Box 9440, Fresno, CA, 93792-9440**

Any notice or correspondence shall be deemed delivered upon personal delivery or five (5) days after notice is mailed. Correspondence other than notices may be given by phone, regular mail, email or facsimile. Any correspondence sent by facsimile shall also be sent by United States mail if requested by either party. By written notice to the other, either party may change its own mailing address or correspondence information.

LESSOR or LESSOR’S designated property management shall be available to LESSEE by phone during regular business hours, and for emergencies after hours and weekends. LESSOR or LESSOR’S designated property management shall subscribe to a 24-hour, 7 days a week emergency answering service that maintains contact phone numbers of key personnel or maintenance/service companies in event of an emergency. **Emergency answering service phone number for LESSOR is 831-646-1900.**

LESSEE shall be available to LESSOR, by phone during regular business hours, and for emergencies after hours and on weekends. LESSEE shall subscribe to a 24-hour, 7 days a week emergency answering service that maintains contact phone numbers of key personnel or maintenance/service companies in event of an emergency. **Emergency answering service phone number for LESSEE is 831-424-1150**

If applicable, LESSOR’S designated property management shall be vested with such power and authority as is reasonably necessary or incidental to the performance of this Lease and the accomplishment of its purpose.

ARTICLE 6 - USE

6.1 Use:

(a) The Premises shall be used exclusively by LESSEE and LESSEE’s employees, agents and contractors solely as an office for the provision of medical care and treatment to patients who are under the medical care of LESSEE, or receiving consultative services from LESSEE after referral from another physician, all in compliance with state and federal laws and regulations applicable to the provision of such services. LESSEE shall not use or

permit the Premises to be used for any other purpose without LESSOR's prior written consent, which LESSOR may withhold in its sole and absolute discretion.

(b) Without limiting the generality of Section 6.1(a), LESSEE shall not, and shall ensure that LESSEE's employees, agents or contractors do not, use the Premises or any portion of the Premises:

(i) to provide services to patients who are receiving continuous medical care or treatment (including observation by a licensed health care practitioner) for more than twelve (12) consecutive hours;

(ii) to provide any other procedure which is deemed unsafe in an outpatient environment by the relevant medical community; or

(iii) to provide any of those services listed on Exhibit B (except as may be specifically permitted therein).

6.2 **Compliance with Laws:** LESSEE shall comply with all laws with respect to LESSEE's use or occupancy of the Premises, including without limitation any and all laws regulating the use of hazardous substances.

6.3 **Acceptance of Premises:** By entry hereunder, LESSEE accepts the Premises as being in good and sanitary order, condition and repair.

ARTICLE 7 - SIGNS AND FIXTURES

LESSEE may place such signs and advertisements upon the Premises as LESSEE may desire, subject to approval by the LESSOR which consent shall not be unreasonably withheld provided, however, that at the expiration of the term hereof or any renewal or extension of this Lease, LESSEE will remove said signs and will restore the Premises to their original conditions. Any trade fixtures, equipment, furniture, demountable walls, and other property installed in the Premises by and at the expense of the LESSEE shall remain the property of the LESSEE, and the LESSOR agrees that the LESSEE shall have the right at any time, and from time to time, to remove any and all of its trade fixtures, equipment and other property which it may have stored or installed in the Premises, provided the Premises are restored to acceptable condition. The LESSOR agrees not to mortgage or pledge the LESSEE'S trade fixtures, equipment and other property.

ARTICLE 8 - SERVICES AND UTILITIES

Services and utilities for the Premises shall be furnished and the cost borne as outlined in **Exhibit C**. As stated in **Exhibit C**, the term "adequate" shall mean sufficient enough to ensure the health, safety and general well being of the occupants or invitees of the Premises; the term "deemed necessary" shall mean that LESSOR and LESSEE are in agreement that appropriate action needs to be taken to ensure the health, safety and general well being of the occupants and or invitees of the Premises.

ARTICLE 9 - MAINTENANCE

9.1 **LESSOR and LESSEE Obligations:** The respective repair and maintenance responsibilities of LESSOR and LESSEE are set forth in **Exhibit D**, Summary of Repair and Maintenance Responsibilities, which by this reference is incorporated herein. As stated in **Exhibit D**, the term "deemed necessary" shall mean that LESSOR and LESSEE are in agreement that appropriate action needs to be taken to ensure the health, safety and general well being of the occupants and or invitees of the Premises.

9.2 **Negligent Acts or Omissions of LESSEE:** Notwithstanding the foregoing, LESSEE will pay to LESSOR the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions, or which is otherwise the fault, of LESSEE, its agents, employees, or invitees.

9.3 **LESSOR/LESSEE Obligations in Applying Noxious Substances:** LESSOR and/or LESSEE, its officers, employees, and agents shall not apply any substance as part of any building maintenance or repair which would introduce irritating or noxious odors or any other hazardous condition to occupied spaces without prior coordination and approval of LESSEE. Prior notification and approval shall be made at least 48 hours prior to the desired application

time. Also, a Product Safety Data Sheet shall be furnished by the proposed applicator to the LESSEE. Examples of such substances or materials include, but are not limited to, the following:

- a. Termite Control Materials
- b. Pesticides
- c. Paint
- d. Water Treatment Chemicals
- e. Any other substance that is or could be construed as hazardous

ARTICLE 10 - SERVICE COMPANIES

Within ten (10) days after occupancy of the Premises by LESSEE, LESSOR shall give LESSEE a list (see **Exhibit I**) of the names, addresses and telephone numbers of an agencies or persons convenient to LESSEE as a local source of service with regard to LESSOR'S responsibilities under **Exhibit E** and **Exhibit F** of this Lease. If LESSOR fails to provide such list, LESSEE may choose service companies as needed and without penalty from LESSOR.

ARTICLE 11 - ALTERATIONS, MECHANICS' LIENS

11.1 ***Alterations***: No alterations or improvements shall be made to the Premises by LESSEE or at LESSEE'S request without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

11.2 ***Condition at Termination***: LESSEE may remove any fixtures, machinery and equipment installed in the Premises by LESSEE upon the termination of this Lease, if LESSEE is not then in default under this Lease and if LESSEE repairs any damage to the Premises caused by such removal. Upon termination of this Lease, LESSEE shall return the Premises in the same condition as when delivered to LESSEE, reasonable wear and tear, and damage by casualty, and alterations approved by LESSOR excepted.

11.3 ***Mechanic's Liens***: LESSOR and LESSEE shall keep the Premises free from any liens arising out of any work performed by, materials furnished to, or obligations incurred by the parties.

ARTICLE 12 - ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or sublet all or any portion of the Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

ARTICLE 13 - ENTRY BY LESSOR

LESSEE shall permit LESSOR and LESSOR'S agents to enter the Premises, with reasonable advance notice (except in the case of emergency that threatens the integrity of the building), provided such entry is made in a reasonable manner and does not unreasonably interfere with the conduct of LESSEE'S business.

ARTICLE 14 - INSURANCE AND INDEMNIFICATION

LESSEE, during the term hereof, shall indemnify and hold harmless the LESSOR from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, occurring within the demised Premises and arising out of the use of the demised Premises by the LESSEE, excepting however, such claims and demands whether for injuries to persons or loss of life, or damage to property, caused by acts or omissions of the LESSOR.

LESSEE shall maintain public liability and property damage coverage or program of self insurance with liability limits of not less than \$1,000,000 for injury or death to one or more persons and property damage limits of not less than \$50,000 per occurrence insuring against all liability of LESSEE and its authorized representatives arising out of and in connection with LESSEE'S use or occupancy of the Premises. LESSOR, during the terms hereof, shall indemnify, defend and save harmless the LESSEE from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, arising out of acts or omissions of the LESSOR.

LESSOR agrees that it will keep insured against loss or damage by fire, to at least eighty percent (80%) of the full fair insurable value thereof, the building on the demised Premises or of which the demised premises are a part.

ARTICLE 15 - WAIVERS OF SUBROGATION

LESSOR and LESSEE each hereby waive any right of recovery against the other due to loss of or damage to the property of either LESSOR or LESSEE when such loss of or damage to property arises out of the acts of God or any other property perils whether or not such perils have been insured, self-insured or non-insured.

ARTICLE 16 - DESTRUCTION

If the Premises are totally destroyed by fire or other casualty, either party may terminate this Lease immediately by giving notice to the other party.

If such casualty shall render ten percent (10%) or less of the floor space of the Premises unusable for the purpose intended, LESSOR shall effect restoration of the Premises as quickly as is reasonably possible, but in any event restoration shall begin within thirty (30) days after such destruction.

If such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, LESSOR shall forthwith give notice to LESSEE of the specific number of days required to repair the same. If LESSOR under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from the date such notice is given, LESSEE, in either such event, at its option, may terminate this Lease.

In the event of any such destruction other than total, where LESSEE has not terminated the Lease as herein provided, LESSOR shall diligently prosecute the repair of the Premises and, in any event, if said repairs are not completed within thirty (30) calendar days from the work commencement date, for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified herein in connection with partial destruction aggregating more than ten percent (10%), LESSEE shall have the option to terminate this Lease. LESSEE shall assist LESSOR with obtaining all applicable building permits if necessary.

LESSOR and LESSEE understand that, in normal circumstances, work cannot commence before a building permit is obtained. Time deadlines set forth herein shall not commence before required permits are issued. LESSOR warrants to diligently pursue issuance of said permits.

If LESSEE remains in possession of the Premises though partially destroyed, the rent for said Premises as herein provided, during restoration, shall be reduced by the same ratio as the rentable square feet LESSEE is thus precluded from occupying, bears to the total rentable square feet in the Premises. "Rentable square feet" shall mean actual inside dimensions and shall not include public areas.

ARTICLE 17 - DEFAULT BY LESSEE

17.1 ***Default:*** If any of the following events occur, each such event shall constitute a material breach of this Lease, and LESSOR may, at LESSOR'S option, exercise any or all rights available to a LESSOR under the laws of the State of California:

- a. A default in the payment of rent or other obligation when such default continues for a period of thirty (30) days after written notice, or
- b. LESSEE fails to faithfully perform or observe any other covenant or undertaking required under this Lease and such failure continues for a period of thirty (30) days after written notice thereof, or
- c. LESSEE is adjudicated bankrupt, or
- d. LESSEE'S lease interest is sold under execution of judgment.

17.2 ***Remedies:*** If LESSEE fails to cure a prospective default within the-time frames outlined above, LESSOR shall have the option to cure the default or to terminate this Lease, in addition to any other remedies at law not inconsistent

herewith. Should LESSOR elect to cure the default itself, all costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by LESSEE to LESSOR, as additional rent, within thirty (30) days of receipt of LESSOR'S invoice for said costs.

ARTICLE 18 - HOLDING OVER

If LESSEE holds over after the expiration or earlier termination of this Lease without LESSOR'S prior written consent, LESSEE shall become a lessee at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rate then in effect on the date immediately prior to the expiration or termination and otherwise upon the terms, covenants and conditions specified in this Lease, so far as applicable. LESSOR's acceptance of rent after such expiration or earlier termination shall not constitute a consent to any holdover under this Lease, result in a renewal or extension of this Lease or result in a waiver of any claim of LESSOR for any damages caused by LESSEE's failure to vacate the Premises (including damages claimed by new lessees).

ARTICLE 19 - WAIVER

The waiver by LESSOR or LESSEE of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition, nor shall either party consent to any breach of any term, covenant or condition, nor shall either party be deemed to constitute or imply its consent to any subsequent breach of the same or other term, covenant or condition herein contained.

ARTICLE 20 - QUIET POSSESSION

As long as LESSEE keeps and performs the covenants in this Lease, LESSEE shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Premises, without suit, trouble or hindrance from LESSOR or any person claiming under LESSOR. LESSOR, to the best of LESSOR'S ability, shall also be responsible for ensuring that all other tenants in the building or complex do not interfere with the quiet enjoyment of the LESSEE.

ARTICLE 21 - SUBORDINATION

This Lease shall be subject and subordinated to the lien of any mortgages and deeds of trust which are hereafter placed against the LESSOR'S interest or estate in the property provided that the mortgagor or beneficiary under such mortgage or deed of trust shall agree in writing that, in the event of a foreclosure of same or of any other such action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be barred, terminated, cut off, or foreclosed, nor will the rights and possession of LESSEE hereunder be disturbed if LESSEE shall not then be in default under the terms of this Lease, and LESSEE shall attorn to the purchaser at such foreclosure, sale or other action or proceeding. The foregoing subordination shall be effective without the necessity of having any further instruments executed by LESSEE, but LESSEE shall nonetheless execute, upon demand, such further instruments evidencing such subordination as may be reasonably requested by LESSOR or any mortgagee or beneficiary.

ARTICLE 22 - ESTOPPEL CERTIFICATE

Within thirty (30) days of written notice by one party to the other, each will execute, acknowledge and deliver to the other an estoppel certificate in writing declaring any modifications, defaults or advance payments and whether the lease, as may be modified, is in full force and effect. Any such certificate may be conclusively relied upon for the intended transaction for which the statement was requested.

ARTICLE 23 - MISCELLANEOUS PROVISIONS

23.1 ***No Amendments:*** No oral amendment of this Lease shall be valid unless made in writing and signed by the parties hereto, and no prior oral understanding or agreement not incorporated herein shall be binding on either party hereto.

24.2 ***Time is of the Essence:*** Time is of the essence of each term and provision of this Lease.

23.3 ***Binding Effect:*** Subject to any provision hereof restricting assignment or subletting by LESSEE, this Lease shall bind the parties, their personal representatives, successors, and assigns.

23.4 **Invalidity**: The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

23.5 **Warranty of Authority**: If LESSOR is a corporation, the person executing this Lease on behalf of LESSOR hereby covenants and warrants that LESSOR is an existing corporation and that he/she is duly authorized to execute this Lease.

23.6 **Addendum**: In the event of conflict between this Lease and any Addendum or Exhibit attached hereto, the provisions of such Addendum or Exhibit shall control.

23.7 **Entire Agreement**: This Lease is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Lease.

23.8 **Force Majeure**: Except with respect to obligations imposed with regard to rent and other charges to be paid by LESSEE under this Lease, neither Party is liable for nonperformance or defective or late performance of any of its obligations under this Lease to the extent and for such periods of time as such nonperformance, defective performance or late performance is due to reasons outside such Party's control, including acts of God, war (declared or undeclared), action of any governmental authority, riots, revolutions, fire, floods, explosions, sabotage, nuclear incidents, lightning, weather, earthquakes, storms, sinkholes, epidemics, failure of utilities, or strikes (or similar nonperformance or defective performance or late performance of employees, suppliers or subcontractors).

23.9 **Choice of Law**: This Lease shall be construed in accordance with and governed by the laws of the State of California, except choice of law rules that would require the application of the laws of any other jurisdiction.

23.10 **Waiver of Consequential Damages**: LESSEE hereby waives any claims for any indirect or consequential damages or for any injuries, damages or inconvenience to, or interference with, LESSEE's business, including, but not limited to lost profits, any loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

23.11 **Attorneys' Fees**: If either Party brings an action to enforce the terms of, or declare rights under, this Lease, then the prevailing Party in any such action shall be entitled to reasonable attorneys' fees and costs and all litigation-related costs (including expert witness fees) to be paid by the losing Party as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The attorneys' fees shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith. LESSOR further shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and services of notices of default and consultations in connection with such notices, whether or not a legal action is subsequently commenced in connection with such default.

23.12 **Independent Contractors**: LESSOR's relationship to LESSEE shall be that of an independent contractor supplying the Premises and any services required by this Lease. Nothing in this Lease is intended to create a partnership, employer-employee or joint venture relationship between the Parties, or to allow either Party to exercise any control or direction over the other Party.

23.13 **Referrals**: No term of this Lease shall be construed as requiring or inducing LESSEE to refer patients to LESSOR. LESSEE's rights under this Lease shall not be dependent in any way on the referral of patients to LESSOR by LESSEE.

23.14 **Provider-Patient Relationship**: LESSOR, while providing the Premises and any related services, shall not interfere with any provider-patient relationship between LESSEE and its patients.

23.15 **Participation in Federal and State Programs**: LESSEE hereby represents that it is not debarred, suspended, excluded or otherwise ineligible to participate in any federal or state health care program.

23.16 **Severability**: If any provision of this Lease, or the application thereof to any person or circumstance, shall, to any
Monterey Bay Management Services, LLC

extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each provision of this Lease shall be valid and enforced to the fullest extent permitted by law. The Parties intend that, in lieu of each provision of this Lease that is illegal, invalid or unenforceable, there shall be added to this Lease a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible to be legal, valid and enforceable.

ARTICLE 24 - MAJOR APPLIANCES

Installation of major appliances such as vending machines, refrigerators, stoves, etc., must be approved by LESSOR prior to installation. The LESSOR will grant installation approval for new appliances only. Such approval shall not be unreasonably withheld.

ARTICLE 25 – PROPERTY TAX EXEMPTION

LESSOR will cooperate with LESSEE and do all acts reasonably necessary and appropriate to secure and maintain tax exemption of the Premises pursuant to Article XIII, Section 3 of the California Constitution. LESSOR will apply the amount of any reduction of tax resulting from such exemption either in the form of a cash payment or of rental credit to LESSEE as soon as possible after LESSOR receives the benefit of tax exemption.

If such exemption is granted for a fiscal year which is, in whole or in part, after the date of expiration or earlier termination date of this Lease, then, with respect to that portion of such fiscal year which is after the expiration of the term of this Lease, LESSOR will pay LESSEE the amount of such reduction of tax in cash.

ARTICLE 26 - PUBLIC TRANSPORTATION

LESSOR unconditionally guarantees that public transportation (bus service) will be provided to the site in which the Premises are a part of. The service level of this public transportation will be sufficient to service the employees who will work at the site as well as LESSEE'S clients and customers who need access by public conveyance to and from the site.

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ARTICLE 27 – ALTERNATE ENERGY

LESSOR and LESSEE agree to work together to explore options to install solar and/or other alternate energy options and enhancements to the Premises. In the event any alternate energy enhancement creates a tax deduction, PG&E rebate or any other form of monetary credit to LESSOR, LESSOR further agrees to pass to LESSEE said monetary credit to defray LESSEE’S operational cost for the Premises as identified in **Exhibits E** and **Exhibit F** of this Lease.

LESSOR: COUNTY OF MONTEREY

APPROVED AS TO FORM: (County Counsel)

By: _____
Chair, Monterey County Board of Supervisors

By: _____
Anne K. Brauer

Title: Deputy County Counsel

Date: _____

Date: _____

APPROVED: NATIVIDAD MEDICAL CENTER

By: _____
Harry Weis

Title: CEO

Date: _____

LESSEE: MONTEREY BAY MANAGEMENT SERVICES, LLC

By: _____
Name to be printed here.

Title: _____

Date: _____

By: _____
Name to be printed here.

Title: _____

Date: _____

EXHIBIT A1

DESCRIPTION OF PREMISES

Current Basic Floor Plan

EXHIBIT A2

PARKING PLAN

EXHIBIT B

SERVICES NOT TO BE PROVIDED IN THE PREMISES

The Premises shall not be used for the purpose of providing any services competitive with those offered at the adjacent hospital (“**Prohibited Competitive Services**”), including:

1. Acute inpatient care;
2. Inpatient skilled nursing facility/transitional care services;
3. Inpatient sub-acute services;
4. Invasive cardiology (including cardiac physiology and cardiac catheterization);
5. Inpatient surgery;
6. Outpatient surgery center;
7. Occupational medicine;
8. Urgent care/emergency services;
9. Free-standing diagnostic imaging center;
10. Reference laboratory;
11. Gastroenterology laboratory;
12. Radiation therapy;
13. Pharmacy;
14. Blood draw station;
15. Anatomic pathology; or
16. Any other inpatient service or new medical procedure or modality, whether offered at or by LESSOR, but not identified above.

If any of the following is, at the time in question, incidental to and routinely performed as part of a physician’s primary medical practice for the physician’s patients and not offered to the general public (including solicitation of referrals from other physicians or providers for such service), it will not be considered a Prohibited Competitive Service:

17. Outpatient dialysis;
18. Outpatient surgery for procedures routinely performed in a physician’s office;
19. Diagnostic imaging (including CT, PET nuclear medicine, mammography, and ultrasound);
20. Diagnostic laboratory (i.e., basic chemistries);
21. Diagnostic cardiology;
22. Outpatient infusion/chemotherapy services;
23. Flexible sigmoidoscopy therapy;
24. Physical & occupational therapy;
25. Speech therapy;
26. Neurodiagnostics (including neurology and audiology);
27. Pulmonary function;
28. Respiratory care services;
29. Perinatology/antepartum services;
30. Blood draw routinely performed in a physician’s office;
31. Non-invasive vascular diagnostic services; or
32. Any other healthcare outpatient service not identified above, provided it has become established at such time as the standard of care for services in a medical office building setting taking into account the medical specialty, if any, of the physician practice in question.

EXHIBIT C

SUMMARY OF SERVICES AND UTILITIES

The following is a summary of services and utilities responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises and restrooms within Premises (not in common area)			X
Provide adequate custodial service for the interior of the Premises per schedule attached as Exhibit F , "Custodial Service Specifications"			X
Provide adequate custodial service for exterior of the Premises and the non-exclusive areas of the building as described in Article 1.2 (including steam cleaning or pressure washing sidewalks)		X	
Professionally clean carpets, rugs, tile and linoleum flooring as indicated in Exhibit F			X
Professionally clean existing drapes, blinds, and window shades as indicated in Exhibit F			X
Professionally clean interior windows as indicated in Exhibit F			X
Professionally clean exterior windows as indicated in Exhibit F		X	
Provide adequate pest control for the interior of the Premises			X
Provide adequate pest control for the exterior of the Premises		X	
Provide adequate landscape maintenance (including tree pruning and removal, landscape irrigation system and associated water supply and service)		X	
Provide adequate parking lot area sweeping, striping, repair, maintenance and signage		X	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service		X	
Provide adequate fire sprinkler systems testing per National Fire Protection Association (NFPA) standards		X	
Provide adequate fire alarm systems monitoring per NFPA standards		X	
Provide adequate fire extinguishers and respective certification		X	
Provide adequate intrusion/security alarm systems monitoring			X
Provide adequate patrolled security guard service (to common area only, from 6 am to 9 pm M-F, and 7 am to 4 pm on Sat.) (Subject to change with mutual written consent)		X	
Provide adequate heating, ventilation & air conditioning (HVAC) systems filter replacements, unit inspections, unit lubrications and record keeping pursuant to the California Code of Regulations, Title 8, Section 5142		X	
Provide adequate servicing of uninterrupted power source (UPS)		X	
Provide adequate servicing of back up generator		X	
Provide adequate gas utility service			X
Provide adequate electric utility service			X
Provide adequate water utility service		X	
Provide adequate telephone and data service (including connection charges)			X

LESSOR and LESSEE contact information is detailed in Article 6 of this Lease.

EXHIBIT D

SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of maintenance and repair responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Common Areas		X	
Foundations, Floor Slabs and Sub-Floors		X	
Elevators and/or Dumb Waiters (including annual State certification)		X	
Exterior and Bearing Walls (including wood destroying pest infestation)		X	
Exterior Doors and Hardware		X	
Exterior Windows and Window Frames		X	
Roofs (including replacement if deemed necessary)		X	
Gutters, Drains and Downspouts		X	
Parking Lots (including adequate lighting)		X	
Ceilings (including damage due to roof leaks)		X	
Fire Sprinkler Systems		X	
Fire Alarm Systems		X	
Intrusion/Security Alarm Systems (excluding common areas)			X
Heating, Ventilation and Air Conditioning (HVAC) Systems (including replacement if deemed necessary)		X	
Heating, Ventilation and Air Conditioning (HVAC) control switches, sensors and thermostats		X	
Electrical Systems (including electrical outlets, panels, circuit breakers and wiring)		X	
Plumbing Systems (including sewer and drain stoppages, and fixtures)		X	
Exterior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Light Bulbs and Fluorescent Light Tubes (replacement)			X
Interior Walls		X	
Interior Wall Surfaces (including repainting every 5 years if the Premises wall surfaces are accessible)		X	
Interior Doors and Hardware			X
Interior Windows and Window Frames			X
Carpet, VCT, and Linoleum Flooring (including replacement if deemed necessary and with the understanding that LESSEE pays for moving office furniture and equipment)			X
Base and/or Moldings (including replacement if deemed necessary)			X
Appliances (excluding common area)			X
Communication Systems (data/telephone cabling, connections and equipment)			X

***Notwithstanding the forgoing, LESSEE will pay to LESSOR the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions, or which is otherwise the fault, of LESSEE, its agents, employees, or invitees. LESSEE will also pay to LESSOR the reasonable cost of any repair or maintenance required for LESSEE installed improvements to the Premises, such as phone/data cabling, support equipment, trade fixtures, special door locks, and any other equipment used to meet LESSEE'S operational needs, that are considered above normal general office space improvements.**

LESSOR and LESSEE contact information is detailed in Article 6 of this Lease.

CUSTODIAL SERVICE SPECIFICATIONS (Page 1 of 3)

DAILY SERVICE (Monday through Friday)
A. General Cleaning
1. Empty wastebaskets; replace liners, place trash in dumpster
2. Sweep outside of the Premises entrances
3. Remove graffiti from any interior walls
B. Floor and Carpet Care (including stairways)
1. Sweep and dust mop hard surface floors with treated mop
2. Vacuum carpeted floors and entry mats
3. Damp mop all spills on hard surfaces
4. Remove gum/candy from carpet/floors
C. Window Cleaning
1. Clean entry door and lobby glass, inside and outside
2. Clean interior partitions and counter glass
3. Clean interior/exterior door glass
D. Restroom Cleaning (including non-exclusive areas of the building)
1. Empty waste containers
2. Sweep and wet mop floors
3. Restock dispensers with the proper product (common area to have extra service performed in mid-morning and mid-afternoon, M-F)
4. Clean and disinfect all restroom fixtures (common area to have extra service performed in mid-morning and mid-afternoon, M-F)
5. Unstop urinals, toilets and sinks (Notify LESSOR of necessary repairs.) (common area only)
6. Clean restroom mirrors and glass
7. Replenish air fresheners in all restrooms (common area only and as needed)
8. Remove graffiti from interior walls
9. Damp wipe all walls and partitions (as needed)
10. Clean around all door knobs and push plates
E. Dusting
1. Tops of all filing cabinets (only if cleared off and with notice posted by office worker)
2. Tops of desks where cleared (only if cleared off and with posted notice by office worker)
3. Table tops and counters where cleared

CUSTODIAL SERVICE SPECIFICATIONS (Page 2 of 3)

WEEKLY SERVICE (Fridays)
A. General Cleaning
1. Remove fingerprints from doors, walls, and light switches
2. Remove marks/clean door kick plates
3. Wash wastebaskets/trash receptacles inside and out
4. Wash all handrails
5. Clean around door knobs/push plates
B. Floor and Carpet Care (including stairways)
1. Damp mop all hard surface floors
2. Buff all hard surface floors using a high speed buffing machine
3. Spot clean all carpeted floors
C. Restroom Cleaning
1. Scrub all sinks with abrasive cleaner
2. Scrub inside toilets and urinals with acid-type bowl cleaner
D. Dusting
1. All windows and door sills
2. Ledges, baseboards, and partitions
3. All chairs
4. Remove cobwebs from ceilings, corners and crevices, etc.
BI-WEEKLY SERVICES (Fridays)
Dry shampoo all carpeted areas.
MONTHLY SERVICE (Last Weekend of the Month)
A. Floor and Carpet Care
1. Scrub and refinish all hard surface floors using an acrylic finish
2. Edge out all carpet areas (areas that are out of reach during normal vacuuming)
B. Restroom Cleaning (including non-exclusive areas of the building)
1. Wash all walls and partitions
C. Dusting
1. Vacuum all upholstered furniture
2. Clean all blinds, drapes and window shades
D. Additional requirements specific to Premises
1. Shampoo all upholstered furniture

CUSTODIAL SERVICE SPECIFICATIONS (Page 3 of 3)

QUARTERLY SERVICES (January, April, July, October)
A. General Cleaning
1. Wash exterior of all desks, filing cabinets, and tables
B. Floor and Carpet Care
1. Shampoo all carpeted areas using bonnet method
2. Strip and refinish all hard surface floors using an acrylic finish
C. Window Cleaning
1. Wash inside and outside windows
D. Dusting
1. High dust all light fixtures, HVAC vents and surface/ledges above six (6) feet.
BI-ANNUAL SERVICES (April and October)
A. Restroom Cleaning (including non-exclusive areas of the building)
1. Machine scrub restroom floors (porcelain tile floors)
ANNUAL SERVICES
A. Floor and Carpet Care
1. Steam/Extraction clean all carpeted areas

*** LESSOR and LESSEE agree that it may be necessary to modify the foregoing Custodial Service Specifications to better meet facility needs. Such modification shall be with mutual written consent. LESSOR and LESSEE acknowledge that additional costs may apply.**

EXHIBIT E

REMEDIATION CONTRACTOR SPECIFICATIONS

A. Scope of Services

Remediation Contractor to provide treatment, cleanup, damage restoration and any other necessary remediation of:

- Water and/or sewage damage
- Mold, asbestos, lead, and polychlorinated biphenyl (PCB) contamination
- Fire and smoke damage
- Hazardous materials within the license and certification capabilities of the Remediation Contractor
- Human bodily fluids, including but not limited to blood, vomit, urine, feces, and saliva
- Routine sanitation cleanup

B. Work Standards

All work must be done in accordance with the California Health and Safety Code, California Occupational Safety and Health Act (OSHA), and other applicable laws and regulations. The Remediation Contractor must take all care to ensure that work proceeds under the highest standards of safety and prudence, and in compliance with all applicable laws.

EXHIBIT F

SERVICE CONTACT LIST (Page 1 of 2)

Item	Contact	Number
Back Up Generator		
Cabinets/Millwork		
Carpenter		
Ceiling Tile		
Electrical		
Electronic Gates and Garage Doors		
Elevator		
Elevator Phone		
Exterior Door and Hardware		
Flooring		
Fire Sprinkler System		
Fire Extinguisher Servicing		
Fire Alarm		
Heating & Air Conditioner		
Industrial Hygienist		
Interior Door and Hardware		
Janitorial for common areas		
Janitorial for the Premises		
Landscape Maintenance		
Light Bulbs & Fluorescent Tubes		
Locksmith		
Painting		
Pest Control		
Parking Lot Repair		

SERVICE CONTACT LIST (Page 2 of 2)

Item	Contact	Number
Parking Lot Sweeping		
Patrolled Security		
Plumbing		
Remediation of Env. Hazards		
Roofing System		
Roof Gutters & Downspouts		
Security Alarm Company		
Sewer & Drain Cleaning		
Tree Trimming & Removal		
Utility (Gas & Electric)		
Utility (Telephone)		
Utility (Water)		
Waste Disposal & Recycle		
Water Softening/Treatment		
Window Replacement & Repair		
Window Cleaning		