

LEASE AGREEMENT

THIS LEASE AGREEMENT (“LEASE”) is effective as of _____, 20____ (the “COMMENCEMENT DATE”), by and between TULARE LOCAL HEALTH CARE DISTRICT (“LESSOR”), a local health care district organized under the California Health and Safety Code, and ADVENTIST HEALTH TULARE (“LESSEE”), a California nonprofit religious corporation. Each of LESSOR and LESSEE may be referred to herein individually as a “Party” or together as the “Parties”.

RECITALS

WHEREAS, LESSOR is the owner of certain real property comprised of a three parcel-assemblage parking lot (APNs 170-072-006, 170-072-007 and 170-072-008) measuring a total of 27,670± sq. ft. located at the northwest corner of Gem Street and Terrace Avenue in Tulare, California (the “PREMISES”);

WHEREAS, pursuant to that certain separate Lease dated February 12, 2019, LESSEE is leasing from LESSOR other real property comprised of hospital buildings, structures, and other appurtenances located on land in Tulare County, constituting of a portion of APN 170-323-010 (the “HOSPITAL”);

WHEREAS, LESSEE desires to lease from LESSOR, and LESSOR desires to lease to LESSEE, the PREMISES on the terms and conditions described herein in order to support LESSEE’s use of the HOSPITAL;

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

WHEREAS, both Parties acknowledge the terms and conditions of this LEASE are not subject to any past, present, or future promise by either Party to refer patients and/or other types of revenue-generating business to the other Party.

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.

Premises Defined

1.02 “PREMISES” has the meaning set forth in the recitals. During the TERM of this LEASE, LESSEE shall have exclusive use of the PREMISES to support the operation of LESSEE’s business, as further defined below.

ARTICLE 2. LESSEE'S PERMITTED USE

Use of Premises

2.01 LESSEE is leasing the PREMISES to support healthcare-related and administrative operations conducted at the HOSPITAL, including LESSEE's periodic provision of free services to the Tulare community (collectively, the "BUSINESS"). LESSEE may not use the PREMISES or permit the PREMISES to be used for any other purpose. LESSEE warrants that it 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 its BUSINESS at the HOSPITAL, and that it shall maintain such license at all times during the TERM (as defined below).

ARTICLE 3. TERM OF LEASE

Commencement Date, Term and Termination

3.01 The term of this LEASE shall be five (5) years, commencing on the COMMENCEMENT DATE and concluding on the fifth (5th) anniversary of the COMMENCEMENT DATE ("TERMINATION DATE"). The 5-year period from the COMMENCEMENT DATE to the TERMINATION DATE constitutes the "LEASE TERM." This LEASE may be extended for an additional 5-year period upon terms mutually agreed upon by the Parties, provided that LESSEE provides written notice of LESSEE's desire to extend this LEASE to LESSOR at least 90 days prior to expiration of the TERM.

Delivery of Possession

3.02 LESSOR shall give LESSEE possession of the PREMISES on the COMMENCEMENT DATE.

ARTICLE 4. RENT AND OTHER CHARGES

Fixed Rent

4.01 In the first year after the COMMENCEMENT DATE, LESSEE shall pay ONE THOUSAND THREE HUNDRED TWENTY and 00/100 DOLLARS (\$1,320.00) per month in Fixed Rent to LESSOR starting on the COMMENCEMENT DATE. The Fixed Rent is equal to \$0.05 per square foot and is due to LESSOR on the 1st day of each month, in advance for the month the rental amount is for, at the following address:

Tulare Local Health Care District
PO Box 1136
Tulare, CA 93275
Attn: Sandra Ormonde, Chief Executive Officer

The Fixed Rent shall be increased on each anniversary of the COMMENCEMENT DATE by an amount equal to Three Percent (3%) of the Fixed Rent payable for the immediately preceding calendar year.

Each payment of Fixed Rent shall be paid in advance, without prior demand by LESSOR, and without any deduction or set off except as otherwise expressly permitted in this LEASE.

The rental payment amount for any partial calendar months included in the LEASE TERM shall be prorated on a daily basis, based upon the actual number of days during the applicable calendar month.

Any payment by LESSEE or acceptance by LESSOR of a lesser amount that is due from LESSEE to LESSOR shall be treated as payment on account. The acceptance by LESSOR for a check of a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such letter amount is payment in full, shall be given no effect, and LESSOR may accept such check without prejudice to any other rights or remedies which LESSOR may have against LESSEE.

The Parties acknowledge that the rent charged hereunder is not based or conditioned upon any requirement 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 for herein represents a fair market rental value for the PREMISES.

Late Charges

4.02 If the Fixed Rent is not paid by the tenth (10th) business day of each month, LESSEE shall be subject to a late charge of seven percent (7%) of the amount due. This late charge is in addition to any other rights and remedies LESSOR may have against LESSEE.

Utility Services and Charges

4.03 Throughout the TERM of this LEASE, LESSEE shall procure and pay the cost of all separately metered 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 provided 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 the PREMISES as a percentage of the gross area of non-metered space using the common utility provider. LESSEE shall reimburse LESSOR such amount invoiced within fifteen (15) days of invoice. LESSEE acknowledges that 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 is likely to overload the wiring.

Taxes

4.04 LESSEE's possessory interest in the PREMISES may be subject to taxation, and in that event LESSEE, as the Party in whom the possessory interest is vested may be subject to and therefore is responsible for payment of any property or possessory interest taxes levied on LESSEE's interest in this LEASE. In the event LESSEE does not make timely payment of any taxes due, LESSOR reserves the right to pay on LESSEE'S behalf and shall then be reimbursed within 30 days of LESSOR providing to LESSEE an invoice therefor.

Additional Rent

4.05 In addition to the Fixed Rate payable by LESSEE under this LEASE, any other monetary sum required under this LEASE to be paid by LESSEE to LESSOR 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 within thirty (30) days after receipt by LESSEE of a written statement or invoice from LESSOR therefor, and LESSOR has the same remedies for LESSEE's failure to pay Additional Rent as it has for LESSEE's failure to pay Fixed Rent.

Security Deposit

4.06 LESSOR acknowledges it has received from LESSEE Zero Dollars (\$0.00) to be held by LESSOR as security for the full and faithful performance by LESSEE of the terms, conditions, and covenant of the LEASE.

ARTICLE 5. RESERVED

ARTICLE 6. CONSTRUCTION AND REPAIRS

Condition of Premises

6.01 (a) LESSOR warrants and 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.

(b) Prior to the COMMENCEMENT DATE, LESSOR and LESSEE jointly conducted an inspection of the PREMISES. LESSEE acknowledges such inspection has occurred and that LESSEE knows the condition of the PREMISES evident from such inspection. LESSEE acknowledges that, to LESSEE's actual knowledge based on such inspection, LESSEE received the PREMISES in good order and repair, on an AS-IS basis, except as indicated on SCHEDULE 6.01(b) attached hereto and incorporated herein by this reference, and agrees:

- i) 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.

- ii) To surrender the PREMISES upon termination of this LEASE without further notice to quit, in the condition required by this LEASE.
- iii) To keep the PREMISES in as good condition and repair as received at LESSEE's own expense, except as otherwise provided in Paragraph 6.03 below.
- iv) To perform, obey and comply with all ordinances, rules, regulations and laws of all public authorities, boards and officers relating to LESSEE's use of PREMISES.
- v) 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.
- vi) Not to knowingly permit any waste to the PREMISES, nor to knowingly permit any public, private or other nuisance within the legal meaning of those terms.

(c) [RESERVED]

Signs and Advertising

6.02 (a) LESSEE may install appropriate, lawful signage on the PREMISES. LESSEE shall maintain all such signage in good condition and repair.

(b) Any signs LESSEE places 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, which LESSEE, in its sole discretion and at LESSEE's sole cost and expense, shall have the option to provide. LESSEE shall maintain the PREMISES in good condition and repair, other than (x) any capital replacements or renovations required to be made to the PREMISES and (y) any replacements and renovations of any of the structural and/or major systemic elements of the PREMISES, as to all of which LESSOR shall be solely responsible for effecting and performing at LESSOR's sole cost and expense. LESSOR's obligation 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 damage caused by LESSEE's employees, customers, contractors, agents, or invitees to the PREMISES, which is deemed to include damage, including excessive wear and tear, caused by heavy vehicles, machinery or equipment being driven across, or placed or

stored upon, the PREMISES. 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. Except for the obligations of LESSOR expressly set forth above, LESSEE shall be responsible for the maintenance and repair of the entire PREMISES. 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. If LESSOR is responsible for repair but fails to make such necessary repair, which failure ripens into a LESSOR Default (or after reasonable notice to LESSOR in the event of an emergency), LESSEE may make the repairs and LESSOR shall reimburse LESSEE for the costs of the repair within thirty (30) days of receiving LESSEE's invoice for such costs; and if LESSOR fails timely to reimburse LESSEE, LESSEE shall have the right to offset such costs (including interest accruing thereon) against the Fixed Rent and Additional Rent next coming due under this LEASE until LESSEE has been fully reimbursed. Notwithstanding the foregoing Paragraph, LESSEE shall be responsible for the cost and expense of any substantial repaving of the PREMISES commenced by LESSEE, at LESSEE's sole discretion, or by LESSOR, at LESSEE's written request, during the first 36-months of the TERM of this LEASE.

Alterations and Improvements

6.04 (a) LESSEE shall make no alterations, additions or improvements in or to the PREMISES without LESSOR's prior written consent, which consent LESSOR shall not unreasonably withhold, delay or condition; provided that, the foregoing notwithstanding, LESSEE may make decorative changes and non-structural cosmetic alterations upon the PREMISES without LESSOR's consent. LESSEE shall not do or allow anything to be done upon the PREMISES which will disfigure, damage or structurally injure the PREMISES. 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.

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.”

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) LESSOR has no liability for that work. If a mechanic’s lien or other encumbrance relating to LESSEE’s work is filed against LESSOR or the PREMISES, LESSEE shall, at LESSEE’s sole cost and expense, cause the lien or other encumbrance to be discharged or bonded within thirty (30) 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 maximum legal rate of interest then in effect, 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.

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.

LESSEE assumes all liability for personal injury or property damage arising out of the LESSEE’s alterations or improvements, including without limitation any such injury or damage arising from the conduct of LESSEE’s agents or contractors. Further, LESSEE agrees to defend, indemnify, and hold harmless LESSOR against all damages, liabilities, or other costs or expenses (including legal fees and costs) (“Claims”) 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. Notwithstanding the foregoing, moveable equipment, trade fixtures, and personal property that can be removed without causing material harm to the PREMISES will remain property of LESSEE (collectively "LESSEE'S PROPERTY"). LESSEE shall remove all LESSEE'S PROPERTY no later than the expiration of the TERM or renewal term at its sole cost and expense. LESSEE's failure to remove LESSEE'S PROPERTY in accordance with this provision shall constitute LESSEE's abandonment of LESSEE'S PROPERTY and LESSEE's PROPERTY remaining on the PREMISES in violation of this provision shall, without further action by LESSOR, become the property of LESSOR.

Americans with Disabilities Act

6.06 LESSOR makes no warranties or representations as to the accessibility of the PREMISES, including for purposes of the Americans with Disabilities Act or related laws and regulations. LESSOR has not caused the PREMISES to be inspected by a Certified Access Specialist. LESSEE warrants and represents that any improvements by LESSEE will comply with all applicable requirements of the Americans with Disabilities Act (including related laws and regulations). LESSEE may obtain an inspection or report of the PREMISES by a Certified Access Specialist at its expense. If LESSEE chooses to do so, any alterations necessary to make the PREMISES comply with the Americans with Disabilities Act (including related laws and regulations) shall be at LESSEE's expense.

ARTICLE 7. DESTRUCTION OF PREMISES OR CENTER

Notice of Damage

7.01 Within one (1) business day of its occurrence, LESSEE shall notify LESSOR of any damage, accident, leak, fire or other material casualty 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 the 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 LESSOR. "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

7.03 In the event the PREMISES damaged, but not Substantially Damaged (as hereinafter defined), by fire or other peril covered by LESSOR's fire and extended coverage insurance, LESSOR shall repair that damage without undue delay; and this LEASE shall remain in full force and effect. The PREMISES shall be deemed to be "Substantially Damaged" if the cost of repair would amount to more than fifty percent (50%) of the value of the PREMISES or if, in LESSOR's reasonable judgment, it would take more than six (6) months to repair any damage to the PREMISES. If the PREMISES are Substantially Damaged, either LESSEE or LESSOR may, at its option, terminate this LEASE in its entirety. 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. The provisions of this Paragraph regarding relief from Fixed and Additional Rent payments does not apply to the extent the PREMISES are inoperable or unfit for occupancy or use, in whole or in part, due to the negligent or unlawful acts of LESSEE, its agents, employees, licensees or invitees.

Right to Terminate Lease

7.04 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 fifty percent (50%) 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

7.05 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 may, at its own cost and expense, repair and rebuild any personal property located within the PREMISES also destroyed or damaged. "Repair" as used in this Paragraph 7.04, includes repair, replacement, restoration and construction.

Payment of Insurance Proceeds

7.06 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 material 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) Anything that will increase the existing rate of or adversely affect any fire or other insurance on the PREMISES, or cause the cancellation of any insurance policy covering any part of the PREMISES.
- f) Cause, maintain or permit any nuisance in, on or about the PREMISES.

- 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.
- i) Use the PREMISES for living quarters or residence.

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, excluding any such requiring the making of structural changes to the PREMISES not related to or affected by LESSEE's improvements or acts. LESSEE shall also comply with all requirements, recommendations, and regulations of LESSOR and LESSEE's insurance companies excluding any such requiring the making of structural changes to the PREMISES not related to or affected by LESSEE's improvements or acts.

8.03 [Reserved]

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 to a 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.

(c) In the event that LESSOR (or any successor owner of the PREMISES) sells or conveys the PREMISES, LESSOR shall ensure that such new owner assumes all liabilities and obligations of LESSOR under this LEASE.

ARTICLE 9. INSURANCE

Insurance by LESSEE

9.01 (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) LESSEE shall obtain and keep in force during the term of this LEASE a Commercial General Liability policy of insurance or program of self-insurance protecting LESSEE, LESSOR and any lender(s) whose names have been provided to LESSEE in writing (as additional Insureds/Participants) against claims for bodily injury, personal injury and property damage arising out of the acts, errors or omissions of LESSEE in its use and occupancy of the PREMISES in accordance with the terms of this LEASE. Such coverage shall be on an occurrence basis providing single limit coverage in an amount not less than One Million Dollars (\$1,000,000) per occurrence and at least Three Million Dollars (\$3,000,000) in the aggregate for bodily injury and for property damage combined. The limits of said insurance required by this LEASE or as carried by LESSEE shall not, however, limit the liability of LESSEE nor relieve LESSEE of any obligation hereunder. Certificates evidencing coverage and an additional insured or covered participant endorsement shall be furnished to LESSOR on or before the COMMENCEMENT DATE.
- (2) LESSEE shall maintain in full force and effect at all times during the term of this LEASE comprehensive "all risk" property insurance on LESSEE's personal property and tenant improvements. Coverage shall be in the full amount of the replacement cost.
- (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.

- (4) Workers' compensation insurance, if so required by the laws of the State of California.

(b) 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 thirty (30) 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.

(c) 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 thirty (30) days from the date written notice is received that the premiums have been paid plus a ten-percent (10%) administrative fee of costs paid.

Certificates of Insurance

9.03 Certificates of insurance of the policies provided shall be furnished by LESSEE to LESSOR 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.

Landlord's Insurance

9.04 LESSOR shall obtain and maintain in full force and effect at all times during the TERM of this LEASE:

A Commercial General Liability policy of insurance or program of self-insurance protecting LESSOR against claims for property damage arising out of the acts, errors and omissions of LESSOR arising out of LESSOR's ownership of the PREMISES. Such coverage shall be of a type and in amount determined by LESSOR except that any comprehensive "all risk" property insurance on the PREMISES shall not be less than one hundred percent (100%) of the replacement cost of the building.

Subrogation Waiver

9.05 Both Parties hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended perils and other property insurance policies existing for the benefit of the respective Parties. Each Party shall obtain any

special endorsements, if required by their insurer, to evidence compliance with this waiver.

Indemnification

9.06 LESSEE shall indemnify and hold harmless LESSOR against any and all liability arising out of LESSEE's failure to comply with the terms of this LEASE, and any injury, loss, claims, or damages arising from the negligent operations, acts, or omissions of LESSEE or LESSEE's employees, agents, and contractors while engaged in activities within the scope of this LEASE or in the use of the PREMISES. Furthermore, LESSEE shall indemnify and hold harmless LESSOR against all costs and expenses, including reasonable legal expenses, incurred by or on behalf of LESSOR in connection with the defense of such claims. LESSOR shall indemnify and hold harmless LESSEE against any and all liability arising out of LESSOR's failure to comply with the terms of this LEASE, and any injury, loss, claims, or damages arising from the negligent operations, acts, or omissions of LESSOR or its employees, agents, and contractors while engaged in activities within the scope of this LEASE. Furthermore, LESSOR shall indemnify and hold harmless LESSEE against all costs and expenses, including reasonable legal expenses, incurred by or on behalf of LESSEE in connection with the defense of such claims.

ARTICLE 10. SUBORDINATION, ATTORNMENT, AND ESTOPPEL CERTIFICATES

Subordination

10.01 (a) Except as provided in Subparagraph (b) of this Paragraph or as otherwise specifically provided in this LEASE, 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.

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.

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 not later than fifteen (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 acknowledgment 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.

Estoppel Certificates

10.01. Each Party (as "Responding Party") shall, within twenty-five (25) days of written notice from the other Party ("Requesting Party"), execute and deliver to the Requesting Party a statement in writing: (i) certifying that this LEASE is unmodified and in full force and effect, (or, if modified, stating the nature of such modification and certifying that this LEASE, as so modified, is in full force and effect); (ii) the amount of the Fixed Rent and the date to which the Fixed Rent and other charges are paid in advance, if any; (iii) acknowledging that there are not, to the Responding Party's knowledge, any uncured Defaults on the part of the Requesting Party, or specifying such Default if any are claimed; and (iv) other matters as may be reasonably requested by the

Requesting Party. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the PREMISES or of the business of LESSEE. At the Requesting Party's option, the failure of the Responding Party to deliver such statement within the time specified in this Paragraph 10.01 shall be conclusive upon the Responding Party that: (i) this LEASE is in full force and effect, without modification except as the Requesting Party represents; (ii) there are no uncured failures or Defaults in the Requesting Party's performance; and (iii) if LESSOR is the Requesting Party, not more than one (1) month's Fixed Rent has been paid in advance.

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 ("LESSEE DEFAULT"):

- a) Any failure by LESSEE timely to pay the Fixed Rent or any Additional Rent, or to make any other payment required to be made by LESSEE to LESSOR under this LEASE, when such failure continues for ten (10) or more business 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 twenty (20) consecutive business 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 failure cannot reasonably be cured within the thirty-day period, LESSEE shall not be deemed to be in Default or in material breach of this LEASE if: (1) LESSEE commences the cure within the thirty-day period; (2) and provides written notice with an action plan to LESSEE prior to the thirty days; and (2) thereafter pursues the curative action diligently to completion.
- 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.

Termination of Lease and Recovery of Damages

11.02 In the event of any LESSEE DEFAULT, 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:

- a) All Fixed 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 Fixed 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 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.
- f) All other the damages permitted under California Civil Code Section 1951.2.

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 of a LESSEE DEFAULT, 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 rate 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

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

11.05 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.

LESSOR DEFAULT

11.06 LESSOR shall be in default under this LEASE (a "Lessor Default") if LESSEE has given LESSOR notice specifying the breach or failure of LESSOR under this LEASE and LESSOR has failed for thirty (30) days from receipt of such notice to cure the breach or failure, if it is curable within that time period, or within such time period to institute and diligently pursue reasonable corrective or ameliorative acts for defaults not so curable within such thirty (30) day period, and thereafter diligently pursue such cure to completion. If a Lessor Default shall occur, in addition to any and all right and remedies afforded to LESSEE under law or in equity, LESSEE shall have the right (a) to cure such Lessor Default, in which event LESSOR shall reimburse any sum reasonably expended by LESSEE to cure such Lessor Default, including interest accruing from the date on which LESSOR receives LESSEE's invoice therefor, to LESSEE within thirty (30) days of receiving LESSEE's invoice therefor, and (b) to terminate 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 a Party to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by a Party 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 payment hereunder by a Party shall not be a waiver of any preceding breach of the

other Party of any provision hereof (other than the failure of the other Party cured or satisfied by the payment so accepted, if any), regardless of the Party's knowledge of such preceding breach at the time of acceptance of such payment.

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

Surrender on Termination

11.08 Upon any termination or expiration of this LEASE, LESSEE shall immediately return and surrender the PREMISES to LESSOR "broom clean" and in at least as good condition and repair as received on the COMMENCEMENT DATE, normal wear and tear, casualty and condemnation excepted, free and clear of any unlawful environmentally hazardous condition created by LESSEE.

Attorneys' Fees

11.09 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.

Limited Right to Terminate

11.10 In the event that LESSEE's use of the PREMISES violates an applicable law that first takes effect after the COMMENCEMENT DATE, either Party shall have the right to terminate this LEASE, without penalty, upon ninety (90) days prior written notice to the other Party. Upon any termination or expiration of this LEASE (pursuant to this Paragraph 11.10 or otherwise), all rights and obligations of the Parties shall cease except those rights and obligations that have accrued previously or expressly survive such termination or expiration.

ARTICLE 12. MISCELLANEOUS

No Personal Liability of LESSOR

12.01 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

12.02 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, its 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 remediation 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 necessary removal and remediation, as required by law, and for the cost of the foregoing. This Paragraph 12.02 remains in force even after the termination of this LEASE.

LESSOR-LESSEE Relationship

12.03 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.

LESSOR'S Right of Entry

12.04 LESSOR reserves and shall at all times have the right to enter the PREMISES, upon not less than one (1) business days' prior written notice, to inspect the PREMISES, to make repairs to the PREMISES required by this LEASE, to show the PREMISES to prospective purchasers, to post notices of non-responsibility and, or, during the last six (6) months of the TERM, to show the PREMISES to prospective lessees. LESSOR may also enter the PREMISES, following a Default arising from LESSEE's failure to maintain or repair the PREMISES in accordance with this LEASE, in order to perform the required maintenance or repair of 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. In case of emergency, LESSOR may enter the PREMISES without prior notice to LESSEE, but shall notify LESSEE promptly afterwards of LESSOR's emergency entry.

Recording of Lease

12.05 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 the recording Party's expense.

Interest on Obligations

12.06 The payment of any sum due to a Party 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 then-maximum legal rate of interest.

Notices

12.07 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 deemed received when: (1) personally delivered to the Party to which they are directed, or any managing or authorized employee of that Party; (2) when delivered to the Party to which they are directed by United States via first class mail, return receipt requested; 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:

LESSOR

Tulare Local Health Care District
PO Box 1136
Tulare, CA 93275
Attention: Chief Executive Officer

With a copy to:

McCormick Barstow LLP
7647 North Fresno Street
P. O. Box 28912
Fresno, California 93729-8912
Attention: Todd Wynkoop, Esq.

LESSEE

Adventist Health Tulare
2100 Douglas Boulevard
Roseville, California 95661
Attention: President

With a copy to:

Adventist Health Tulare
2100 Douglas Boulevard
Roseville, California 95661
Attention: Office of General Counsel

And to:

Latham & Watkins LLP
355 South Grand Avenue, Suite 100
Los Angeles, California 90071-1560
Attention: Daniel K. Settelmayer, Esq.

Either Party may change any of its notice addresses for purposes of this Paragraph 12.07 by giving written notice of that change to the other Party in the manner provided in this Paragraph 12.07.

Binding on Heirs and Successors

12.08 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 8.04 of this LEASE.

Time of Essence

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

Sole and Only Agreement

12.10 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

12.11 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

12.12 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 a Party 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 such Party agrees otherwise in writing.

Captions

12.13 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.

Dispute Resolution

12.14 In the event of any controversy or dispute related to or arising out of this LEASE, the Parties agree to meet and confer in good faith to attempt to resolve the controversy or dispute without an adversary proceeding. If the controversy or dispute is not resolved to the mutual satisfaction of the Parties within five (5) business days of notice of the controversy or dispute, the Parties agree to waive their rights, if any, to a jury trial, and to submit the controversy or dispute to a retired judge or justice pursuant to Section 638 *et seq.* of the California Code of Civil Procedure, or any successor provision, for resolution in accordance with Chapter 6 (References and Trials by Referees), of Title 8

of Part 2 of the California Code of Civil Procedure, or any successor chapter. The Parties agree that the only proper venue for the submission of claims is the County of Tulare, California, and that the hearing before the referee shall be concluded within nine (9) months of the filing and service of the complaint. The Parties reserve the right to contest the referee's decision and to appeal from any award or order of any court.

Acknowledgment of Receipt

12.15 By entering into this LEASE, (a) LESSEE hereby acknowledges it has been provided a copy of LESSOR's Code of Conduct and Stark Law and Anti-Kickback Statute Policies and Procedures, and (b) LESSOR hereby acknowledges it has been provided a copy of LESSEE's (Adventist Health Tulare's) Code of Conduct, which can be found at <https://www.adventisthealth.org/pages/code-of-conduct.aspx>.

Certification

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

Disclosure Obligation

12.17 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. Each Party represents to the other Party that such representing Party 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 such Party ineligible under any federally funded health program. A Party shall notify the other Party within three (3) days after becoming aware of any fact or circumstance that would make such notifying Party an "Ineligible Person."

The Parties have executed this LEASE as of the COMMENCEMENT DATE.

LESSOR:

Tulare Local Health Care District, a local health care district organized under the California Health and Safety Code

LESSEE:

Adventist Health Tulare, a California nonprofit religious corporation

Signature _____

Signature _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

SCHEDULE 6.01(b)

Exceptions to PREMISES Good Condition and Repair

[to be added, as applicable]