

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "LEASE") is entered into, by and between TULARE LOCAL HEALTH CARE DISTRICT, dba TULARE REGIONAL MEDICAL CENTER (hereinafter referred to as "LESSOR"), a local health care district organized under the California Health and Safety Code, and **EVO MANAGEMENT COMPANY, LLC** (hereinafter referred to as "LESSEE").

RECITALS

WHEREAS, LESSOR is the owner of certain real property located at 1425 E. Prosperity, in Tulare, California (hereinafter referred to as the "PREMISES"); and

WHEREAS, LESSEE wishes to lease from LESSOR, and LESSOR desires to lease to LESSEE, the PREMISES on the terms and conditions described herein for use in LESSEE'S business to be conducted at the address set forth above and as more fully described in Article 1 below;

WHEREAS, LESSOR desires to maintain lease agreements that are consistent with at least fair market rental rates and terms for comparable space;

WHEREAS, both parties acknowledge the terms and conditions of this LEASE are not subject to any past, present, or future promise by LESSEE to refer patients and/or other types of revenue-generating business to LESSOR; and

THEREFORE, in consideration of the mutual covenants and conditions contained herein, the legal sufficiency of which is acknowledged by the parties to this LEASE, the parties agree that:

ARTICLE 1. LEASED PREMISES

Purpose

1.01 In consideration of the agreements and covenants contained in this LEASE to be kept and performed by both LESSOR and LESSEE, LESSOR leases to LESSEE and LESSEE leases from LESSOR the PREMISES described in Paragraph 1.02 of this LEASE.

Premises Defined

1.02 "PREMISES" means the commercial space more particularly described in Exhibit "A", attached hereto and made a part hereof. The PREMISES contain approximately _____ square feet which constitutes _____ percent (_____%) of the building in which the PREMISES are located ("LESSEE'S PRO RATA SHARE"). This may be confirmed by LESSOR and adjusted, as necessary, to actual square footage, without the consent of LESSEE.

Right to Use Common Areas

1.03 LESSEE has the nonexclusive right to use, in common with others, the Common Areas of the PREMISES. The term "Common Areas" is defined in Paragraph 5.02 of this LEASE.

ARTICLE 2. LESSEE'S BUSINESS USE AND NAME

Business Purpose

2.01 LESSEE is leasing the PREMISES to operate and conduct the following businesses: **Gym/ Physical Fitness Center**. LESSEE may not use the PREMISES or permit the PREMISES to be used for any other purpose without prior consent of LESSOR. LESSOR does not represent or warrant that LESSEE's permitted business use is presently permitted or will be permitted in the future by applicable laws and regulations. LESSEE warrants that he/she has a business license to conduct business in the City of Tulare and has any other licenses required under the type of business at the time of opening his/her business on LESSOR'S PREMISES, and shall maintain such license.

LESSEE'S Business Names

2.02 The name of LESSEE's business is **Evolutions Fitness and Wellness Center**. LESSOR authorizes LESSEE to file a Fictitious Business Name in that regard. LESSEE may not change its business name during the term of this LEASE without the written consent of LESSOR. If LESSOR consents to a change of name, LESSEE shall be solely responsible for all costs of changing the name, including costs of changing the name as it appears on any interior or exterior signs of the PREMISES or in any business, advertising, or similar materials generated for the PREMISES, if any.

ARTICLE 3. TERM OF LEASE

Commencement Date, Term and Termination

3.01 Subject to the Early Termination as set forth in Article 15 below, the term ("Base Term") of this LEASE shall be approximately **ONE YEAR**, commencing on the Agreement Date defined below, (hereinafter referred to as the "COMMENCEMENT DATE") and concluding on **November 30, 2018**, ("TERMINATION DATE") (collectively referred to as the "TERM").

Termination According to Law

3.02 Any termination of this LEASE occurring within a twelve-month period subject to an exception to the Stark II law shall be done in accordance with applicable law and no new arrangement shall be entered into that is not permitted by law.

Confirmation of Term

3.03 Following determination of the COMMENCEMENT date for this LEASE, and at the written request of either party LESSOR and LESSEE shall each execute, at the option of LESSOR, a written statement prepared by LESSOR and in recordable form, confirming the TERM.

Delivery of Possession

3.04 (a) LESSOR shall use its best efforts to give LESSEE possession as nearly as possible at the beginning of the LEASE TERM. If LESSOR is unable to timely provide the PREMISES, rent shall abate for the period of delay. LESSEE shall make no other claim against LESSOR for any such delay.

Early Termination

3.05 LESSOR may terminate this Lease for any reason upon thirty (30) day notice subject to payment by LESSOR of a capital reimbursement payment ("Capital Reimbursement Payment") as more particularly set forth in Article 12 below.

Base Term Expiration Payment

3.06 Unless this LEASE is extended and/or as otherwise agreed to by the parties, upon termination of the Base Term, LESSOR shall pay LESSEE the Capital Reimbursement Payment set forth in Article 12 below.

(a) In the event LESSOR is unable to pay the Capital Reimbursement Payment, the Term of this LEASE shall be extended on a month-to-month basis until LESSOR is able to pay the same. Said extended LEASE shall be on the same terms, covenants and conditions as contained herein.

Section 503 Expense

3.07 LESSOR currently has filed for Chapter 9 Bankruptcy protection in the United States Bankruptcy Court. It is agreed between the parties that the Capital Reimbursement Payment as defined herein shall be entitled to treatment as a Section 503 administrative expense in said case. LESSOR shall take all legal and appropriate actions in the Bankruptcy Court to confirm the same, to the extent required.

ARTICLE 4. RENT AND OTHER CHARGES

Profit Sharing Rent

4.01 (a) As consideration herein and specifically as an advance towards future rent ("Advance of Rent") owed by LESSEE to LESSOR, upon execution of this LEASE, LESSEE shall pay LESSOR a one-time payment in the sum of \$45,000.00.

(i) Upon each payment of Rent thereafter due by LESSEE to LESSOR, the sum of \$5,000.00 shall be deducted from the Rent owed as a debit against the Advance of Rent.

(b) LESSEE shall pay LESSOR its net profit of operation. Net profits due and payable to LESSOR shall be calculated as set forth in Exhibit "B" attached hereto and made a part hereof. Expenses shall include but not be limited to return on the investment to the Members of LESSEE.

(c) At the end of each calendar month, LESSEE shall determine all income, pay or allocate all agreed upon expenses and then, subject to loss carryover described below, pay within twenty (20) days thereafter all net profits to LESSOR.

(d) In the event of any loss during a monthly accounting period, said amount shall be added as a carryover during the following month in the calculation of profits in relation thereto.

(e) The parties acknowledge that the rent charged hereunder is not based or conditioned upon any requirements that LESSEE make referrals to, be in a position to make or influence referrals to, or otherwise generate business for LESSOR or its affiliates. The parties further acknowledge the rent provided herein represents a fair market rental value for the Premises.

Common Areas

4.03 During the TERM of this LEASE, LESSEE shall have the non-exclusive use in common with LESSOR, other tenants of the PREMISES, if any, their guests and invitees, of the non-reserved common automobile parking areas, driveways and footways; subject to rules and regulations for the use thereof as prescribed from time-to-time by LESSOR. LESSOR reserves the right to designate parking areas within the PREMISES or in reasonable proximity thereto, for LESSEE and LESSEE'S agents and employees.

Common Area Maintenance Costs

4.04 (a) LESSEE shall be responsible for the cost and expense of managing, operating, and maintaining the Common Areas (defined in Paragraph 5.02) in a manner deemed reasonable and appropriate by LESSOR, including all costs and expenses of or relating to the following services which are to be provided by LESSOR (and except as checked, LESSOR shall not be required to provide any other services to LESSEE) (check only those that apply):

- Regulation of traffic;
- Repairing and replacing paved surfaces;
- Repairing and replacing roofs;
- Landscape maintenance;
- Drainage;

- Electrical Lines;
- Repairing and replacing Heating and air-conditioning systems;
- Management fee paid to LESSOR or its designee for maintaining the common areas;
- Other: None

(b) LESSEE shall be responsible to reimburse to LESSOR, within ten (10) days after receipt of an invoice, any of LESSEE's PRO RATA SHARE of all common area costs.

Utility Services and Charges

4.05 Throughout the TERM of this LEASE, LESSEE shall procure and pay the cost of utilities for the premises including any required deposit, hook-up fee, metering charges, or other charge(s) by the utility provider. LESSEE's non-payment of such services to utility provider resulting in curtailment or suspension of utility services does not constitute a constructive eviction under this lease. In the event that any utility or service provider to the Premises is not separately metered, LESSOR shall pay the amount due and separately invoice LESSEE for LESSEE's pro rata share of the expense, based on the square footage of gross area of all non-metered leased space using the common utility provider. LESSEE shall reimburse LESSOR such amount invoiced within fifteen (15) days of invoice. LESSEE acknowledges that the Premises is designed for standard office use with standard electrical facilities and standard office lighting. LESSEE shall not use any equipment or devices that are not ordinarily utilized for such use, and shall not use excessive electrical energy which may, in LESSOR's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

Taxes

4.06 Property taxes on the PREMISES shall be the responsibility of LESSOR and shall be paid prior to delinquency. Taxes on the personal property of LESSEE shall be the responsibility of LESSEE. All other taxes shall be the responsibility of the party incurring same.

Additional Rent

4.07 In addition to the Fixed Rent payable by LESSEE under this LEASE, any other monetary sum required under this LEASE to be paid by LESSEE to LESSOR or to others is deemed under this LEASE to be "Additional Rent" payable by LESSEE under this LEASE ("Additional Rent"), whether or not the monetary sum is so designated as Additional Rent. Unless otherwise provided, all Additional Rent is due and payable at the same time as the Rent set forth above, and LESSOR has the same remedies for LESSEE's failure to pay Additional Rent as it has for the LESSEE's failure to pay Fixed Rent.

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Security Deposit

[PURPOSEFULLY DELETED]

ARTICLE 5. MAINTENANCE AND USE OF COMMON AREAS

Maintenance and Control

5.01 All Common Areas of the PREMISES, as defined in Paragraph 5.02 of this LEASE, are subject to the exclusive control of LESSOR. LESSOR reserves the right from time-to-time during the term of this LEASE to: (1) reduce or change the number, type, size, location and use of any facilities in the Common Areas; (2) construct new improvements, buildings or facilities; or (3) remove existing improvements, building, or facilities in the Common areas, provided the change, construction or removal does not permanently and unreasonably interfere with LESSEE's ingress and egress to the PREMISES. LESSOR may, in its sole discretion, employ and discharge all personnel hired in connection with the Common Areas; police and maintain security services for the Common Areas; use and allow others to use the Common Areas for any purpose; regulate parking by lessees and other occupants, including their respective employees, and invitees; establish, modify and enforce rules and regulations for the Common Areas; and close the Common Areas when necessary to make repairs, changes, or alterations to the Common Areas or to prevent the acquisition of public rights in the Common Areas. In the event of a temporary closure of the Common Areas or the alteration, rearrangement or other change in the facilities of the Common Areas: (1) LESSOR shall not be liable to LESSEE for any resulting loss or damage; (2) LESSEE shall not be entitled to any abatement of Fixed or Additional Rent or other compensation; and (3) the closure, alteration, rearrangement or other change shall not constitute an actual or constructive eviction of LESSEE or other grounds for LESSEE to terminate this LEASE.

"Common Areas" Defined

5.02 "Common Areas" means all areas, facilities, space, equipment, and signs made available by LESSOR at any time for the common and joint use and benefit of LESSOR, LESSEE, and other tenants and occupants of the PREMISES, if any, including their respective employees, agents, and invitees. "Common Areas" include but is not limited to the following, to the extent provided by LESSOR: parking areas, driveways, access roads, landscaped and open lot areas, truck service ways, ramps, sidewalks, public restrooms, elevators and escalators.

LESSEE'S Right to Use Common Areas

5.03 For the TERM of this LEASE, LESSOR grants LESSEE and its employees, agents, and invitees, the nonexclusive right, in common with LESSOR and all others to whom LESSOR has or may grant the right, to use the Common Areas, subject to LESSEE's compliance with any rules and regulations enacted or modified by LESSOR that govern the use of the Common Areas. LESSEE agrees to abide by and to use

his/her best efforts to cause his/her employees, agents, and invitees to abide by LESSOR'S rules and regulations for the Common Areas.

ARTICLE 6. CONSTRUCTION AND REPAIRS

Condition of Premises

6.01 (a) LESSOR agrees that LESSEE, upon paying the rent and performing all TERMS of this LEASE, shall peaceably enjoy the PREMISES during the TERM of this LEASE. By occupying the PREMISES as a LESSEE, or installing fixtures, facilities or equipment, or performing work, LESSEE shall be deemed to have accepted the same and to have acknowledged that the PREMISES are in the condition required by this LEASE.

(b) LESSEE acknowledges that LESSEE has examined and knows the condition of the PREMISES, and received the same in its "as is", "where is", present condition, and agrees:

- (1) To use the PREMISES only for a **Gym/ Physical Fitness Center**.
- (2) To surrender the PREMISES to LESSOR at the end of the TERM or any renewal without the necessity of any notice from either LESSOR or LESSEE to terminate the same, and LESSEE hereby expressly waives all right to any notice which may be required under the laws now or hereafter enacted in force.
- (3) To surrender the PREMISES upon termination of this LEASE without further notice to quit, in as good a condition as reasonable use permits.
- (4) To keep the PREMISES in good condition and repair at LESSEE's own expense, except repairs which are the duty of LESSOR.
- (5) To perform, fully obey and comply with all ordinances, rules, regulations and laws of all public authorities, boards and officers relating to the use of PREMISES,
- (6) Not to make any occupancy of the PREMISES contrary to law or contrary to any directions, rules, regulatory bodies, or officials having jurisdiction, or which shall be injurious to any person or property.
- (7) Not to permit any waste to the PREMISES, nor to permit any public, private or other nuisance within the legal meaning of those terms.
- (8) Not to use the PREMISES for living quarters or residence.

(c) LESSEE shall pay for: (1) any expense, damage or repair occasioned by the stopping of waste pipes or overflow bathtubs, closets, washbasins, basins, toilets, urinals or sinks; or (2) for any damage to window panes, window shades, curtain rods, wallpaper, furnishings and any other damage to the interior of the PREMISES or the fixtures therein.

Signs and Advertising

6.02 (a) LESSEE may, in its discretion, install or maintain on the PREMISES a "storefront" identification sign that complies with the size and design requirements adopted by LESSOR. Other than the one storefront identification sign, LESSEE shall not place, install or maintain any other sign, awning, canopy, advertising, or other matter on the exterior of the PREMISES (including the storefront window and door-), or in any place inside the PREMISES that is visible from the exterior storefront, unless LESSEE obtains the prior written approval of LESSOR. LESSEE shall maintain all signs and other items described in this Paragraph in good condition and repair.

(b) Any signs placed on or about the PREMISES shall: at the end of the TERM of this LEASE or upon the earlier termination, be removed by LESSEE, and LESSEE shall repair any damages to the PREMISES which shall be occasioned by such removal.

Maintenance and Repairs to PREMISES

6.03 LESSEE shall be responsible for security of the Premises, if any, and any additional costs incurred due to LESSEE's agents, employees, contractors, or invitees. Except for the maintenance obligations of LESSOR expressly set forth herein, LESSEE shall be responsible for the maintenance and repair of the entire PREMISES. LESSOR shall maintain and keep in good order, condition, and repair the foundations and exterior walls (excluding the storefront wall, windows, doors, LESSEE's sign, and plate glass, which shall be LESSEE's responsibility) of the building in which the PREMISES are located. LESSOR'S obligation for repairs under this Paragraph extends only to damage not caused by LESSEE or LESSEE's employees, customers, contractors, agents, or invitees. LESSEE will be responsible for any damages caused by LESSEE's employees, customers, contractors, agents, or invitees both in the Premises and in the Common Areas, LESSOR is not obligated to make any repair, except in the case of emergency, until it receives written notice from LESSEE of the necessity for the repair. In making any repairs, LESSOR shall use best efforts to perform the work with a minimum of disruption to LESSEE's business. IF LESSEE is responsible for repair but fails to make such necessary repair after ten (10) days written notice from LESSOR or after reasonable notice to LESSEE in the event of an emergency, LESSOR may make the repairs and LESSEE shall reimburse LESSOR the costs of the repair as Additional Rent and shall accompany the next due monthly Fixed Rent payment.

Alterations and Improvements

6.04 (a) LESSEE shall make no changes, improvements, additions or alterations to the PREMISES unless such changes, improvements, additions or alterations: (a) are first approved in writing by LESSOR; (b) are not in violation of restrictions placed thereon by the investor financing the construction (if any); (c) will not materially alter such character of the PREMISES and will not substantially lessen the value of the PREMISES. LESSOR may not unreasonably withhold approval, and if there is a dispute as to reasonableness, it shall be resolved through mediation and/or arbitration.

(b) Prior to commencement of any construction work directed by LESSEE, LESSOR shall post, in accordance with California Civil Code Section 3094, a notice of non-responsibility. LESSEE shall not start work until such notice is posted.

California Civil Code Section 3094 provides as follows:

"Notice of non-responsibility" means a written notice, signed and verified by a person owning or claiming an interest in the site who has not caused the work of improvement to be performed, or his agent, containing all of the following:

- (a) A description of the site sufficient for identification
- (b) The name and nature of the title or interest of the person giving the notice.
- (c) The name of the purchaser under contract, if any, or lessee, if known.
- (d) A statement that the person giving the notice will not be responsible for any claims arising from the work of improvement.

Within 10 days after the person claiming the benefits of non-responsibility has obtained knowledge of the work of improvement, the notice provided for in this section shall be posted in some conspicuous place on the site. Within the same 10-day period provided for the posting of the notice, the notice shall be recorded in the office of the county recorder of the county in which the site or some part thereof is located."

(c) LESSEE shall promptly pay all Contractors involved in LESSEE's work and shall notify each Contractor and subcontractor in writing that: (1) LESSEE is solely responsible for payment of all LESSEE's work; and (2) LESSEE has no liability for that work, if a mechanic's lien or other encumbrance relating to LESSEE's work is filed against LESSOR, the PREMISES, or any other portion of the PREMISES, LESSEE shall, at LESSEE's sole cost and expense, cause the lien or other encumbrance to be discharged or bonded within ten (10) days after LESSOR's written notice to LESSEE. If LESSEE fails to discharge or bond a lien or other encumbrance within the required time period, LESSOR has the right, but not the obligation, to pay the amount of the lien or encumbrance or otherwise discharge it by deposit or bonding. If LESSOR pays or otherwise causes discharge of the lien or encumbrance, LESSEE shall reimburse LESSOR, on LESSOR's written demand, for the full amount expended by LESSOR, including all attorneys' fees and expenses, plus interest at the then-maximum legal rate of interest, accruing from the date of LESSOR's expenditure until paid by LESSEE. LESSOR's right to pay or otherwise discharge such a lien or encumbrance does not preclude LESSOR from exercising any other rights or remedies under this LEASE, at law, or in equity.

(d) LESSOR's approval of LESSEE's proposed alterations or improvements shall in no way be deemed to mean that LESSEE's proposed alterations or

improvements are adequate, LESSEE's construction is structurally sound, or that the proposed alterations or improvements comply with applicable governmental requirements for building, safety or otherwise. LESSEE shall be solely responsible for any defect in construction or design of LESSEE's proposed alterations or improvements. Each Contractor or Subcontractor for LESSEE's alterations or improvements shall guarantee in its written contract with LESSEE or the Contractor, as the case may be, that this work will be free from any defects in quality or materials for a period of at least one year. Each Contractor or Subcontractor must be a licensed Contractor in the state of California.

(e) LESSEE assumes all liability for personal injury or property damage in any way arising out of the performance of LESSEE's alterations or improvements. Further, LESSEE agrees to defend, indemnify, and hold harmless LESSOR against all damages, liabilities, or other costs or expenses (including legal fees and costs) that LESSOR may pay or incur as a result of any claim or lawsuit arising from LESSEE'S alterations or improvements.

Ownership of improvements

6.05 All improvements made by LESSEE to the PREMISES which are so attached to the PREMISES that they cannot be removed without material injury to the PREMISES, shall become property of the LESSOR upon installation, unless a separate written agreement is made. All property remaining on the PREMISES after the last day of the TERM of this LEASE shall be conclusively deemed abandoned and may be removed by LESSOR, and LESSEE shall reimburse LESSOR for the cost of such removal.

ARTICLE 7. DESTRUCTION OF PREMISES OR CENTER

Notice of Damage

7.01 Within 24 hours of its occurrence, LESSEE shall notify LESSOR of any damage or accident occurring on the PREMISES.

Damage or Destruction from Insured Casualty

7.02 Subject to the limitations set forth in this Paragraph, if at any time during the TERM of this LEASE, the PREMISES are damaged or destroyed by fire or any other casualty covered by LESSOR's fire and extended coverage insurance, LESSOR shall have the right to terminate this LEASE upon thirty days' written notice and shall have no obligation to repair, restore, or rebuild the PREMISES when such repair, restoration, or rebuilding in LESSOR's best estimate, is expected to take more than thirty (30) calendar days, or when such repairs or rebuilding will cost in excess of the net insurance proceeds for damage to the PREMISES recovered by it. "Net insurance proceeds" means the total amount of proceeds recovered and attributable to the PREMISES, less any expenses incurred by LESSOR in recovering the proceeds; and less any amounts required to be paid to LESSOR's Lender (defined in Paragraph 10.01(a) of this LEASE). Unless otherwise agreed to in writing by the parties, if LESSOR does not complete construction within the time periods described in this Paragraph, LESSEE shall have the

right to terminate this LEASE by giving LESSOR ten (10) days' written notice after expiration of the applicable time period.

Right to Terminate Lease Due to Destruction

7.03 Notwithstanding Paragraph 7.02 of this LEASE, LESSOR shall have the right to terminate this LEASE upon thirty days' written notice to LESSEE and shall have no obligation to repair, restore, or rebuild the PREMISES, as the case may be, under any of the following circumstances:

- (a) The PREMISES are damaged or destroyed by a casualty not covered by LESSOR's insurance.
- (b) The PREMISES are damaged or destroyed by any cause and the cost of repair, restoration or rebuilding exceeds a total of forty-five percent (45%) of the then-replacement cost of the damaged or destroyed portion of the PREMISES.
- (c) At least fifty-percent (50%) of the gross leasable floor area of the PREMISES is destroyed or damaged by any cause.

If LESSOR elects to terminate this LEASE under any of the above circumstances, LESSOR shall give written notice to LESSEE not later than thirty (30) days after occurrence of the casualty. This notice shall set forth the date on which the termination is to be effective. That date shall be thirty (30) days after the date of the termination notice.

Obligations for Repair or Rebuilding

7.04 (a) If this LEASE is not terminated pursuant to the provisions of this Article, LESSOR's obligation to repair and rebuild is limited to returning the PREMISES to a condition similar to that delivered to LESSEE. The PREMISES as completed by LESSOR shall contain approximately the same amount of gross floor area as existed prior to the damage or destruction. LESSEE must, at its own cost, and expense, repair and rebuild any personal property located within the PREMISES also destroyed or damaged.

(b) LESSEE shall be relieved from paying Fixed and Additional Rent during any portion of the LEASE TERM that the PREMISES are inoperable or unfit for occupancy or use, in whole or in part, for LESSEE's purposes. Charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to LESSEE. This Paragraph does not apply when the PREMISES are inoperable or unfit for occupancy or use, in whole or in part, due to the negligent or willful acts of LESSEE, its agents, employees, licensees or invitees.

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Payment of Insurance Proceeds

7.05 All insurance proceeds payable with respect to the PREMISES shall belong to and be payable to LESSOR. If LESSOR does not elect to terminate this LEASE, the insurance proceeds, subject to any prior rights of LESSOR's Lender, shall be disbursed in the following order: first, to LESSOR's cost of rebuilding or restoration, excluding costs covered by LESSEE's insurance and also excluding the cost of any LESSEE trade fixtures or stock in trade; and second, to LESSOR, as LESSOR's sole property. No amount shall be paid to LESSEE, if any is actually due, until after the completion of LESSEE's alterations and improvements, and the expiration of the period during which a mechanic's lien arising from LESSEE's alterations and improvements could be filed.

ARTICLE 8. USE OF PREMISES

Prohibited Actions

8.01 LESSEE may not do any of the following on the PREMISES:

- (a) Permit or commit any waste
- (b) Permit or conduct any public or private auction on the PREMISES or any sale that would or would tend to indicate that LESSEE is going out of business, is bankrupt or has lost its LEASE.
- (c) Place or permit the placement of any pay telephones, vending machines or amusement or video games on the PREMISES, without the prior written consent of LESSOR.
- (d) Conduct any different business than what has been agreed to under this LEASE.
- (e) Use or permit the Common Areas adjacent to the PREMISES to be used for the display or sale of merchandise or for any other business purpose.
- (i) Permit the making of any noise or sounds that carry beyond the boundaries of the PREMISES, whether or not amplified electronically/ or otherwise.
- (g) Conduct or permit any type of unlawful conduct on the PREMISES
- (h) Store or use any unlawful hazardous substances or materials on the PREMISES.

Compliance with Laws

8.02 At its sole expense LESSEE shall comply with all governmental laws, rules, regulations, orders and ordinances relating to the PREMISES and to the use and occupancy of the PREMISES, including any requiring of a capital expenditure for or

capital improvement to the PREMISES. LESSEE shall also maintain and keep in force and shall comply with all requirements, recommendations, and regulations of LESSOR and LESSEE'S insurance companies.

Rules and Regulations

8.03 LESSOR shall have the right from time-to-time to adopt, amend, or supplement rules and regulations relating to the PREMISES and the Common Areas. LESSOR shall notify LESSEE in writing of any amendment or modification made to the rules and regulations. Rules and regulations shall apply uniformly to all LESSEES in the PREMISES. LESSEE agrees to comply with all rules and regulations; a failure by LESSEE to so comply shall constitute a material breach under this LEASE.

Assignment and Sublease

8.04 (a) LESSEE shall not do any of the following without first obtaining the written consent of LESSOR: (1) assign, sell, mortgage, or in any other manner transfer this LEASE or any interest of LESSEE in the LEASE; (2) sublet the whole or any part of the PREMISES; or (3) permit all or any part of the PREMISES to be used or occupied by others (whether through the grant of a concession, license, or otherwise). Any consent requested from LESSOR may be given or withheld by LESSOR as LESSOR in its sole discretion determines. Any consent given by LESSOR under this Paragraph applies only to the specific transfer transaction for which it is given, and LESSOR'S consent a to specific transfer transaction does not relieve or excuse LESSEE from the requirement that LESSEE obtain the prior written consent of LESSOR for any subsequent transaction. Any transfer described in this Paragraph, whether made with or without LESSOR'S prior written consent, does not relieve LESSEE of personal liability for the performance as a LESSEE of applicable terms and covenants under this LEASE (including the payment of Fixed and Additional Rent), unless LESSOR executes a written agreement for a specific transfer described in this Paragraph. LESSEE'S continuing personal liability for the performance of the applicable terms and covenants under this LEASE also applies to any transfer transaction described above that occurs by operation of law, legal process, receivership, bankruptcy, or otherwise, whether voluntary or involuntary.

(b) Without in any way waiving its right to approve or disapprove any transfer transaction described in this Paragraph, LESSOR may: (1) collect Fixed and Additional Rent from an assignee, subtenant, user, or occupant of the PREMISES following any transfer described in this Paragraph, whether or not LESSOR gave its prior written consent for the transfer; and (2) apply the collected amount to the Fixed and Additional Rent due from LESSEE under this LEASE. In addition, if the Fixed and Additional Rent or other consideration payable to LESSEE by a subtenant, assignee, licensee, or other transferee exceeds the Fixed and Additional Rent payable to LESSOR under this LEASE, LESSEE shall pay to LESSOR an amount equal to the excess of the amount of Fixed and Additional Rent or other consideration payable by LESSEE to LESSOR.

(c) Any sublease, assignment, or other transfer agreement described in this Paragraph must recite the following: This agreement is subject and subordinate to LESSEE'S LEASE with LESSOR; termination by LESSOR of LESSEE'S LEASE will, at LESSOR's sole option, terminate the sublease, assignment, or other transfer agreement.

(d) LESSEE shall pay LESSOR a fee of \$500 or actual costs, whichever is higher, to cover LESSOR's administrative costs, overhead and attorneys' fees in connection with an assignment, sublease, or other transfer transaction approved by LESSOR. LESSEE shall pay this fee before LESSOR executes the document evidencing LESSOR's consent to the transfer.

ARTICLE 9. INSURANCE

Insurance by LESSOR

9.01 LESSOR shall during the TERM hereof, at its sole expense, provide and keep in force insurance on the building against loss or damage by fire and extended coverage, in an amount not less than ninety percent (90%) of the full replacement value of the PREMISES so constructed or improved by LESSEE. Such insurance shall be placed with an insurance company or companies approved by LESSOR and licensed to do business in California.

(a) Until LESSOR is capable of providing the insurance coverage referenced in this Section 9.01, LESSEE shall provide the same as an expense of operations. Once able to provide said coverage, the LESSOR shall do so.

Insurance by LESSEE

9.02 In the event Lessor can provide the insurance referred to in this subparagraph, Lessee shall be relieved of the obligation to obtain the same. In the event Lessor is unable to provide said insurance then as an expense of operations, Lessee shall do the following:

(a) LESSEE shall, during the entire TERM of this LEASE and at LESSEE's own cost and expense; keep in full force and effect the following liability insurance policies:

- (1) A Policy of public liability insurance with respect to the PREMISES and business operated by LESSEE on the PREMISES and which the limits of general liability shall be in the amount of Two Million Dollars (\$2,000,000.00) combined single limit, naming LESSOR as additional insured. Such insurance shall include a broad form general liability endorsement. The policy shall contain an endorsement for libel, slander and false imprisonment. The policy shall also contain a clause that the LESSEE shall not change or

cancel the insurance without first giving LESSOR ten (10) days prior written notice.

- (2) Fire and extended coverage insurance, and vandalism and malicious mischief insurance, insuring LESSEE's fixtures, goods, wares and merchandise in or on the PREMISES for one hundred percent (100%) of their full insurance and replacement cost, without deduction for depreciation; and
- (3) Business interruption insurance, payable in the event of loss covered by the fire and extended coverage or vandalism and malicious mischief insurance LESSEE is required to maintain, in an amount not less than the amount of LESSEE's Fixed and Additional Rent for a 12-month period or the natural termination of the LEASE, whichever occurs later, following any damage or destruction; and
- (4) Workers' compensation insurance as required by the laws of the State of California.
- (5) Any insurance policy LESSEE is required to procure and maintain under this Lease shall be issued by a responsible insurance company or companies licensed to do business in the State of California.

Further, each such policy shall provide that it may not be canceled, terminated, or changed except after 10 days' prior written notice to LESSOR. LESSEE may maintain all or part of the insurance required under this Lease by means of a blanket insurance policy so long as the provisions of this Article are satisfied.

(b) LESSEE's policy of liability insurance shall **list LESSOR's as a named insured** and shall also contain an endorsement that although LESSOR is listed as a named insured, LESSOR shall be entitled to recover under the policy for any loss or damage occasioned to it or its agents or employees by reason of LESSEE's negligence.

(c) LESSEE may not do, omit to do, permit to be done or keep anything in or on the PREMISES that will violate the provisions of LESSOR's fire and extended coverage insurance policy or otherwise adversely affect the premiums paid by LESSOR or LESSOR's ability to maintain the insurance in effect. If any such act or omission by LESSEE results in an increase in LESSOR'S premiums for any policies on the PREMISES, LESSEE shall pay the amount of the increase. LESSOR may also, at LESSOR's option, rectify the condition causing the increase if LESSEE fails to do so. In that case, on demand of LESSOR, the amount expended by LESSOR shall be immediately due and payable by LESSEE as Additional Rent.

(d) Any insurance policy LESSEE is required to procure and maintain under this LEASE shall be issued by a responsible insurance company or companies licensed

to do business in the State of California. Further, each such policy shall provide that it may not be canceled, terminated, or changed except after ten (10) days' prior written notice to LESSOR. LESSEE may maintain all or part of the insurance required under this LEASE by means of a blanket insurance policy so long as the provisions of this Article are satisfied.

(e) If during the TERM of this LEASE LESSEE fails to secure or maintain the insurance required under this LEASE, LESSOR may, in its sole discretion, obtain the insurance for the PREMISES in LESSEE'S name or as the agent of LESSEE, and LESSEE shall compensate LESSOR for the cost of the insurance premiums. LESSEE shall reimburse LESSOR the full amount paid no later than fifteen (15) days from the date written notice is received that the premiums have been paid plus a twenty-percent (20%) administrative fee of costs paid. A failure by LESSEE to make reimbursement within the time required under this Subparagraph shall be considered a default under this LEASE.

Certificates of Insurance

9.03 Duplicate originals or certificates of insurance of the policies provided shall be furnished by LESSOR and LESSEE to each other and shall contain an agreement by the insurer that such policy or policies shall not be canceled without at least ten (10) days prior written notice to the LESSOR and LESSEE.

Subrogation Waiver

9.04 LESSOR and LESSEE agree that in the event of loss due to any of the perils for which they have agreed to provide insurance, each party shall look solely to its insurance for recovery, LESSOR and LESSEE hereby grant to each other, on behalf of any insurer providing insurance to either of them with respect to the PREMISES, a waiver of any right of subrogation that any such insurer of one party may acquire against the other by virtue of payment of any loss under that insurance.

Indemnification by Lessee

9.05 LESSOR shall not be liable to LESSEE, and LESSEE hereby waives all claims against LESSOR, for any injury or damage to any person or property on or about the PREMISES by or from any cause whatsoever, excepting injury or damage to LESSEE resulting from the acts or omissions of LESSOR or LESSOR's authorized agents, invitees, tenants and/or employees. LESSEE agrees to hold LESSOR harmless from and defend LESSOR against any and all claims or liability for any injury or damage to any person or property occurring in, on, or about the PREMISES or any part of the PREMISES, excepting any damage or injury caused in part or in whole by the act or omission of any duty by LESSOR or LESSOR'S agents or employees.

Indemnification by Lessor

9.06 LESSEE shall not be liable to LESSOR, and LESSOR hereby waives all claims against LESSEE, for any injury or damage to any person or property on or about the PREMISES by or from any cause whatsoever, excepting injury or damage to LESSOR resulting from the acts or omissions of LESSEE or LESSEE's authorized agents.

LESSOR agrees to hold LESSEE harmless from and defend LESSEE against any and all claims or liability for any injury or damage to any person or property occurring in, on, or about the PREMISES or any part of the PREMISES, excepting any damage or injury caused in part or in whole by the act or omission of any duty by LESSEE or LESSEE'S agents or employees.

(a) LESSOR currently has filed for Chapter 9 protection in the United States Bankruptcy Court. In that regard, LESSOR shall indemnify and hold LESSEE harmless from and defend LESSEE against any and all causes by and/or claims asserted by LESSOR's creditors whether pre-petition or post-petition in said action. This indemnification and duty to defend LESSEE by LESSOR shall include but not be limited to any such claims asserted, filed and/or made by Healthcare Conglomerate Associates (HCCA) and/or its members, managers, agents, employees, consultants, tenants or otherwise.

ARTICLE 10. SUBORDINATION, ATTORNMENT, AND ESTOPPEL CERTIFICATES

Subordination

10.01 (a) Except as provided in Subparagraph (b) of this Paragraph, this LEASE and all of LESSEE's rights in the LEASE shall be subject and subordinate to any mortgage, deed of trust, ground lease, or other instrument of encumbrance (collectively referred to in this Paragraph as a "security instrument") that is now or hereafter placed against any part of the PREMISES. On written request of the holder of any security instrument ("Lender") or LESSOR, LESSEE shall execute, acknowledge, and deliver any documents evidencing subordination that the LESSEE or LESSOR may reasonably request. For each security instrument, the LESSEE shall agree in writing that, in the event of a default under the security instrument, LESSEE shall not terminate, or request LESSOR terminate, this LEASE and shall not disturb LESSEE's right to possession under this LEASE. However, if LESSEE is in default under this LEASE or continues thereafter fails to fully perform all of its obligations under this LEASE, LESSOR reserves its right, at all times, to terminate this LEASE.

(b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph, any Lender may subordinate its security instrument to this LEASE by executing and recording a written document subordinating its security instrument to this LEASE as provided in the document. In that case, this LEASE shall be deemed prior to the security instrument as provided in the document, without regard to the execution, delivery, or recording dates of the subordination document or the security instrument. Subordination of a security instrument described in this Subparagraph shall not require the consent of LESSEE; but LESSEE agrees to execute and deliver, in recordable form, any instrument requested by Lender or LESSOR to confirm or acknowledge the subordination.

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Attornment

10.02 If LESSOR transfers its interest in the PREMISES or if any proceeding is brought to foreclose any mortgage, deed of trust or instrument to secure debt affecting the PREMISES or any ground lease made by LESSOR, LESSEE shall attorn to the purchaser or transferee of LESSOR'S interest.

Estoppel Certificates

10.03 LESSEE agrees to execute, in recordable form, and deliver to LESSOR or a Lender (as defined in Paragraph 10.01(a) of this LEASE), when requested by LESSOR or a Lender, an estoppel certificate regarding the status of this LEASE. The certificate shall be in the form designated by LESSOR or the Lender and shall contain at a minimum the following: (1) a statement that the LEASE is in full force and effect with no modifications, or a statement that the LEASE is in full force and effect as modified, together with a description of the modifications; (2) the Commencement Date and Termination Date of this LEASE; (3) the amount of advance rent, if any, paid by LESSEE, and the date to which the rent has been paid; (4) the amount of any security deposit deposited with LESSOR; (5) a statement indicating whether or not LESSOR is, in LESSEE's good faith opinion, in default under any of the terms of this LEASE, and if so, a description of the alleged default and of any defense or offset claimed by LESSEE; and (6) any other information reasonably required by LESSOR or Lender. LESSEE shall deliver the certificate to the requesting party no later than 15 days after the date of the written request for the statement. LESSEE's failure to deliver the certificate within the foregoing time period shall constitute an acknowledgement by LESSEE that this LEASE has not been assigned or modified; that the LEASE is in full force and effect; and that all rent payable under this LEASE has been fully paid up to but not beyond the due date immediately preceding the date of LESSOR'S or Lender's written request for the statement. Such an acknowledgment may be relied on by any person holding or intending to acquire any interest in the PREMISES. LESSEE's failure to timely deliver the required certificate shall also constitute, as between LESSEE and the persons entitled to rely on the statement and as between LESSEE and LESSOR, a waiver of any defaults by LESSOR or of LESSEE defenses or offsets against the enforcement of this LEASE that may exist prior to the date of the written request for the statement. LESSOR may also treat LESSEE'S failure to deliver the certificate as a default under this LEASE.

ARTICLE 11. DEFAULT AND TERMINATION

"Default" Defined

11.01 The occurrence of any of the following constitutes a "Default" and material breach of this LEASE by LESSEE:

- (a) Any failure by LESSEE to pay the Fixed or Additional Rent or to make any other payment required to be made by LESSEE under this LEASE, when

the failure continues for ten (10) or more days after written notice from LESSOR to LESSEE.

- (b) The abandonment of the PREMISES by LESSEE. For these purposes, the absence of LESSEE from or the failure by LESSEE to conduct business on the PREMISES for a period in excess of seven (7) consecutive days shall constitute abandonment.
- (c) A failure by LESSEE to observe or perform any other provision of this LEASE to be observed or performed by LESSEE, when the failure continues for thirty (30) days or more after written notice of LESSEE's failure is given by LESSOR to LESSEE; provided, however, that if the default cannot reasonably be cured within the thirty-day period, LESSEE shall not be deemed to be in default if: (1) LESSEE commences the cure within the thirty-day period; (2) and provides written request with an action plan to LESSEE prior to the thirty days; and (3) thereafter completes the curative action within a reasonable time,
- (d) The making by LESSEE of any general assignment for the benefit of creditors; the filing by or against LESSEE of a petition to have LESSEE adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of the petition filed against LESSEE, It is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of LESSEE's assets located at the PREMISES or of LESSEE's interest in this LEASE, when possession is not restored to LESSEE within 30 days; or the attachment, execution, or other judicial seizure of substantially all of LESSEE's assets located at the PREMISES or of LESSEE's interest in this LEASE, when that seizure is not discharged within 30 days.
- (e) Any other breach of the provisions of this LEASE.

Termination of Lease and Recovery of Damages

11.02 In the event of any default by LESSEE under this LEASE, in addition to any other remedies available to LESSOR at law or in equity, LESSOR shall have the right to terminate this LEASE and all rights of LESSEE under this LEASE by giving at least thirty (30) days' written notice of the termination, unless otherwise required by this LEASE. No act of LESSOR shall be construed as terminating this LEASE except written notice given by LESSOR to LESSEE advising LESSEE that LESSOR elects to terminate the LEASE, In the event LESSOR elects to terminate this LEASE, LESSOR may recover any and/or all of the following from LESSEE:

- (a) All Rent and Additional Rent and other payments accrued to the date of such termination and a proportionate part of the Fixed and Additional Rent otherwise payable for the month in which the termination occurs.

- (b) All future Rent and Additional Rent and other payments to be due under the TERMS of this LEASE to the extent LESSOR has not been able to offset same by reletting the PREMISES.
- (c) The costs of making all repairs, alterations and improvements required to be made by LESSOR hereunder, and of performing all covenants of LESSEE relating to the condition of the PREMISES during the TERM and upon expiration or sooner termination of this LEASE, such costs to be deemed prima facie to be the costs estimated by a reputable architect or contractor selected by LESSOR or the amounts actually expended or incurred thereafter by LESSOR.
- (d) The attorneys' fees and other costs
- (e) Any other amount necessary to compensate LESSOR for all detriment proximately caused by LESSEE's failure to perform its obligations under this LEASE.

LESSOR'S Right to Continue Lease in Effect

11.03 If LESSEE breaches this LEASE and abandons the PREMISES before the LEASE is properly terminated, LESSOR may continue this LEASE in effect by not terminating LESSEE'S right to possession of the PREMISES, in which event LESSOR shall be entitled to enforce all its rights and remedies under this LEASE, including the right to recover the rent specified in this LEASE as it becomes due under this LEASE. For as long as LESSOR does not terminate this LEASE, LESSEE shall have the right to assign or sublease the PREMISES, subject to the requirements of Paragraph 8.04 of this LEASE. No act of LESSOR (including an entry on the PREMISES, efforts to relet the PREMISES, or maintenance of the PREMISES) shall be construed as an election to terminate this LEASE unless a written notice of termination is given to LESSEE or the termination of this LEASE is decreed by a court of competent jurisdiction.

LESSOR'S Right to Relet

11.04 In the event LESSEE breaches this LEASE and whether or not LESSOR terminates this LEASE, LESSOR may enter on and relet the PREMISES or any part of the PREMISES to a third party for any term, at any rental, and on any other terms and conditions that LESSOR in its sole discretion may deem advisable, and shall have the right to make alterations and repairs to the PREMISES. LESSEE shall be liable for all of LESSOR'S costs in reletting, including remodeling costs required for the reletting. In the event LESSOR relets the PREMISES, LESSEE shall pay all rent due under and at the times specified in this LEASE, less any amount or amounts actually received by LESSOR from the reletting.

LESSOR's Right to Cure LESSEE Defaults

11.05 If LESSEE breaches or fails to perform any of the covenants or provisions of this LEASE, LESSOR may, but shall not be required to, cure LESSEE's breach. LESSEE

shall reimburse any sum expended by LESSOR, with the then-maximum legal rate of interest, to LESSOR with the next due rent payment under this LEASE.

Cumulative Remedies

11.06 The remedies granted to LESSOR in this Article shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or provided in this LEASE.

Waiver of Breach and Estoppel

11.07 (a) No waiver of any provision of this LEASE shall be implied by any failure of LESSOR to enforce any remedy for the violation of that provision, even if that violation continues or is repeated, Any waiver by LESSOR of any provision of this LEASE must be in writing. Such written waiver shall affect only the provision specified and only for the time and in the manner stated in writing. The acceptance of rent hereunder by LESSOR shall not be a waiver of any preceding breach of LESSEE of any provision hereof other than the failure of LESSEE to pay the particular rent so accepted, regardless of LESSOR'S knowledge of such preceding breach at the time of acceptance of such rent.

(b) LESSOR's neglect or omission to provide notice to LESSEE as to why LESSOR is not enforcing any provision of this LEASE, or LESSOR's neglect or failure to enforce any provision of this LEASE, whether known to LESSOR or not, and any statement made by LESSOR or conduct by LESSOR herein that LESSOR is not enforcing any provision of this LEASE, shall not act as an estoppel on LESSOR to enforce any provision of this LEASE.

Surrender on Termination

11.08 On expiration of the TERM of this LEASE or the earlier termination of this LEASE, LESSEE agrees to surrender the PREMISES in the same or better order and condition (reasonable wear and tear expected) as when received. Not later than the last day of the TERM, LESSEE shall, at LESSEE's expense, remove all of LESSEE's personal property and those improvements made by LESSEE which have not become the property of LESSOR; repair ail injury done by or in connection with the installation or removal of such property and improvements; and surrender the PREMISES in as good a condition as they were at the beginning of the TERM, reasonable wear, and damage by fire, the elements, or casualty, or other cause not due to the misuse or neglect by LESSEE or LESSEE's agents, employees, licensees, invitees, excepted.

ARTICLE 12. TERMINATION

Power to Terminate by Lessee

12.01 Upon at least sixty (60) days notice, for any reason, LESSEE may give LESSOR notice of termination ("Termination Notice by Lessee") setting forth the date this LEASE is to terminate ("Early Termination Date by Lessee").

(a) In the event notice is given to LESSOR of the Early Termination Date by Lessee, unless otherwise agreed to by the parties, LESSOR shall not owe any payment to LESSEE in that regard.

Power to Terminate

12.02 Subject to the payment set forth in this Article, upon at least thirty (30) days notice, for any reason LESSOR may give LESSEE notice of termination ("Termination Notice by Lessor") setting forth the date this LEASE is to terminate("Early Termination Date by Lessor").

Capital Reimbursement Payment

12.03 This LEASE shall terminate on the Early Termination Date by Lessor or upon expiration of the Base Term contingent upon LESSOR paying to LESSEE a sum of money equal to LESSEE's Member capital contribution as set forth in its books of account less paid return of capital from collected revenues together with interest at the rate of three percent (3%) per annum. Said Capital Reimbursement Payment shall not exceed the sum of Three Hundred Thousand Dollars (\$300,000.00).

(a) In the event the Advance of Rent has not been fully offset, said sum outstanding shall be included in the calculation of the Capital Reimbursement Payment.

Purpose of Operation

12.04 It is recognized by the parties herein that LESSEE is intending to retain only those revenues necessary to provide LESSEE with a modest rate of return on investment and to cover LESSEE's on-going expenses of operations. As a result, it is the intent of the LESSEE to provide LESSOR as Rent with substantially all net profits of operation after payment of LESSEE's approved expenses.

Transparency

12.05 In order to accomplish the purpose set forth in this Article 12, LESSEE shall make available for reasonable inspection to LESSOR and/or representatives of LESSOR; all books of account during the Base Term of this LEASE. The books of account shall contain an on-going notation reflecting the agreed upon sum which shall reflect the monthly Capital Reimbursement Payment amount.

ARTICLE 13. OVERSIGHT COMMITTEE

Committee

13.01 LESSOR at LESSOR'S discretion may select an oversight committee ("Oversight Committee") regarding LESSEE's Operations Said Oversight Committee shall not exceed five (5) persons in number.

Power

13.02 The Oversight Committee shall have reasonable power to inspect the records of LESSEE regarding revenues received and costs incurred.

Report of Financing

13.03 The Oversight Committee shall report to LESSOR or its BOARD of Directors the findings and conclusions of its oversight on a monthly basis.

ARTICLE 14. MISCELLANEOUS

Attorneys' Fees

14.09 If any action or litigation is commenced between the parties to this LEASE concerning the PREMISES, this LEASE, or the rights and duties of either in relation to the PREMISES or the LEASE, the party prevailing in that action or litigation shall be entitled, in addition to any other relief that may be granted in the action or litigation, to a reasonable sum as and for its attorneys' fees in the action or litigation, which shall be determined by the court in that action or litigation or in a separate action brought for that purpose.

No Personal Liability of LESSOR

14.01 LESSEE agrees that LESSOR shall have no personal liability with respect to any provision of this LEASE, and that in the event LESSOR fails to perform any obligation under this LEASE or otherwise breaches this LEASE, LESSEE shall look solely to LESSOR's ownership interest in the real property and improvements constituting the PREMISES for satisfaction of any judgment or any other remedy of LESSEE, subject to any prior rights of any holder of a mortgage or deed of trust covering the PREMISES. No other assets of LESSOR shall be subject to levy, execution, or other judicial process for the satisfaction of LESSEE's claim.

Removal of Hazardous Materials

14.02 If any hazardous materials or substances prohibited by law are found to exist on the PREMISES and the presence of the materials or substances has not been caused by LESSEE, his/her employees or agents, or by LESSEE'S unlawful use of the PREMISES, LESSOR shall, at LESSOR's sole cost and expense, perform necessary removal and cleanup as required by law. If any hazardous materials or substances prohibited by law are found to exist on the PREMISES and the presence of the materials or substances has been caused by LESSEE, its employees or agents, or by LESSEE's unlawful use of the PREMISES, LESSEE shall be responsible for any required cleanup or removal and for the cost of the foregoing, this cause remains in force even after the termination of this agreement.

LESSOR-LESSEE Relationship

14.03 This LEASE establishes a LESSOR-LESSEE relationship between the parties. It shall not be construed or deemed to create any other type of relationship between them, including one of agency, partnership or joint venture.

LESSEE's Employees

14.04 LESSOR shall not interfere with nor be in any way involved in the decision making process regarding the employment of personnel by LESSEE. In that regard,

LESSOR shall not directly or indirectly through The Oversight Committee or otherwise interfere with the decision making process of LESSEE as to its employees.

LESSOR'S Right of Entry

14.05 At any time LESSEE is open for business or is required by this LEASE to be open for business, LESSOR shall have the right to enter time PREMISES to inspect the PREMISES; show the PREMISES to a third-party; or perform any repairs LESSOR is permitted or required to make under this LEASE, whether to the PREMISES, adjoining premises, or the building containing the PREMISES. For any entry made while LESSEE is open for business, LESSOR shall use its best efforts to minimize interference with the conduct of LESSEE's business. Repairs required or permitted to be made by LESSOR may, at LESSOR'S option, be scheduled for times when LESSEE's business is not open, provided prior written notice is given to LESSEE. In the case of an emergency, LESSOR may enter the PREMISES at any time without prior notice to LESSEE, but shall notify LESSEE promptly afterwards of its emergency entry.

Recording of Lease

14.06 On the request of either LESSOR or LESSEE, the parties agree to execute a short form or memorandum of this LEASE, in recordable form, which may be recorded by either party at that party's expense

Interest on Obligations

14.07 The payment of any sum due to LESSOR under this LEASE, however designated, shall be due promptly as provided for in this LEASE. Any payment that is not paid promptly shall bear interest from its due date until paid at the rate of three percent (3%).

Notices

14.08 Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this LEASE or by law shall be in writing and shall be deemed received when: (1) personally delivered to the party to whom they are directed, or any managing or authorized employee of that party; (2) deposited in the United States via first class mail; or (3) when delivered to the party to whom they are directed by United Parcel Service, Federal Express, or other similar company, using the following addresses for purposes of delivery:

AN AUTHORIZED AGENT FOR TULARE LOCAL HEALTH CARE DISTRICT, DBA TULARE REGIONAL MEDICAL CENTER	LESSEE EVO MANAGEMENT COMPANY, LLC
	c/o HMS&O 791 N. Cherry Street Tulare, CA 93274

Either party may change its address for purposes of this Paragraph by giving written notice of that change to the other party in the manner provided in this Paragraph.

Binding on Heirs and Successors

14.09 This LEASE shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of LESSOR and LESSEE, but nothing in this Paragraph shall be construed as a consent by LESSOR to any assignment of this LEASE or any interest in this LEASE by LESSEE except as provided in Paragraph 8.08 of this LEASE.

Time of Essence

14.10 Time is expressly declared to be of the essence in this LEASE.

Sole and Only Agreement

14.11 This LEASE, together with any Exhibits described in this LEASE, constitutes the sole and only agreement between LESSOR and LESSEE respecting the PREMISES, the leasing of the PREMISES to LESSEE, or the lease TERM created under this LEASE, and correctly sets forth the obligations of LESSOR and LESSEE to each other as of its date. Any agreements or representations respecting the PREMISES or their leasing by LESSOR and LESSEE not expressly set forth in this instrument are null and void. This LEASE may be modified or amended only by an instrument in writing signed by both LESSOR and LESSEE.

Invalidity or Unenforceability

14.12 If any provision of this LEASE is held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this LEASE shall remain in full force and effect.

Waivers

14.13 No waiver of any term, condition, or covenant of this Lease shall be presumed or implied. Any such waiver must be expressly made in writing by the party waiving the term, condition, or covenant. The acceptance by LESSOR from LESSEE of any amount paid for any reason under this LEASE in a sum less than what is actually owing shall not be deemed a compromise, settlement, accord and satisfaction, or other final disposition of the amount owing unless LESSOR agrees otherwise in writing.

Captions

14.14 The captions and numbers of the Articles and Paragraphs of this LEASE are for convenience only and are not intended to reflect in any way on the substance or interpretation of the provisions of this LEASE.

Compliance with LESSOR'S (Tulare's) Compliance Program

14.15 Provided LESSEE is a physician or non-physician practitioner who provides any patient care items or services, or performs billing or coding functions on behalf of LESSOR, which requires 160 or more hours each year, LESSEE shall be deemed a "Covered Person" for purposes of LESSOR's (Tulare's) Compliance Program. In such an event, LESSEE shall comply with LESSOR's (Tulare's) Compliance Program, including attending LESSOR's (Tulare's) training related to Anti-Kickback Statute and the Stark Law.

Acknowledgment of Receipt

14.16 By entering into this LEASE, LESSEE hereby acknowledges he/she has been provided a copy of LESSOR's (Tulare's) Code of Conduct and Stark Law and Anti-Kickback Statute Policies and Procedures.

Certification

14.17 By entering into this LEASE, the parties hereby certify that they shall not violate the Anti-Kickback Statute and Stark Law with respect to the performance of this LEASE.

Disclosure Obligation

14.18 An "Ineligible Person" is a person excluded, debarred, suspended, or otherwise ineligible to participate in Federal health care programs, and procurement, or non-procurement programs. LESSEE represents to LESSOR that LESSEE is not an "ineligible Person" nor has any pending proceedings or received notice of any action or proceeding to exclude, debar, suspend or otherwise declare LESSOR ineligible under any federally funded health program. LESSEE shall notify LESSOR within three (3) days after becoming aware of any fact or circumstance that would make LESSEE an "Ineligible Person."

Authority to Execute

14.19 The undersigned agree, acknowledge and certify that they are executing this Agreement on behalf of another entity or person, that they are fully authorized and empowered for and on behalf and in the name of the other entity or person to do so as the other entity's or person's act and deed, and to perform all acts necessary to accomplish the purposes of this LEASE. No partnership or third-party beneficiary contract is created hereby and neither party, by act or communication, shall represent otherwise. In that regard, Lessor is currently in Chapter 9 Bankruptcy and Lessor represents to Lessee that Lessor is legally entitled to enter into this Lease and provide Lessee with possession of the Leased Premises as of the Commencement Date.

ARTICLE 15. AGREEMENT DATE

Date

15.01 The date on which the last of the parties hereto executes this Agreement as such date is shown by the signature of the parties below, shall be the date of this Agreement and shall be referred to as the "Agreement Date."

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Effective Date

15.02 The Agreement Date herein shall be the "Effective Date" of this Lease.

LESSOR:

TULARE LOCAL HEALTH-CARE DISTRICT
dba TULARE REGIONAL MEDICAL CENTER INC

Authorized Signature: _____

Name and Title: Kevin Northcraft, President

Date: _____

Authorized Signature: _____

Name and Title: Mike Jamaica, Vice-President

Date: _____

Authorized Signature: _____

Name and Title: Senovia Gutierrez, Secretary-Treasurer

Date: _____

Authorized Signature: _____

Name and Title: Xavier J. Avila, Director

Date: _____

Authorized Signature: _____

Name and Title: Stephen C. Harrell, Director

Date: _____

LESSEE:

EVO MANAGEMENT COMPANY, LLC

Authorized Signature: _____

Name and Title: Paul Atlas, President/Manager

Date: _____

Authorized Signature: _____

Name and Title: J. Michael Lane, Vice President/Manger

Date: _____

Authorized Signature: _____

Name and Title: Patricia Hitlin, aka Trish Hitlin, Secretary-Treasurer/Manager

Date: _____

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