LEASE

BETWEEN

ST. VINCENT MEDICAL CENTER
and
VERITY HEALTH SYSTEM OF CALIFORNIA, INC,
as Landlord

AND

THE STATE OF CALIFORNIA, DEPARTMENT OF PUBLIC HEALTH,
as Tenant
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Definitions</td>
<td>2</td>
</tr>
<tr>
<td>2. Term</td>
<td>12</td>
</tr>
<tr>
<td>3. Rent</td>
<td>13</td>
</tr>
<tr>
<td>3.1 Base Rent</td>
<td>13</td>
</tr>
<tr>
<td>3.2 Additional Rent</td>
<td>13</td>
</tr>
<tr>
<td>3.3 Payment</td>
<td>13</td>
</tr>
<tr>
<td>3.4 Offsets</td>
<td>13</td>
</tr>
<tr>
<td>3.5 Delinquent Payments</td>
<td>13</td>
</tr>
<tr>
<td>4. Real Estate Taxes; Other Payments</td>
<td>14</td>
</tr>
<tr>
<td>4.1 Real Estate Taxes</td>
<td>14</td>
</tr>
<tr>
<td>4.2 Utilities</td>
<td>14</td>
</tr>
<tr>
<td>5. Use</td>
<td>14</td>
</tr>
<tr>
<td>5.1 Permitted Use</td>
<td>14</td>
</tr>
<tr>
<td>5.2 Exclusive Control</td>
<td>14</td>
</tr>
<tr>
<td>6. Compliance</td>
<td>14</td>
</tr>
<tr>
<td>6.1 Generally</td>
<td>14</td>
</tr>
<tr>
<td>6.2 HIPAA</td>
<td>14</td>
</tr>
<tr>
<td>6.3 Copies of Notices</td>
<td>15</td>
</tr>
<tr>
<td>7. Maintenance and Construction</td>
<td>15</td>
</tr>
<tr>
<td>7.1 Obligation to Maintain</td>
<td>15</td>
</tr>
<tr>
<td>7.2 Construction and FF&amp;E During Term</td>
<td>16</td>
</tr>
<tr>
<td>7.3 Plans and Specifications</td>
<td>18</td>
</tr>
<tr>
<td>7.4 Applications and Approvals</td>
<td>19</td>
</tr>
<tr>
<td>7.5 Landlord Nonopposition</td>
<td>19</td>
</tr>
<tr>
<td>7.6 Tenant EMR and Business Systems</td>
<td>19</td>
</tr>
<tr>
<td>8. Prohibited Liens</td>
<td>19</td>
</tr>
<tr>
<td>8.1 Tenant’s Covenant</td>
<td>19</td>
</tr>
<tr>
<td>8.2 Protection of Landlord</td>
<td>19</td>
</tr>
<tr>
<td>9. Hazardous Substances</td>
<td>20</td>
</tr>
<tr>
<td>9.1 Restrictions</td>
<td>20</td>
</tr>
</tbody>
</table>
16.3 Contracts for the Management and Operation of the Premises .................31

17. Equipment Liens ..............................................................................31

17.1 Tenant’s Rights .............................................................................31

18. Quiet Enjoyment; Access and Inspection; Certain Agreements ...............32

18.1 Quiet Enjoyment ...........................................................................32
18.2 Access and Inspection ...................................................................32
18.3 Reserved and Off-Premises Rights ..................................................32

19. Events of Default; Remedies .............................................................33

19.1 Definition of “Event of Default.” ....................................................33
19.2 Remedies .......................................................................................33
19.3 Cure Rights ..................................................................................35
19.4 No Waiver ....................................................................................35
19.5 Holding Over ................................................................................35
19.6 Waivers .......................................................................................35
19.7 Accord and Satisfaction; Partial Payments ........................................35

20. End of Term ....................................................................................36

20.1 Surrender ....................................................................................36
20.2 Abandonment ................................................................................36

21. Notices ..........................................................................................36

22. No Broker .....................................................................................37

23. Nonrecourse ..................................................................................37

24. Additional Deliveries; Third Parties ..................................................37

24.1 Estoppel Certificates .......................................................................37
24.2 Further Assurances .......................................................................37
24.3 Modification ..................................................................................37
24.4 Successors and Assigns ................................................................37
24.5 Memorandum of Lease ..................................................................37

25. Miscellaneous ................................................................................38

25.1 Costs and Expenses; Legal Costs ...................................................38
25.2 No Consequential Damages ............................................................38
25.3 No Merger .....................................................................................38
25.4 No Waiver by Silence ....................................................................38
25.5 Performance Under Protest ............................................................38
LEASE

This LEASE (the "Lease") is made and entered into as of __________, 2020 (the "Execution Date"), between ST. VINCENT MEDICAL CENTER, a California nonprofit corporation ("SMC"), and VERITY HEALTH SYSTEM OF CALIFORNIA, INC., a California nonprofit corporation ("VHS" and referred to collectively with SMC as "Landlord"), and THE STATE OF CALIFORNIA, DEPARTMENT OF PUBLIC HEALTH ("Tenant").

WITNESSETH:

WHEREAS, VHS and SMC, along with certain other Affiliates (collectively, the "Debtors") are debtors and debtors in possession under Chapter 11 of Title 11 of the United States Code, §§ 101-1532 (the "Bankruptcy Code") under the lead case of In re Verity Health System of California, Inc., Case No. 2:18-bk-20151-ER (the "Bankruptcy Case") that is pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court");

WHEREAS, SMC is the owner of a general acute care hospital located at 2131 W. 3rd Street, Los Angeles, California, 90057, known as St. Vincent Medical Center (the "Hospital");

WHEREAS, pursuant to an order of the Bankruptcy Court entered on or about January 9, 2020 [Bankruptcy Case Docket No. 3934], Landlord was authorized to close the Hospital and otherwise terminate operations and, in fact, the Hospital is not operating;

WHEREAS, at the Execution Date, SMC owns the following real property that constitutes the Hospital (collectively, the "Premises"): (a) the land described and depicted in Exhibit A (the "Land"); (b) all buildings, structures, and other improvements and appurtenances located on the Land or otherwise constituting part of the Premises (the "Improvements"); (c) all right, title, and interest of SMC, if any, in and to the land lying in the bed of any street or highway in front of or adjoining the Land to the center line of such street or highway; (d) the appurtenances and all the estate and rights of SMC in and to the Land; (e) any strips or gores adjoining the Land; and (f) all Building Equipment attached or appurtenant to any of the foregoing;

WHEREAS, in connection with the Premises, SMC owns or leases certain FF&E (the "Existing FF&E");

WHEREAS, subject to Bankruptcy Court Approval, Landlord desires to lease the Premises and the Existing FF&E to Tenant, and Tenant desires to lease the Premises and the Existing FF&E from Landlord so that Tenant may utilize the Premises for delivery of health care services in response to the COVID-19 pandemic emergency; and

WHEREAS, the parties desire to enter into this Lease to set forth their rights and obligations to each other relating to the Premises and the Existing FF&E.

_____1 All references to "§" herein are to sections of the Bankruptcy Code unless otherwise noted.
NOW, THEREFORE, for good and valuable consideration, Landlord leases and
demises the Premises and the Existing FF&E to Tenant, and Tenant takes and leases the Premises
and the Existing FF&E from Landlord for the Term, upon the terms and conditions of this Lease.

1. *Definitions.* In addition to the above-defined terms, the following definitions apply
in this Lease:

"Additional Rent" means all sums that this Lease requires Tenant to pay Landlord,
whether or not expressly called Additional Rent, except Base Rent.

"Affiliate" of any specified Person means any other Person Controlling or
Controlled by or under common Control with such specified Person. "Affiliated" shall have the
correlative meaning.

"Application" means any agreement, application, certificate, document, or
submission (or amendment of any of the foregoing): (a) necessary or appropriate for any
Construction this Lease allows, including any application for any building permit, certificate of
occupancy, utility service or hook-up, easement, covenant, condition, restriction, subdivision plat,
or such other instrument as Tenant may from time to time reasonably request for such
Construction; (b) if and to the extent (if any) this Lease permits, to allow Tenant to change the use
or zoning of the Premises; (c) to enable Tenant from time to time to seek any Approval or to use
and operate the Premises in accordance with this Lease; or (d) otherwise reasonably necessary and
appropriate to permit Tenant to realize the benefits of the Premises under this Lease.

"Approvals" means any and all licenses, permits (including building, demolition,
alteration, use, and special permits), approvals, consents, certificates (including certificate(s) of
occupancy), rulings, variances, authorizations, or amendments to any of the foregoing as shall be
necessary or appropriate under any Law for the commencement, performance, or completion of
any Construction, or the zoning, rezoning (to the extent this Lease allows), use, occupancy,
maintenance, or operation of the Premises.

"Bankruptcy Court Approval" means approval as evidenced by entry of an order of
the Bankruptcy Court, which includes the terms listed below, and which has not been stayed
regardless of whether such order is otherwise subject to an appeal. Debtors shall seek waiver of
the 14-day stay concerning the order approving this Lease, pursuant to Rule 6004(h) of the FRBP.
This Lease shall not become effective until entry of an order of the Bankruptcy Court that includes
the following terms, and the final version of which must be satisfactory to both parties:

The Bankruptcy Court is exercising its jurisdiction over the Debtors’
property pursuant to § 105(a), § 363(b) and § 363(f) to authorize Landlord to enter into this Lease
as being a reasonable exercise of the Debtors’ business judgment in response to the humanitarian
and commercial exigencies affecting the Debtors’ estates, the communities in which they operate
or exist and the State;
From and after the execution of this Lease, the automatic stay under § 362(a) if and to the extent applicable, is hereby lifted with respect to Tenant’s use and enjoyment of Landlord’s property and exercise of rights subject to this Lease;

That Tenant’s actions under the Executive Order N-25-20 and through this Lease under the facts of the Bankruptcy Case to obtain control or use of Landlord’s property are exempt from the automatic stay as valid exercises of Tenant’s police power under § 362(b)(4) and otherwise not subject to the automatic stay under § 362(a);

Debtors will not seek a stay under § 105 to enjoin any of the rights, privileges or benefits of, or provided to Tenant under this Lease;

The order, and the terms and conditions of this Lease, are binding on the Landlord and its estates and shall be binding upon any trustee appointed under Chapter 11 or under Chapter 7 of the Bankruptcy Code, their estates and the Bankruptcy Case;

Neither Tenant nor any department or agency obtaining benefit from, or utilizing Landlord’s property, assume any obligation to any third party nor shall they be deemed to have any liability to any third party, including, without limitation, any of the Debtors’ creditors, interest holders or parties in interest in the Debtors’ Bankruptcy Case;

Unless a court of competent jurisdiction has determined that Tenant is in material breach of this Lease, the rights conveyed to Tenant under this Lease and the order are inviolable, and not subject to alteration, interference or divestiture by any party, including, without limitation, any creditor, interest holder, or party in interest, in the Debtors’ Bankruptcy Case, without regard to any liens, claims, encumbrances and/or interests those parties may assert, allege and/or possess, including, for the avoidance of doubt, any liens, claims, encumbrances and/or interests of the Prepetition Secured Creditors (as defined in the Cash Collateral Orders) under the Cash Collateral Orders (defined below);

This Lease and the order shall each survive any dismissal of the Bankruptcy Case, except as to the extent that this Lease already has been terminated in accordance with their terms prior any such dismissal;

Nothing in this Lease or the order shall be deemed to be a waiver of Tenant’s police powers;

Landlord and Tenant may mutually agree to make non-material modifications to this Lease from time to time without Bankruptcy Court approval and to make material modifications pursuant to a stipulation and subsequent order thereon and may give notice of any material modifications by five (5) days’ negative notice; and

Except as may be expressly provided in the order or this Lease, nothing in the order modifies the rights of the Prepetition Secured Creditors, the Debtors or the Official Committee of Unsecured Creditors with respect to the allocation of value or any challenge under the Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief [Docket
No. 409], the Final Order (A) Authorizing Continued Use of Cash Collateral (B) Granting Adequate Protection, (C) Modifying Automatic Stay and (D) Granting Related Relief [Docket No. 3022], the Final Order Approving Stipulation to (A) Amend Cash Collateral Agreement and Supplemental Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief Supplemental [Docket No. 3883], the Final Order Approving Stipulation to (A) Amend the First Amended Supplemental Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief [Docket No. 4028], and the Final Order Approving Stipulation to (A) Amend the Second Amended Supplemental Cash Collateral Order, (B) Authorize Continued Use of Cash Collateral, (C) Grant Adequate Protection, (D) Modify Automatic Stay, and (E) Grant Related Relief [Docket No. 4187] (collectively, the “Cash Collateral Orders”).

“Building” means all occupiable Improvements located or to be located on the Premises from time to time.

“Building Equipment” means all fixtures incorporated in the Premises and used, useful, or necessary to operate the Building as such (including boilers; compactors; compressors; conduits; wiring, ducts; elevators; escalators; IT systems; life safety systems; heating, ventilating and air conditioning systems; power plants and electrical systems; and pipes and plumbing systems) as opposed to operating any particular business in the Building.

“Business Day” means any weekday on which State-chartered banks are open to conduct regular banking business with bank personnel.

“Casualty” means any damage or destruction of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, affecting any or all Improvements, whether or not insured or insurable.

“Casualty Termination” means a termination of this Lease because of a Substantial Casualty, when and as this Lease expressly allows such a termination.

“Commencement Date” means the earlier of (a) the date Tenant commences operation of the Premises, conditioned upon the Bankruptcy Court Approval, or (b) three (3) Business Days after Bankruptcy Court Approval.

“Condemnation” means: (a) any temporary or permanent taking of (or of the right to use or occupy) any Premises by condemnation, eminent domain, or any similar proceeding; or (b) any action by any Government not resulting in an actual transfer of an interest in (or of the right to use or occupy) any Premises but creating a right to compensation, such as a change in grade of any street upon which the Premises abut.

“Condemnation Award” means any award(s) paid or payable (whether or not in a separate award) to either party after the Commencement Date because of or as compensation for any Condemnation, including: (1) any award made for any Improvements that are the subject of the Condemnation; (2) the full amount paid or payable by the condemning authority for the estate that is the subject of the Condemnation, as determined in Condemnation; (3) any interest on such
award; and (4) any other sums payable on account of such Condemnation, including for any prepayment premium under any mortgage.

"Condemnation Effective Date" means, for any Condemnation, the first date when the condemning authority has acquired title to or possession of any Premises subject to the Condemnation.

"Construction" means any alteration, construction, demolition, development, expansion, reconstruction, redevelopment, repair, Restoration, or other work affecting any Improvements, including new construction.

"Control" means the possession, directly or indirectly, of either: (a) at least 51% direct or indirect ownership of the Equity Interests of a Person; or (b) the power to direct or cause the direction of the management and policies of such Person, whether by ownership of Equity Interests, by contract, or otherwise.

"County" means the county where the Premises are located.

"Default" means an uncured default or breach under this Lease. A Default may consist of a Monetary Default or a Nonmonetary Default.

"Default Interest" means interest at an annual rate equal to the lesser of: (a) the Prime Rate plus two percent (2%) per annum; or (b) the Usury Limit.

"Environmental Law" means any Law about the following at, in, under, above, or upon the Premises: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, control, disposal, generation, storage, release, transportation, or use of, or liability or standards of conduct concerning, Hazardous Substances.

"Equipment Lien" means any security interest, financing lease, personal property lien, conditional sales agreement, chattel mortgage, security agreement, title retention arrangement or any similar arrangement (including any related financing statement) for Tenant’s acquisition or leasing of any Financed FF&E used in the Premises that is leased, purchased under conditional sale or installment sale arrangements, encumbered by a security interest, or used under a license, provided that each Equipment Lien encumbers or otherwise relates only to the Financed FF&E for which such secured party provides bona fide purchase-money financing or a bona fide equipment lease, after the Commencement Date.

"Equity Interest" means all or any part of any direct or indirect equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest, or other interest of an ownership or equity nature) in any entity at any tier of ownership that directly or indirectly owns or holds any ownership or equity interest in a Person.

"Estoppel Certificate" means a statement setting forth, as of the date of such statement, (a) the documents comprising this Lease, (b) whether or not any Defaults exist under this Lease, (c) the Base Rent and (d) whether any Base Rent has been prepaid for more than one (1) month in advance.
“Expiration Date” means the date when this Lease terminates or expires in accordance with its terms or otherwise, whether on the Scheduled Expiration Date, by Landlord’s exercise of remedies for an Event of Default, by Tenant’s exercise of its termination right or otherwise.

“Fee Estate” means SVMC’s fee estate in the Premises, including SVMC’s reversionary interest in the Premises after the Expiration Date.

“FF&E” means all movable furniture, furnishings, equipment, and personal property (excluding Building Equipment) that may be removed without material damage to the Premises and without adversely affecting: (a) the structural integrity of the Premises; (b) any electrical, plumbing, mechanical, or other system in the Premises; (c) the present or future operation of any such system; or (d) the present or future provision of any utility service to the Premises. FF&E includes items such as hospital equipment, furniture, movable equipment, telephone, telecommunications and facsimile transmission equipment, point of sale equipment, televisions, radios, network racks, and computer systems and peripherals.

“Financed FF&E” means any FF&E subject to an Equipment Lien in favor of a lessor or lender that: (a) is not an Affiliate of Tenant, and (b) actually provides bona fide financing or a bona fide equipment lease after the Commencement Date for Tenant’s acquisition or use of such FF&E.


“Government” means each and every governmental agency, authority, bureau, department, quasi-governmental body, or other entity or instrumentality having or claiming jurisdiction over the Premises (or any activity this Lease allows), including the United States federal government, the State and County governments and their subdivisions and municipalities, and all other applicable governmental agencies, authorities, and subdivisions thereof. “Government” shall also include any planning commission, board of standards and appeals, department of buildings, city council, zoning board of appeals, or planning board or commission having or claiming jurisdiction over the Zoning Premises or any activities on or at the Premises.

“Hazardous Substances” includes flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum and petroleum products, and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (i) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (ii) defined as a “hazardous waste” under Section 1004 of The Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq., as amended; (iii) defined as a “hazardous substance” or “hazardous waste” under Section 101 of The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq. or any so-called “superfund” or “superlenn” law, including the judicial interpretations thereof; (iv) defined as a “pollutant” or “contaminant” under 42 U.S.C.A. § 9601(33); (v) defined as “hazardous waste” under 40 C.F.R. Part 260; (vi) defined as
a "hazardous chemical" under 29 C.F.R. Part 1910; or (vii) subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source.

"Hazardous Substances Discharge" means any deposit, discharge, generation, emission, release, or spill of Hazardous Substances that occurs at or from the Premises, or into the Land, or that arises at any time from the use, occupancy, or operation of the Premises or any activities conducted therein or any adjacent or nearby real property, or resulting from seepage, leakage, or other transmission of Hazardous Substances from other real property to the Land, whether or not caused by a party to this Lease and whether occurring before or after the Commencement Date.

"Improvements" has the meaning set forth in the recitals of this Lease.

"Indemnify" means, where this Lease states that any Indemnitor shall "Indemnify" any Indemnitee from, against, or for a particular matter (the "Indemnified Risk"), that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against any and all loss, cost, claims, liability, penalties, judgments, damages, and other injury, detriment, or expense (including Legal Costs, interest and penalties) that the Indemnitee suffers or incurs: (a) from, as a result of, or on account of the Indemnified Risk; or (b) in enforcing the Indemnitor's indemnity. Indemnitor's counsel shall be subject to Indemnitee's approval, not to be unreasonably withheld.

"Indemnitee" means any party entitled to be Indemnified under this Lease and its agents, directors, employees, Equity Interest holders, mortgagees, and officers.

"Indemnitor" means a party that agrees to Indemnify any other Person.

"Insubstantial Condemnation" means any Condemnation except a Substantial Condemnation or a Temporary Condemnation.

"Land" has the meaning set forth in the recitals of this Lease.

"Landlord" means the Landlord named in the opening paragraph of this Lease and its permitted successors and assigns (in all cases in compliance with this Lease).

"Laws" means all laws, including all laws arising in, under or in connection with the Bankruptcy Code, the FRBP, the LBR, ordinances, requirements, orders, proclamations, directives, rules, and regulations of any Government affecting the Premises, this Lease, or any Construction in any way, including any use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting, the Premises, or relating to any Real Estate Taxes, or otherwise relating to this Lease or any party's rights and remedies under this Lease, or any Transfer of any of the foregoing, whether in force at the Commencement Date or passed, enacted, or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.
"LBR" mean the Local Bankruptcy Rules for the Bankruptcy Court.

"Leasehold Estate" means Tenant’s leasehold estate, and all of Tenant’s rights, privileges, and Preemptive Rights, under this Lease, upon and subject to all the terms and conditions of this Lease, and any direct or indirect interest in such leasehold estate.

"Legal Costs" of any Person means all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys’ fees, court costs, and expenses, including those arising in the Bankruptcy Case.

"Loss" means any Casualty or Condemnation.

"Loss Proceeds" means Condemnation Award(s) and/or Property Insurance Proceeds.

"Market Value" of the Fee Estate or the Leasehold Estate means, as of any date of determination, the present fair market value of such estate (including the fair market value of the rights of the holder of such estate in and to any Improvements) as of such date, considered: (a) as if no Loss had occurred; (b) without adjusting for any expectation of any Loss; (c) as if the Leasehold Estate had not been terminated; (d) taking into account the benefits and burdens of this Lease, the remaining Term, all Permitted Encumbrances, and all other matters affecting such estate and its valuation; and (e) discounting to present value all the obligations and benefits associated with such estate (including, in the case of the Fee Estate, the Rent and Landlord’s reversion). The Market Value shall be determined as if the Term: (1) were to continue until the Scheduled Expiration Date and (2) included, prospectively, all renewal Terms except any renewal Term for which Tenant Notifies Landlord that Tenant would not have exercised the renewal option in due course. Market Value shall be determined independently of, and without regard to, any valuation established in a Condemnation.

"Medical Waste" means, without limitation, all medical and/or biohazard wastes regulated by federal, state or local Laws or authorities which includes any gaseous, liquid and solid waste which is generated in the diagnosis, treatment or immunization of a human being or animal or in any research relating to that diagnosis, treatment or immunization, or in the production or testing of biologicals, which includes but is not limited to: cultures and stocks of infectious agents and associated biologicals, including cultures from medical and pathological laboratories, cultures and stocks of infectious agents from research and industrial laboratories, wastes from the production of biologicals, discarded live and attenuated vaccines, and culture dishes and devices used to transfer, inoculate, and mix cultures; pathological wastes, including tissues, organs, and body parts that removed during surgery or autopsy; waste human blood and products of blood, including serum, plasma, and other blood components; sharps that have been used in patient care or in medical, research, or industrial laboratories, including hypodermic needles, syringes, pasteur pipettes, broken glass, and scalpels; contaminated animal carcasses, body parts, and bedding of animals that were exposed to infectious agents during research, production of biologicals, or testing of pharmaceuticals; wastes from surgery or autopsy that were in contact with infectious agents, including soiled dressings, sponges, drapes, lavage tubes, drainage sets, underpads, and surgical gloves; laboratory wastes from medical, pathological, pharmaceutical, or other research,
commercial, or industrial laboratories that were in contact with infectious agents, including slides and cover slips, disposable gloves, laboratory coats, and aprons; dialysis wastes that were in contact with the blood of patients undergoing hemodialysis, including contaminated disposable equipment and supplies such as tubing, filters, disposable sheets, towels, gloves, aprons, and laboratory coats; discarded medical equipment and parts that were in contact with infectious agents; biological waste and discarded materials contaminated with blood, excretion, exudates or secretions from human beings or animals who are isolated to protect others from communicable diseases; or such other waste material that results from the administration of medical care to a patient by a health care provider and represents a threat to human health or the environment.

"Memorandum of Lease" means a memorandum of this Lease, in recordable form, setting forth the following provisions of this Lease: (a) all information any Law requires; and (b) such other provisions, except the amount or means of determining Rent, as either party reasonably desires.

"Modification" means any abandonment, amendment, cancellation, discharge, extension, modification, rejection, renewal, replacement, restatement, substitution, supplement, surrender, termination, or waiver of a specified agreement or document, or of any of its terms or provisions, or the acceptance of any cancellation, rejection, surrender, or termination of such agreement, document, or terms.

"Modify" means agree to, cause, make, or permit any Modification.

"Monetary Default" means a party's failure to pay money (including Real Estate Taxes and insurance premiums) when and as this Lease requires.

"Nonmonetary Default" means a party's material: (a) failure to comply with any affirmative or negative covenant or obligation in this Lease, except a Monetary Default; or (b) breach of any representation or warranty (as of the date made or deemed made).

"Notice" means any consent, demand, designation, election, notice, or request relating to this Lease, including any Notice of Default. Notices shall be delivered, and shall become effective, only in accordance with the "Notices" section of this Lease.

"Notice of Default" means any Notice claiming or giving Notice of a Default or alleged Default.

"Notify" means give a Notice.

"People" means with respect to a party, its agents, employees, contractors, officers, directors, consultants, representatives, and designees.

"Person" means any association, corporation, Government, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind. (This does not limit any Transfer restriction).

"Preemptive Right" means any expansion, extension, purchase, or renewal option; right of first refusal or first offer; or other preemptive right this Lease gives Tenant.
“Premises” has the meaning set forth in the recitals of this Lease.

“Prime Rate” means the prime rate or equivalent “base” or “reference” rate for corporate loans that is from time to time: (a) published in the Wall Street Journal; or (b) if such rate is no longer so published or announced, then a reasonably equivalent rate published by an authoritative third party that Landlord and Tenant jointly designate. Notwithstanding anything to the contrary in this paragraph, the Prime Rate shall never exceed the Usury Limit.

“Prohibited Lien” means any mechanic’s, vendor’s, laborer’s, or material supplier’s statutory lien or other similar lien arising from work, labor, services, equipment, or materials supplied, or claimed to have been supplied, to Tenant (or anyone claiming through Tenant), which lien attaches (or may attach upon termination of this Lease) to the Fee Estate. An Equipment Lien is not a Prohibited Lien.

“Property Insurance” means insurance providing coverage for the Premises, the Building, and Building Equipment, against loss, damage, or destruction by fire and other hazards (except earthquake or war risk) from time to time during the Term.

“Property Insurance Proceeds” means net proceeds (after reasonable costs of adjustment and collection, including Legal Costs) of Property Insurance, when and as received by Landlord or Tenant, excluding proceeds of Tenant’s business interruption insurance in excess of Rent.

“Real Estate Taxes” means all general and special real estate taxes, together with all assessments, water rates and charges, sewer rates and charges, including any sum or sums payable for present or future sewer or water capacity, charges for public utilities, street lighting, excise levies, licenses, permits, inspection fees, other governmental charges, and all other charges or burdens of whatsoever kind and nature (including costs, fees, and expenses of complying with any restrictive covenants or similar agreements to which the Premises are subject) incurred in the use, occupancy, ownership, operation, leasing or possession of the Premises, without particularizing by any known name or by whatever name hereafter called, and whether any of the foregoing be general or special, ordinary or extraordinary, foreseen or unforeseen.

“Release” means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration into or through the environment.

“Rent” means Base Rent, and Additional Rent.

“Restoration” means, after a Loss, the alteration, clearing, rebuilding, reconstruction, repair, replacement, restoration, and safeguarding of the damaged or remaining Improvements, substantially consistent with their condition before the Loss, subject to such Construction as Tenant shall perform in conformity with this Lease, subject to any changes in Law that would limit the foregoing.

“Restoration Funds” means any Loss Proceeds (and deposits by Tenant) to be applied to Restoration.
"Restore" means accomplish a Restoration.

"Scheduled Expiration Date" means 11:59 p.m. on either (x) if the Commencement Date is not the first day of a calendar month, the last day of the sixth (6th) full calendar month following the calendar month in which the Commencement Date occurs, or (y) if the Commencement Date is the first day of a calendar month, the last day of the fifth (5th) full calendar month following the calendar month in which the Commencement Date occurs. The Scheduled Expiration Date may be extended in one (1) month increments, and up to six (6) months total, by not less than thirty (30) days prior notice to the Landlord.

"State" means the state of California.

"Structure" of the Premises means only the concrete floors, footings, foundation, load-bearing walls, roof, roof support system, and structural steel or other structural support system of the Premises.

"Sublease" means, for the Premises, any: (a) sublease; (b) agreement or arrangement (including a concession, license, management, operation, services or occupancy agreement) allowing any Person to occupy, operate use or possess; (c) sub-sublease or any further level of subletting; or (d) Modification or assignment of "a" through "c." (Any reference to Subleases does not diminish, impair, limit, or waive any limit on Subleases.)

"Substantial Casualty" means a Casualty that: (a) renders 10% or more of the Premises used for a general acute care hospital facility not capable of being used or occupied; (b) requires Restoration whose cost Landlord reasonably estimates in writing would exceed One Million Dollars ($1,000,000); or (c) pursuant to Law, prevents the Premises from being restored to the same bulk, and for the same use(s), as before the Casualty.

"Substantial Condemnation" means any Condemnation that (a) takes the entire Premises; or (b) in Tenant’s reasonable determination renders the remaining Premises Uneconomic.

"Subtenant" means any Person entitled to occupy, use, or possess any Premises under a Sublease.

"Temporary Condemnation" means a Condemnation of the temporary right to use or occupy all or part of the Premises.

"Transfer" of any property means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect: (a) any Sublease, assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, or of any legal, beneficial, or equitable interest or estate in such property or any part of it (including the grant of any easement, lien, or other encumbrance); (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect Equity Interest(s) in the owner of such property by the holder of such Equity Interest(s); (c) any transaction described in “b” affecting any Equity Interest(s) or any other interest in such property or in any such owner (or in any other direct or indirect owner at any higher tier of ownership) through any manner or means whatsoever; or (d) any transaction
that is in substance equivalent to any of the foregoing. A “Transfer” shall not, however, include any of the foregoing (provided that the other party to this Lease has received Notice thereof) transactions affecting Equity Interests: (a) that constitutes a mere change in form of ownership with no material change in beneficial ownership and is a tax-free transaction under federal income tax law and the State real estate transfer tax; (b) to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit; or (c) to any Person that, as of the Commencement Date, holds an Equity Interest in the entity whose Equity Interest is being transferred.

“Unavoidable Delay” means delay in performing any obligation under this Lease (except payment of money) arising from or on account of any cause whatsoever beyond the obligor’s reasonable control, despite such obligor’s reasonable diligent efforts, including industry-wide strikes, labor troubles or other union activities (but only to the extent such actions affect similar premises at that time and do not result from an act or omission of the obligor), the obligor’s inability to obtain required labor or materials after commercially reasonable efforts to do so, litigation (unless caused by the obligor), Loss, accidents, Laws, governmental preemption, war, or riots. Unavoidable Delay shall exclude delay caused by epidemics, pandemics (including COVID-19) or the obligor’s financial condition, illiquidity, or insolvency, or the Bankruptcy Case of the landlord filed prior to execution of this Lease; provided that the Commencement Date under this Lease requires prior Bankruptcy Court Approval of this Lease. Any obligor claiming Unavoidable Delay shall notify the obligee: (a) within 30 days after such obligor knows of any such Unavoidable Delay; and (b) within 10 days after such Unavoidable Delay ceases to exist. To be effective, any such Notice must describe the Unavoidable Delay in reasonable detail. Where this Lease states that performance of any obligation is subject to Unavoidable Delay(s) or words of similar import, such Unavoidable Delay(s) shall extend the time for such performance only by the number of days by which such Unavoidable Delay(s) actually delayed such performance.

“Uneconomic” means that the Premises or any substantial part of the Premises: (1) is materially diminished in value or utility; (2) cannot be used for its previously intended purpose; (3) is subject to material impairment of access to, parking facilities benefiting, or any material service(s) necessary or appropriate for economic operation; (4) requires Restoration whose cost Tenant reasonably estimates in writing would exceed the then-current aggregate Market Value of the Premises; (5) does not comply with any operating requirements under any hospital license held by Tenant; (6) cannot reasonably be operated as a general acute care hospital, whether in a manner substantially consistent with past practice or on a scale that is smaller but nevertheless profitable (after taking into account the payment of all expenses, including Rent as adjusted after any Condemnation) and reasonably feasible; or (7) cannot be developed or operated in a commercially reasonable manner.

“Usury Limit” means the highest rate of interest, if any, that Law allows under the circumstances.

“Waiver of Subrogation” means a provision in, or endorsement to, any Property Insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against either party to this Lease for any loss such policy covers.

2. **Term.** The term of this Lease (the “Term”) shall: (a) commence on the Commencement Date; and (b) continue until the Scheduled Expiration Date, unless terminated
sooner. The Commencement Date shall be memorialized in a notice of commencement to Tenant following Bankruptcy Court Approval. For the avoidance of doubt, the Term shall not commence and no obligation hereunder (including the payment of Rent) shall be effective unless and until Bankruptcy Court Approval has occurred, except that the parties shall use best commercially reasonable efforts to promptly secure Bankruptcy Court Approval.

3. **Rent.**

3.1 **Base Rent.** For the Term, Tenant shall pay a monthly rent in the amount of Two Million Six Hundred Thousand and No/100 Dollars ($2,600,000.00), without deduction, set off, prior notice or demand from Landlord (the "Base Rent"). Base Rent will be payable on the last day of each month until the Expiration Date, with the first (1st) calendar month pro-rated based on the number of days remaining in the current calendar month in which the Commencement Date occurs.

3.2 **Additional Rent.** The Base Rent shall be absolutely net to Landlord so that this Lease shall yield, net to Landlord, the Base Rent specified in Section 3.1 during the Term and that all impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with Laws, and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises, which accrue during the Term or by reason of events occurring during the Term shall be paid or discharged by Tenant. In the event Tenant fails to pay or discharge any imposition, insurance premium, utility charge, maintenance repair or replacement expense which it is obligated to pay or discharge, Landlord may, but shall not be obligated to pay the same, and in that event Tenant shall immediately reimburse Landlord therefor and pay the same as Additional Rent, and Tenant hereby agrees to Indemnify Landlord from and against such impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with Laws, and all other costs, fees, charges, expenses, reimbursements and obligations referred to above.

3.3 **Payment.** During the Term, Tenant shall pay Rent by good and sufficient check payable to Landlord by wire transfer, pursuant to such instructions set forth on Exhibit B, or as Landlord shall designate from time to time.

3.4 **Offsets.** Except as expressly provided in this Lease, Tenant shall pay all Rent without offset, defense, claim, counterclaim, reduction, or deduction of any kind whatsoever.

3.5 **Delinquent Payments.** The performance and observance by Tenant of all the terms, covenants, conditions and agreements to be performed or observed by Tenant hereunder shall be performed and observed by Tenant at Tenant’s sole cost and expense. Any installment of Rent or any other charges payable by Tenant under the provisions hereof which shall not be paid when due or within ten days thereafter shall bear Default Interest from the date when the same is due hereunder until the same shall be paid. In addition, any installment of Rent or any other charges payable by Tenant under the provisions hereof which shall not be paid when due and which remain unpaid ten days thereafter shall be subject to a late payment fee of five percent (5%) of the
unpaid amount. California Government Code, Section 927, et seq., shall control in the event of any conflict with this Section 3.5.

4. **Real Estate Taxes; Other Payments.**

4.1 **Real Estate Taxes.** Tenant shall pay all Real Estate Taxes associated with the Premises.

4.2 **Utilities.** Tenant shall arrange and pay for all fuel, gas, light, power, water, sewage, garbage disposal, telephone, and other utility charges, and the expenses of maintenance, use, and service in connection with the foregoing, for the Premises during the Term. Except as set forth in Section 18.3, Landlord shall have absolutely no liability or responsibility for the foregoing, provided that Landlord performs its obligations regarding any related Application.

5. **Use.**

5.1 **Permitted Use.** Tenant shall use the Premises for the operation of a general acute care hospital, including outpatient services, ambulance services, and any other lawful health care purpose in response to the COVID-19 pandemic emergency (collectively, the "Medical Business"). Landlord expressly disclaims and makes no representations and warranties concerning the suitability of the Premises for the Medical Business, including, but not limited to, any Approvals required in connection therewith. Tenant’s obligations under this Section 5 will not survive termination of this Lease.

5.2 **Exclusive Control.** Tenant shall have exclusive control, possession, occupancy, use, and management of the Premises. Tenant shall have full and complete charge, authority and control of the administration, management and operation of the Medical Business at the Premises. Tenant shall have the right and authority to determine all business, technical and professional policies relating to the operation of the Medical Business, with no restrictions, qualifications or supervision by Landlord. Tenant shall determine the financial policy of the Medical Business and shall have complete power to fix, control and regulate the charges and collections made for services therein. Accordingly, Tenant shall be responsible for all operational and medical services provided at the Premises and the security of all persons and property at the Premises in compliance with applicable Laws, and Tenant acknowledges and agrees that Landlord is providing no services whatsoever and shall not responsible or otherwise liable for the same.

6. **Compliance.**

6.1 **Generally.** Tenant shall during the Term, at Tenant’s expense, in all material respects, subject to Tenant’s right of Contest: (a) comply with all Laws (including, without limitation, life-safety or seismic compliance), and (b) procure and comply with all Approvals required by Law (including, without limitation, all hospital/medical operational licenses or payor certifications).

6.2 **HIPAA.** Tenant agrees to comply with all requirements and obligations which may be imposed on Tenant by or under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), at 45 C.F. R. 18 §164.501, as amended, and all other applicable healthcare and privacy laws, regulations, ordinances, statutes, and rules to which Tenant may be subject. For
purposes of this Section of this Lease, "protected health information", or "PHI", shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 (the "Privacy Standards"), as promulgated by the Department of Health and Human Services ("HHS") pursuant to the Administrative Simplification provisions of HIPAA. Tenant agrees to reasonably safeguard PHI from any intentional or unintentional disclosure in violation of the Privacy Standards by implementing appropriate administrative, technical and physical safeguards to protect the privacy of PHI. Tenant further agrees to implement appropriate administrative, technical and physical safeguards to limit incidental disclosures of PHI, including disclosures to Landlord and its People. The parties agree that neither the Landlord nor its People shall need access to, nor shall they use or disclose, any PHI of Tenant. However, in the event PHI is disclosed by Tenant to Landlord or its People, regardless as to whether the disclosure is inadvertent or otherwise, Landlord agrees to take reasonable steps to maintain, and to require its People to maintain, the privacy and confidentiality of such PHI. Landlord hereby agrees that, notwithstanding the rights granted to Landlord pursuant under this Lease, except when accompanied by an authorized representative of Tenant or except in the case of an emergency, neither Landlord nor its People shall be permitted to enter those areas of the Premises where such entry is prohibited by applicable state or federal health care privacy laws. The parties agree that the foregoing does not create, and is not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards. Notwithstanding anything in this Section 6.2 to the contrary, this provision does not limit the rights of Landlord or any other Debtor under bankruptcy law, including § 351.

6.3 Copies of Notices. Landlord shall promptly give Tenant a copy of any notice of any kind regarding the Premises, and any notice of nonrenewal or threatened nonrenewal of any Approval that Landlord receives from any Government, utility company, insurance carrier, or insurance rating bureau.

7. Maintenance and Construction.

7.1 Obligation to Maintain.

7.1.1. Tenant’s Obligations. Tenant, at its sole cost and expense, throughout the Term, shall take good care of the Premises and Existing FF&E (including any Construction hereafter made to the Premises), and shall keep the same in good order, condition and repair, and shall make and perform all routine maintenance thereof and all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description. Such obligation shall include, but not be limited to, the repair and maintenance of all driveways, pathways, roadways, sidewalks, curbs, spur tracks, parking areas, loading areas, landscaped areas, entrances and passageways in good order and repair, and Tenant shall promptly remove all accumulated snow, ice and debris from any and all driveways, pathways, roadways, sidewalks, curbs, parking areas, loading areas, entrances and passageways, and keep all portions of the Premises, including areas appurtenant thereto, in a clean and orderly condition free of snow, ice, dirt, rubbish, debris and unlawful obstructions. Further, Tenant shall keep the Premises safe for human occupancy and use. To the extent any Construction is required to upgrade the Premises, cure any existing defects or bring the Premises into compliance with applicable Laws or otherwise for the Medical Business use, Tenant may, but shall not be obligated to, perform such Construction at Tenant’s sole cost and expense in accordance with
Section 7.2; provided, however, Tenant's inability to use the Premises due to its non-compliance with applicable Laws or otherwise for the Medical Business use shall be at Tenant’s sole risk and shall not relieve Tenant from its other obligations hereunder, including, but not limited to the obligation to pay Rent. Tenant shall be responsible for all repairs to the Premises and Existing FF&E which are made necessary by any misuse or neglect by: (i) Tenant or any of its People; or (ii) any visitors, patrons, guests, or invitees of Tenant while in or upon the Premises. All repairs made by Tenant shall be at least equal in quality and cost to the original work and shall be made by Tenant in accordance with all Laws. The necessity for or adequacy of maintenance and repairs shall be measured by the standards applicable at the time which are appropriate for improvements of similar construction and class, provided that Tenant shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Premises and Existing FF&E. When used in this Section 7.1, “repairs” shall include all necessary replacements, renewals, alterations, additions and betterments.

7.1.2. Waste. Tenant shall not do or suffer any waste or damage, disfigurement or injury to the Premises, or any Improvements hereafter erected thereon, or to the Existing FF&E therein, or permit or suffer any overloading of the floors or other use of the Premises that would place an undue stress on the same or any portion thereof beyond that for which the same was designed.

7.1.3. Landlord’s Obligations. Notwithstanding anything herein to the contrary, Landlord shall have no obligation to, during the Term, (i) keep and maintain the Premises and the Existing FF&E in good order, condition, and repair, and Landlord shall not be required to furnish any services or facilities in, about or to the Premises or any Improvements hereafter erected thereon, or (ii) upgrade the Premises, cure any existing defects or bring the Premises into compliance with applicable Laws (including, without limitation, life-safety or seismic compliance) or otherwise for the Medical Business use. Tenant hereby assumes all risk associated with the condition, operation, repair, replacement, maintenance and management of the Premises and all Improvements hereafter erected thereon, and Tenant hereby waives any rights created by any Law to make repairs to the Premises or Improvements hereafter erected thereon at Landlord’s expense.

7.1.4. Landlord’s Right to Effect Repairs. If Tenant should fail to perform any of its obligations under this Section 7.1, then Landlord may, if it so elects, in addition to any other remedies provided herein, effect such repairs and maintenance. Any sums expended by Landlord in effecting such repairs and maintenance shall be due and payable, on demand, together with Default Interest from the date of each such expenditure by Landlord to the date of repayment by Tenant.

7.2 Construction and FF&E During Term.

7.2.1. Tenant may cause any Construction to the Premises, and acquire FF&E for the Premises, provided that they are consistent with the Medical Business and further provided that Tenant shall obtain the prior written consent of Landlord (not to be unreasonably withheld, conditioned or delayed) for such Construction and FF&E that would cause structural injury to the Improvements or have a material adverse impact on the value or usefulness of the Premises.
Notwithstanding the above, it shall be unreasonable for Landlord to withhold, condition or delay consent to Construction or FF&E that are legally required in connection with the operation of the Hospital or to otherwise comply with Tenant’s obligations under this Lease; provided the same are removed from the Premises upon the Expiration Date as provided herein. As a condition to granting approval for any Construction and FF&E, Landlord may require Tenant to agree that Landlord, by written notice to Tenant, given at or prior to the time of granting such approval, may require Tenant to remove any Construction or FF&E installed by Tenant in the Premises at Tenant’s sole cost and expense, and repair and restore any damage caused by the installation and removal of such Construction and FF&E. All Construction and FF&E installed by Tenant which did not require Landlord’s prior approval shall be removed by Tenant as provided for in this Section 7.2.1, unless Tenant has obtained a written waiver of such condition from Landlord.

All Construction (other than Tenant’s movable trade fixtures and FF&E) made or installed by Tenant shall immediately, upon completion or installation thereof, become the property of Landlord without payment therefor by Landlord, and shall be surrendered to Landlord on the Expiration Date. Movable trade fixtures that are acquired by Tenant during the Term shall be the property of and owned by Tenant throughout the Term, and shall in no event be deemed Building Equipment, even if affixed to the Premises; provided the same are removed from the Premises upon the Expiration Date as provided herein. Landlord hereby expressly waives and releases any and all contractual liens and security interests or constitutional and/or statutory liens and security interests arising by operation of law or under the applicable lease to which Landlord might now or hereafter be entitled on any of Tenant’s FF&E, including, without limitation, Tenant’s trade fixtures.

7.2.2. Construction to the Premises shall be done in a good and workmanlike manner using suitable materials equivalent in quality to those used in the construction of the existing improvements to the Premises. If such Construction is structural in nature, require a building or construction permit and the contractual cost of such Construction exceeds five hundred thousand dollars ($500,000) (a “Material Construction”), such Material Construction shall be done under the supervision of a licensed contractor or structural engineer. Promptly following completion of any Material Construction, Tenant shall deliver to Landlord a reproducible copy of the drawings of such Material Construction as built. If this Lease terminates before completion of any Material Construction by Tenant, upon Landlord’s request Tenant shall assign its right under any construction, design or material supply contract required for completion of the Material Construction to Landlord or its designee.

7.2.3. Tenant shall promptly pay all charges and costs incurred in connection with any Construction to the Premises performed by or at the request of Tenant, as and when required by the terms of any agreements with contractors, designers, or suppliers to which Tenant is a party; provided, however, that Tenant may contest any such charges and costs in good faith as Tenant reasonably considers necessary. At least ten (10) Business Days before beginning construction of any Material Construction to the Premises, Tenant shall give Landlord written notice of the expected commencement date of that Construction to permit Landlord to post and record a notice of non-responsibility.

7.2.4. On completion of any specific Construction to the Premises, Tenant shall (i) cause a timely notice of completion to be recorded in the office of the recorder of Los
Angeles County, in accordance with California Code Sections 8182, 8184, 9204, and 9208 or any successor statute; and (ii) deliver to Landlord evidence of full payment and executed unconditional final waivers of all liens for labor, services, or materials, all in recordable form.

7.2.5. Except as expressly approved by Landlord in writing, Tenant shall not be the cause or object of any liens or allow such liens to exist, attach to, be placed on, or encumber Tenant’s interest in the Premises, by operation of law or otherwise. Tenant shall not suffer or permit any lien of mechanics, material suppliers, or others to be placed against the Premises with respect to work or services performed for Tenant or materials furnished to Tenant or the Premises at the request of Tenant. Landlord has the right at all times to post and keep posted on the Premises (in such areas reasonably acceptable to Tenant) any notice that it considers necessary for protection from such liens. If any such lien attaches or Tenant receives notice of any such lien, Tenant shall promptly provide Landlord with a copy of same and shall cause the lien to be released and removed of record within thirty (30) days after Tenant’s receipt of written notice of such lien or bonded over as provided in subsection 7.2.6 below. Despite any other provision of this Lease, if the lien is not released and removed within such period or otherwise bonded over as provided in subsection 7.2.6 below, Landlord may, at Tenant’s expense, upon at least ten (10) Business Days prior written notice to Tenant of its intention to do so, thereafter take all action reasonably necessary to release and remove the lien, without any duty to investigate the validity of it, unless Tenant has commenced legal action to contest, dispute, or defend the claims of the lienholders and the validity of the liens and continues to diligently prosecute such action to a successful judgment releasing the lienholder’s lien against the Premises.

7.2.6. Notwithstanding subsection 7.2.5 above, Tenant may in good faith and at Tenant’s own expense contest the amount and/or validity, in whole or in part of any such lien, provided Tenant has furnished a bond meeting the requirements of California Civil Code Section 8424 (or any successor statute hereafter enacted). If Tenant: (i) is in default of its foregoing obligation to bond such lien, or (ii) a final judgment has been rendered against Tenant by a court of competent jurisdiction on account of such mechanic’s, materialman’s, contractor’s or subcontractor’s lien claim and Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment; then Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both, at Tenant’s expense; provided, however, that with respect to subsection (i), Landlord shall have first provided at least seven (7) Business Days prior written notice to Tenant of Landlord’s intention to do so.

7.2.7. Landlord agrees to reasonably assist Tenant in the procurement of any licenses, permits, “sign-offs,” Approvals or certificates that may be required by any governmental or quasi-governmental agency or authority with respect to Tenant’s Construction in and to the Premises permitted under this Lease, or with respect to the obtaining of any services, utilities or facilities from the public utility corporation(s) supplying the same to the Premises, and Landlord agrees to execute any documents that are required by any such governmental or quasi-governmental agency or authority in connection therewith.

7.3 Plans and Specifications. To the extent that Tenant obtains plans and specifications or surveys (including working plans and specifications and “as-built” plans and specifications and surveys) for any Construction, Tenant shall promptly upon Landlord’s request
give Landlord a copy, subject to the terms of any agreement between Tenant and the applicable architect, engineer, or surveyor.

7.4 Applications and Approvals. Tenant shall apply to each applicable Government for such Approvals as any Construction undertaken by Tenant shall require. Upon Tenant’s request, Landlord shall, without cost to Landlord, promptly join in and execute any Application as Tenant reasonably requests, and otherwise reasonably cooperate with Tenant in obtaining Approvals, provided that such Application is in customary form and imposes no material obligations (beyond obligations ministerial in nature or merely requiring compliance with Law) upon Landlord. Landlord grants to Tenant a power of attorney, coupled with an interest, and therefore irrevocable, to sign on Landlord’s behalf any Application that this Lease requires Landlord to sign. Promptly upon Tenant’s request and without charge, Landlord shall furnish all information in its possession that Tenant reasonably requests for any Application. Landlord assumes no liability by cooperating with any Construction undertaken by Landlord.

7.5 Landlord Nonopposition. Landlord shall not appear in opposition to any Application brought, sought, or defended by Tenant before any Government arising out of any Application consistent with this Lease.

7.6 Tenant EMR and Business Systems. Tenant may implement an electronic medical record (“EMR”) system of its choice and other standard business technology solutions for use in operations at the Premises at such time as Tenant decides.

8. Prohibited Liens.

8.1 Tenant’s Covenant. If a Prohibited Lien is filed then Tenant shall, within 30 days after receiving Notice from Landlord of such filing (but in any case within 15 days after receipt of Notice from Landlord of commencement of foreclosure proceedings), commence appropriate action to cause such Prohibited Lien to be paid, discharged, bonded, or cleared from title. Tenant shall thereafter prosecute such action with reasonable diligence and continuity. If Landlord receives notice of any such filing, then Landlord shall promptly Notify Tenant. Nothing in this Lease shall be construed to: (a) limit Tenant’s right of Contest; or (b) obligate Tenant regarding any lien that results from any act or omission by Landlord, or that arises in or relates to any period prior to the Term. If any Subtenant causes a Prohibited Lien, then Tenant’s obligations under this paragraph shall be suspended so long as both: (a) Tenant is with reasonable diligence endeavoring to cause the Subtenant to remove the Prohibited Lien; and (b) the holder of the Prohibited Lien has not commenced foreclosure proceedings.

8.2 Protection of Landlord. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT UPON CREDIT, AND THAT NO MECHANIC’S OR OTHER LIEN FOR ANY SUCH LABOR OR MATERIALS SHALL ATTACH TO OR AFFECT THE FEE ESTATE. NOTHING IN THIS LEASE SHALL BE DEEMED OR CONSTRUED IN ANY WAY TO CONSTITUTE LANDLORD’S CONSENT OR REQUEST, EXPRESS OR IMPLIED, BY INERENCE OR OTHERWISE, TO ANY CONTRACTOR, SUBCONTRACTOR, LABORER, EQUIPMENT OR MATERIAL SUPPLIER FOR THE PERFORMANCE OF ANY LABOR OR THE FURNISHING OF ANY MATERIALS OR EQUIPMENT FOR ANY
CONSTRUCTION, NOR AS GIVING TENANT ANY RIGHT, POWER OR AUTHORITY TO
CONTRACT FOR, OR PERMIT THE RENDERING OF, ANY SERVICES, OR THE
FURNISHING OF ANY MATERIALS THAT WOULD GIVE RISE TO THE FILING OF ANY
LIENS AGAINST THE FEE ESTATE. TENANT SHALL INDEMNIFY LANDLORD
AGAINST ANY CONSTRUCTION UNDERTAKEN BY TENANT OR ANYONE CLAIMING
THROUGH TENANT, AND AGAINST ALL PROHIBITED LIENS.

9. **Hazardous Substances.**

9.1 *Restrictions.* Tenant shall not cause on, under or at the Premises during the
Term: (a) any material violation of any Environmental Law; or (b) the use, generation, release,
manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance,
or transportation to or from the Premises of any Hazardous Substance, unless in compliance with
all applicable Environmental Laws.

9.2 *Compliance; Clean-Up.* Tenant shall, at Tenant’s expense: (a) comply with
Environmental Law in connection with its operations and, to the extent Environmental Law
requires, clean up any Hazardous Substance Discharge on, at, or under the Premises caused or
exacerbated by Tenant or any of Tenant’s People; (b) make all submissions to, deliver all
information required by, and otherwise fully comply with all requirements of any Government
under Environmental Laws in connection with its operations; (c) if any Government requires any
clean-up plan or clean-up because of a Hazardous Substances Discharge caused or exacerbated by
Tenant or any of Tenant’s People, prepare and submit the required plans and all related bonds and
other financial assurances; (d) promptly and diligently carry out all such clean-up plans; and
(e) Indemnify Landlord against any Hazardous Substances Discharge to the extent caused or
exacerbated by Tenant or any of Tenant’s People or violation of Environmental Law caused by
Tenant or any of Tenant’s People. Landlord shall, at Landlord’s expense: (v) comply with
Environmental Law and, to the extent Environmental Law requires, clean up any Hazardous
Substance Discharge on, at, or under the Premises caused or exacerbated by Landlord or any of
Landlord’s People or predating the Commencement Date; (w) make all submissions to, deliver all
information required by, and otherwise fully comply with all requirements of any Government
under Environmental Laws; (x) if any Government requires any clean-up plan or clean-up because of
a Hazardous Substances Discharge caused or exacerbated by Landlord or any of Landlord’s
People or predating the Commencement Date, prepare and submit the required plans and all related
bonds and other financial assurances; (y) promptly and diligently carry out all such clean-up plans;
and (z) Indemnify Tenant against any Hazardous Substances Discharge caused or exacerbated by
Landlord or any of Landlord’s People or predating the Commencement Date or violation of
Environmental Law caused by Landlord or any of Landlord’s People or predating the Commencement Date, in either case, whether known or unknown. Any party’s obligations under
this paragraph shall not limit such party’s rights against third parties.

9.3 *Medical Waste.* Notwithstanding anything to the contrary contained in this
Lease, Tenant is responsible, at Tenant’s sole cost and expense, for proper handling and disposal
of all infectious waste (including, without limitation, Medical Waste) generated in the Premises
during the Term. Landlord is not responsible for any handling of contaminated objects, materials
or substances. Tenant acknowledges that the Laws governing proper waste management may be
amended from time to time by city, state, county or federal government agencies. Each and every
waste management company chosen by Tenant to handle Tenant’s waste removal may change its policies and practices governing the disposal of waste from time to time; provided, however, that such policies and practices will at all times comport with current Laws governing proper waste management. Tenant will provide Landlord with a copy of any waste disposal agreement, if any, entered into between Tenant and such waste management company for the removal of waste from the Premises at any time during the Term. Notwithstanding any changes in the Laws governing the manner of handling or other manner affecting waste management, Tenant agrees to fully cooperate and abide by the foregoing as the same may be amended or changed from time to time. Failure to abide by the aforementioned Laws governing proper waste management constitutes an Nonmonetary Default under the terms of this Lease. Notwithstanding anything to the contrary contained herein, Tenant agrees to retain all Medical Waste in the Premises or, at Landlord’s election, in an area within the Building designated by Landlord, at all times until such Medical Waste is removed therefrom by Tenant’s waste management company. Tenant shall be solely responsible for all claims, costs and liabilities, including Legal Costs, arising out of or in connection with such Medical Waste and the work and materials necessary to return the Premises to its condition existing prior to Tenant’s placement of the Medical Waste on the Premises. Landlord may, at its sole option, engage a waste management company to remove such Medical Waste from the Premises and the Buildings, and such costs shall be payable as Additional Rent.

10. **Indemnification; Liability of Landlord.**

10.1 **Obligations.** Landlord and Tenant shall each Indemnify the Indemnitees of the other, to the extent caused by any: (a) breach or default by the Indemnitor under this Lease; (b) breach of any representation or warranty made by Indemnitor in this Lease; or (c) any wrongful act, wrongful omission, or negligence of the Indemnitor (and anyone claiming by or through Indemnitor) or its People. In addition, Tenant shall Indemnify Landlord Indemnitees against the following during the Term: ; (w) any Contest Tenant initiates; (x) any Application made at Tenant’s request; (y) any Construction undertaken by Tenant and any agreements that Tenant (or anyone claiming through Tenant) makes for any such Construction; and (z) any accident, injury or damage whatsoever caused to any Person or property (of Tenant or any other Person) in or on the Premises or upon or under the sidewalks adjoining the Premises. Notwithstanding anything to the contrary in this Lease, no Indemnitor shall be required to Indemnify any Indemnitee regarding the Indemnitee’s willful misconduct or negligence. This paragraph does not apply to Environmental Law and Hazardous Substances Discharges, which are covered elsewhere.

10.2 **Liability of Landlord.** Notwithstanding anything herein to the contrary, during the Term: (a) Tenant is and shall be in exclusive control and possession of the Premises; and (b) Landlord shall not be liable for any injury or damage to any property (of Tenant or any other Person) or to any person occurring on or about the Premises, except to the extent caused by Landlord’s willful misconduct or gross negligence.

10.3 **Indemnification Procedures.** Wherever this Lease requires any Indemnitor to Indemnify any Indemnitee:

10.3.1. **Prompt Notice.** Indemnitee shall promptly Notify Indemnitor of any claim. If Indemnitee fails to give prompt Notice, then to the extent, and only to the extent, such
failure materially prejudices Indemnitee, Indemnitor shall be relieved of its indemnity obligations for such claim.

10.3.2. Selection of Counsel. Indemnitor shall select counsel reasonably acceptable to Indemnitee. Counsel to Indemnitor’s insurance carrier shall be deemed satisfactory. Even though Indemnitor shall defend the action, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the claim and its defense. Such counsel may attend all proceedings and meetings. Indemnitor’s counsel shall actively consult with Indemnitee’s counsel. Indemnitor and its counsel shall, however, fully control the defense.

10.3.3. Cooperation. Indemnitee shall reasonably cooperate with Indemnitor’s defense, provided Indemnitor reimburses Indemnitee’s actual reasonable out of pocket expenses (including Legal Costs) in providing such cooperation.

10.3.4. Settlement. Indemnitor may, with Indemnitee’s consent, not to be unreasonably withheld, settle the claim. Indemnitee’s consent shall not be required for any settlement by which: (w) Indemnitor procures (by payment, settlement, or otherwise) a release of Indemnitee by which Indemnitee need not make any payment to the claimant; (x) neither Indemnitee nor Indemnitor on behalf of Indemnitee admits liability; (y) the continued effectiveness of this Lease is not jeopardized in any way; and (z) Indemnitee’s interest in the Premises is not jeopardized in any way.

10.3.5. Insurance Proceeds. Indemnitor’s obligations shall be reduced by net insurance proceeds Indemnitee actually receives for the matter giving rise to indemnification.

11. **Right of Contest.**

11.1 Tenant’s Right; Contest Conditions. Notwithstanding anything to the contrary in this Lease, Tenant shall have the exclusive right to contest, at its sole cost, by appropriate legal proceedings diligently conducted in good faith, the amount or validity of any Prohibited Lien; the validity of any Law or its Application to the Premises; the terms or conditions of, or requirements for, any Approval; or the validity or merit of any claim against which this Lease requires Tenant to Indemnify Landlord (any of the foregoing, a “Contest”). Tenant may defer payment or performance of the contested obligation pending outcome of the Contest, provided that Tenant causes the following conditions (collectively, the “Contest Conditions”) to remain satisfied:

11.1.1. No Criminal Act. Such deferral or noncompliance shall not constitute a criminal act by Landlord or subject Landlord to a material risk of any fine or penalty.

11.1.2. No Liability. Such deferral or noncompliance creates no material risk of a lien, charge, or other liability of any kind against the Fee Estate.

11.1.3. No Forfeiture. Such deferral or noncompliance will not place the Fee Estate in material danger of being forfeited or lost.

11.1.4. No Cost to Landlord. Such Contest shall be without cost, liability, or expense to Landlord.
11.1.5. *Diligence.* Tenant shall prosecute such Contest with reasonable
diligence and in good faith.

11.1.6. *Payment.* If required for such Contest, Tenant shall have paid the
contested Real Estate Taxes or other matter.

11.1.7. *Named Parties.* If Landlord has been named as a party in any action,
then Tenant shall cause Landlord to be removed as such party and Tenant substituted in Landlord’s
place, if permissible under the circumstances.

11.2 *Landlord Obligations and Protections.* Landlord need not join in any
Contest unless (a) Tenant has complied with the Contest Conditions; and (b) such Contest must be
initiated or prosecuted in SVMC’s name. In such case, Landlord shall cooperate, as Tenant
reasonably requests, to permit the Contest to be prosecuted in SVMC’s name. Landlord shall give
Tenant any documents, deliveries, and information in Landlord’s control and reasonably necessary
for Tenant to prosecute its Contest. Landlord shall otherwise assist Tenant in such Contest as
Tenant reasonably requires. Tenant shall pay all reasonable costs and expenses, including Legal
Costs, of any Contest.

11.3 *Miscellaneous.* Upon final determination of Tenant’s Contest of a Law,
Tenant shall comply with such final determination. So long as the Contest Conditions remain
satisfied, Landlord shall enter no objection to any Contest.

12. *Insurance.*

12.1 *Tenant Insurance Coverages.* Tenant shall, at its sole expense, maintain the
following insurance coverage:

12.1.1. *Casualty.* Property Insurance against loss, damage or destruction to
the Premises caused by any peril covered by “Causes of Loss – Special Form” policy of insurance,
including, without limitation, coverage by endorsement for flood insurance (if the Premises is in a
Special Flood Hazard Area), earthquake insurance, boiler and pressure vessel (including, but not
limited to, pressure pipes, steam pipes and condensation return pipes) insurance and other risks
which at the time are included under “extended coverage” endorsements, at least as broad as ISO
form CP 1030 (or its current equivalent), without any exclusions other than standard printed
exclusions and without exclusion for wind, terrorism, sprinkler leakage, sewer backup or other
water-related damage. The policy or policies for such insurance shall provide for loss payable to
Landlord with deductibles of not more than $25,000 per occurrence and with all co-insurance
provisions waived. The amount of the insurance required by this Subsection 12.1.1 shall be in an
amount not less than the actual replacement cost of the Improvements (replacement cost new,
including coverage for the cost of debris removal and ordinance or law coverage).

12.1.2. *Personal Property.* Property Insurance against loss, damage or
destruction to all FF&E at the Premises caused by any peril covered by “Causes of Loss – Special
Form” policy of insurance (or its current equivalent). The policy or policies for such insurance
shall provide for loss payable to Landlord with deductibles of not more than $25,000 per
occurrence and with all co-insurance provisions waived. The amount of the insurance required by
this Section 12.1.2 shall be in an amount not less than the actual replacement cost of all FF&E at
the Premises.

12.1.3. Liability. Commercial general liability insurance and
medical/hospital professional liability insurance for its employees (on an occurrence basis)
providing coverage at least as broad as ISO form CG 00 01 12 07 (or its current equivalent), against
claims for bodily injury, death, medical expenses and property damage occurring on, in or about
the Premises in the minimum amounts of $5,000,000 per occurrence and $10,000,000 in the
aggregate, or in such greater amounts as are then customary for property similar in use to the
Premises, with deletions of contractual liability exclusions with respect to personal injury and with
defense to be provided as an additional benefit and not within the limits of liability and with
deductibles of not more than $25,000 per occurrence. In addition, if Tenant’s medical/hospital
professional liability insurance is written on a claims made basis, Tenant agrees to purchase an
unlimited extended reporting period endorsement or “tail” coverage. In addition, Tenant shall
maintain excess liability or umbrella liability (in follow form) insurance with a limit of not less
than $20,000,000 per occurrence, which shall provide excess coverage over all limits and
coverages noted elsewhere herein.

12.1.4. Worker’s Compensation. Worker’s compensation insurance in
amounts necessary to comply with applicable Law, covering all persons employed by Tenant in
connection with any work done on or about the Premises for which claims for death, disease or
bodily injury may be asserted against Landlord, Tenant or the Premises or, in lieu of such worker’s
compensation insurance, a program of self-insurance or a non-subscriber system complying with
all applicable Law.

12.1.5. Builder’s Risk. During any period in which Material Construction
at the Premises is being undertaken, builder’s risk insurance covering the total completed value
including any “soft costs” with respect to the Improvements being altered or repaired (on a
completed value, non reporting basis), replacement cost of work performed and equipment,
supplies and materials furnished in connection with such construction or repair of Improvements
or FF&E, together with such “soft cost” endorsements and such other endorsements as Landlord
may reasonably require and contractors’ general liability, worker’s compensation and automobile
liability insurance with respect to the Improvements being constructed, altered or repaired.

12.1.6. Automobile. Automobile liability insurance with limits of not less
than $2,000,000 per occurrence covering all owned and hired/non-owned vehicles.

12.1.7. Other. Such other insurance (or other terms with respect to any
insurance required pursuant to this Section 12.1, including without limitation, amounts of
coverage, deductibles, and form of mortgage clause) as Landlord may reasonably require, which
at the time is usual and commonly obtained in connection with properties similar in type of
building size, use and location of the Premises.

12.2 Tenant Insurance Requirements. Tenant agrees that all insurance that
Tenant is required to carry pursuant to Section 12.1 will be written by companies authorized to do
business in the State and carrying a claims paying ability of at least A:XXII by A.M. Best or A by
Standard and Poor’s, as applicable. The insurance required hereunder (excluding worker’s
compensation) will name Landlord as an additional insured as its interests may appear. Tenant agrees that the casualty and builder’s risk insurance required hereunder shall bear a loss payee endorsement in favor of Landlord, and any loss under any such policy will be payable to Landlord, to be held and applied by Landlord toward restoration pursuant to provisions and procedures of this Lease. Every policy referred to in Section 12.1 will provide that any loss otherwise payable hereunder will be payable notwithstanding: (i) any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment; (ii) the occupation or use of the Premises for purposes more hazardous than those permitted by the provisions of such policy; or (iii) any change in title to or ownership of the Premises. All coverages described in Section 12.1 shall provide Landlord, by applicable endorsement, with thirty (30) days’ notice of cancellation, non-renewal and change of material terms. If any insurance required to be maintained by Tenant under this Lease will expire, be withdrawn, become void or voidable, for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance becomes reasonably unsatisfactory to Landlord, Tenant shall immediately obtain new or additional insurance reasonably satisfactory to Landlord. All insurance required to be maintained by Tenant under this Lease shall be primary to, and non-contributing with respect to, any insurance maintained by Landlord. Tenant shall pay as they become due all premiums and costs, including losses falling within deductibles, for the insurance required by Section 12.1, shall renew or replace each policy and deliver to Landlord evidence of the payment of the full premium therefor or installment then due at least thirty (30) days prior to the expiration date of such policy. Prior to the Commencement Date, and upon each renewal or replacement of such insurance, Tenant shall deliver to Landlord certificates of insurance in the most currently published form of ACORD 28 (Evidence of Property Insurance) and ACORD 25 (Certificate of Liability Insurance) evidencing all insurance coverages required to be maintained by Tenant hereunder, together with an endorsement(s) adding Landlord as additional insured and loss payee, as appropriate, as its interests may appear, and such certificates shall confirm that Tenant has obtained all insurance required hereunder. Upon request by Landlord, Tenant shall promptly forward to Landlord copies of all original policies and endorsements. The minimum policy limits for all policies required to be maintained by Tenant hereunder will not in any way affect or limit Tenant’s obligations to Indemnify set forth in this Lease and will not limit the liability of Tenant for its acts or omissions as provided in this Lease. The per occurrence and annual aggregate limits for all insurance required to be maintained by the Tenant hereunder may be increased by Landlord from time to time to reflect current market conditions (not more frequently than once every five years).

12.3 Self-Insure. Notwithstanding the foregoing, with respect to any insurance coverages to be provided by Tenant hereunder, Tenant may, so long as Tenant remains the originally named Tenant hereunder, determine to self-insure or purchase insurance policies required hereunder with such deductibles as is customary for the risks involved.

In accordance with Government Code section 11007.4, the State of California has elected to be self-insured for liability exposures. Under this form of insurance, the State and its employees acting in the course and scope of their employment are insured for tort liability arising out of official State business. All claims against the State of California based on tort liability should be presented as a government claim to the Government Claims Program, P.O. Box 989052 MS 414, West Sacramento, CA 95798-9052. (Gov. Code section 900, et. seq.) Internet link:
The State of California has also elected to be insured for its motor vehicle liability exposures through the State Motor Vehicle Liability Self-Insurance Program (VELSIP). This program provides liability coverage arising out of the operations of motor vehicles used by state employees for official state business (California Vehicle Code Sections 17000 and 17001). Motor vehicle liability claims against the State of California should be presented to the Office of Risk and Insurance Management, P.O. Box 989052 MS-403, West Sacramento, CA 95798-9052, (800) 900-3634, claims@dgs.ca.gov. If your motor vehicle liability claim is not resolved within six months from the date of loss, California law requires you to file a formal claim with the Government Claims Program, P.O. Box 989052 MS 414, West Sacramento, CA 95798-9052. (Gov. Code section 900, et. seq.) Internet link:


The State of California has a Master Agreement with the State Compensation Insurance Fund regarding workers' compensation benefits for all state employees, as required by the Labor Code.

This Section 12.3 shall not apply to a Sublease or other permitted Transfer of this Lease.

12.4 Waiver of Certain Claims. To the extent that Landlord or Tenant purchases any policy of Property Insurance, the party purchasing such insurance (the “Insurance Purchaser”) shall cause the insurance carrier to agree to a Waiver of Subrogation, if not already in the policy. If any insurance policy cannot be obtained with a Waiver of Subrogation, or a Waiver of Subrogation is obtainable only by paying an additional premium, then the Insurance Purchaser shall so Notify the other party. The other party shall then have ten (10) Business Days after receipt of such Notice either to (a) direct the Insurance Purchaser to place such insurance with a company reasonably satisfactory to the other party and willing to issue the insurance with a Waiver of Subrogation at no greater or additional cost, or (b) agree to pay the additional premium if such a policy can be obtained only at additional cost. To the extent that the parties actually obtain insurance with a Waiver of Subrogation, the parties release each other, and their respective People, from any claims for damage to any person or the Premises that are caused by or result from risks insured against under such insurance policies.

12.5 Landlord Insurance. Landlord may, at its sole expense, maintain comprehensive general liability coverage for its own protection, and other insurance policies or programs of self-insurance it deems appropriate to cover the liability of Landlord. In addition, if Landlord’s medical/hospital professional liability insurance is written on a claims made basis, Landlord agrees to purchase an unlimited extended reporting period endorsement or “tail” coverage. Landlord agrees to provide Tenant with evidence of such coverage. Any policies, including any policy now or after the Commencement Date, carried by Landlord, will serve as excess coverage. If Tenant shall do anything in or about the Premises which increase insurance rates of Landlord’s insurance, if any, without imposing any obligation on Landlord to do so, on
the Leased Premises over customary rates for the uses permitted under this Lease, Tenant shall pay for any such increase.

12.6 No Representation. Neither party makes any representation that the limits, scope, or forms of insurance coverage this Lease requires are adequate or sufficient.

13. Losses and Loss Proceeds.

13.1 Prompt Notice. If either party becomes aware of any Casualty or actual, contemplated, or threatened Condemnation, then such party shall promptly so Notify the other party.

13.2 Casualty. If any Casualty occurs that is not a Substantial Casualty, then Tenant shall, except as otherwise provided in this paragraph, Restore with reasonable promptness. If the Casualty is a Substantial Casualty, then Tenant may, by Notice to Landlord given within two (2) months after the Casualty elect a Casualty Termination effective thirty (30) days after such Notice. Upon any Casualty Termination, Tenant shall assign and transfer to Landlord all of Tenant’s rights to Property Insurance Proceeds Tenant received, or is entitled to receive, because of the Casualty. If, however, pursuant to Law, the Premises cannot be Restored to the same bulk, and for the same use(s), as before the Casualty, then upon any resulting Casualty Termination, Tenant shall be entitled to receive and retain (as a first priority claim to the Property Insurance Proceeds) a portion of the Property Insurance Proceeds equal to the Market Value of the Leasehold Estate. Unless Tenant has validly elected a Casualty Termination: (a) this Lease shall not terminate; and (b) Tenant shall be solely responsible for negotiating and adjusting any Property Insurance Proceeds (or, if Landlord is the insuring party, then Landlord shall allow Tenant to participate in the negotiation and adjustment of any Property Insurance Proceeds).

13.3 Substantial Condemnation. If a Substantial Condemnation occurs during the Term, then as of the Condemnation Effective Date the Expiration Date shall occur and the parties shall apportion Rent. Landlord shall not settle or compromise any Condemnation Award without consent by Tenant. Landlord and Tenant shall allocate the Condemnation Award as follows and in the following order of priority, without duplication, until exhausted:

13.3.1. Costs and Expenses. To reimburse Landlord and Tenant for their respective actual costs and expenses, including Legal Costs, incurred in the Substantial Condemnation and determining and collecting the Condemnation Award.

13.3.2. Landlord's Claim. Landlord shall receive such portion of the Condemnation Award as shall equal the Market Value of the Fee Estate at the Condemnation Effective Date.

13.3.3. Tenant's Claim. Tenant shall receive such portion of the Condemnation Award as shall equal the Market Value of the Leasehold Estate, if any, at the Condemnation Effective Date.

13.3.4. Residual Claim. Landlord shall receive the entire remaining Condemnation Award.
13.4 Insufficient Condemnation. If an Insufficient Condemnation occurs during the Term then any Condemnation Award(s) shall be paid to Tenant and applied first toward Restoration, in the same manner as Restoration after Casualty, provided that if the Condemnation Award is inadequate to complete the Restoration, Tenant shall contribute the deficiency and Tenant shall Restore in compliance with this Lease. After Tenant has completed and fully paid for Restoration, any remaining Condemnation Award shall be distributed to Landlord and Tenant as if it arose from a Substantial Condemnation that affected only the part of the Premises taken, with an equitable allocation of all elements taken into account in determining such distribution. After the Condemnation Effective Date, all Base Rent shall decrease by a fraction whose numerator is the amount of the Condemnation Award paid to Landlord and whose denominator is the Market Value of the Fee Estate immediately before the Condemnation Effective Date.

13.5 Temporary Condemnation. If a Temporary Condemnation occurs during the Term and relates to a period longer than ninety (90) days, then Tenant may terminate this Lease effective as of the Condemnation Effective Date. In that event, and to the extent that the period of such Temporary Condemnation otherwise includes any period outside the Term, the Condemnation Award from such Temporary Condemnation shall belong to Landlord. If the Temporary Condemnation relates to a period of ninety (90) days or less, or if Tenant does not terminate this Lease because of the Temporary Condemnation, then Tenant shall receive the Condemnation Award (to the extent attributable to periods within the Term) and this Lease shall not be affected in any way. Landlord shall have no right to participate in any Temporary Condemnation proceedings unless either (a) Tenant elects to terminate this Lease because of the Temporary Condemnation; or (b) Tenant may not legally participate in such proceedings. In the latter case, Landlord shall participate in such proceedings in accordance with Tenant’s instructions, all at Tenant’s reasonable expense and using counsel selected, instructed, and paid by Tenant.

13.6 Use of Loss Proceeds. Landlord assigns to Tenant the right to receive all Loss Proceeds if the event giving rise to such Loss Proceeds has not resulted in the termination of this Lease. If Landlord receives any Loss Proceeds under such circumstances, Landlord shall promptly remit them to Tenant. Until Tenant has completed and paid for Restoration, Tenant shall hold all Loss Proceeds to be used first to Restore and for no other purpose. When Tenant has completed and paid for Restoration, Tenant may retain any remaining Loss Proceeds. Notwithstanding anything in this Lease to the contrary, if Restoration Funds are insufficient to Restore, then Tenant may terminate this Lease on thirty (30) days’ Notice to Landlord and shall deliver all of the Loss Proceeds received by Tenant (or the right to receive same if not yet received by Tenant) to Landlord.

13.7 Continuation of Lease. Except as this Lease expressly provides, this Lease shall not terminate, be forfeited, or be affected in any other manner, and Tenant waives any right to quit or surrender the Premises or any part of the Premises, because of any Loss or any resulting untenantability. Unless and until this Lease has been validly terminated, Tenant’s obligations under this Lease, including the obligation to pay Rent, shall continue unabated, subject to the Nonrecourse Clause.
14. **Representations and Warranties.**

14.1 **Landlord’s Representations and Warranties.** Landlord represents and warrants to Tenant that the following facts and conditions exist and are true as of the Commencement Date:

14.1.1. **Due Authorization and Execution.** Upon entry of the order by the Bankruptcy Court authorizing the Landlord to enter into the Lease approving the terms of the Lease, Landlord has full right, title, authority, and capacity to execute and perform this Lease, the Memorandum of Lease and any other agreements and documents to which Landlord is a party and referred to or required by this Lease, (collectively, the “Lease-Related Documents”); the execution and delivery of the Lease-Related Documents have been duly authorized by all requisite actions of Landlord; the Lease-Related Documents constitute valid, binding, and enforceable obligations of Landlord; and neither the execution of the Lease-Related Documents nor the consummation of the transactions they contemplate violates any agreement (including Landlord’s governing documents), contract, or other restriction to which Landlord is a party or is bound. The representations and warranties in this paragraph shall continue to apply in full force and effect throughout the Term as if made continuously during the Term.

14.1.2. **Real Property.** Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, any Approvals required in connection therewith, or with respect to the suitability or fitness of either for the conduct of the Medical Business or for any other purpose and Tenant accepts the Premises in an “as is” condition. Tenant further acknowledges that Tenant (i) has been afforded the opportunity to inspect the Premises, (ii) is aware of the age and condition of the Premises and the fact that it is not currently operational, (iii) and has not relied on any representation or warranty of Landlord or any agent of Landlord with respect thereto, and (iv) is responsible, at its sole cost and expense, for any Construction at the Premises required for the conduct of the Medical Business, in accordance with Section 7.2.

14.1.3. **No Litigation.** Landlord has not been served with any summons, complaint or written notice to arbitrate, and, to Landlord’s knowledge, there is no existing, pending or threatened litigation, suit, action, investigation or proceeding before any court or administrative agency affecting Landlord, any constituent entity or individual of Landlord, or the Premises that would, if adversely determined, materially adversely affect Landlord, the Premises, this Lease, or the Leasehold Estate, except as set forth in **Schedule 14.3.**

14.1.4. **No Pending Condemnation.** To Landlord’s knowledge, there is no existing, pending or threatened Condemnation affecting any portion of the Premises or any pending public improvements in, about, outside or appurtenant to the Premises that will materially adversely affect the use and operation of the Premises for the Medical Business, the value of the Premises, or access to the Premises or that will create additional cost to any owner or Tenant of the Premises by means of special assessments or otherwise.

14.1.5. **Equipment Liens.** To Landlord’s knowledge, the Premises are free and clear of any rights or claims of a type that, if Tenant entered into or granted them after the Commencement Date, would constitute Equipment Liens.
14.1.6. **FIRPTA.** Landlord is not a “foreign person” within the meaning of Section 1445(f)(3) of the United States Internal Revenue Code of 1986.

14.1.7. **Premises Status.** To Landlord’s knowledge, the Premises are subject only to the Permitted Real Property Encumbrances listed on **Schedule 14.8** (the “Permitted Encumbrances”); and except as disclosed on **Schedule 14.8**, there are no purchase contracts, options, rights of first refusal, rights of first offer or first negotiation, restrictive covenants or other agreements of any kind, oral or written, formal or informal, choate or inchoate, recorded or unrecorded, whereby any person or entity will have acquired or will have any basis to assert any right, title or interest in the Premises.

14.2 **Tenant’s Representations and Warranties.** Tenant represents and warrants to Landlord that the following facts and conditions exist and are true as of the Commencement Date:

14.2.1. **Due Authorization and Execution.** Tenant has full right, title, authority, and capacity to execute and perform the Lease-Related Documents; the execution and delivery of the Lease-Related Documents have been duly authorized by all requisite actions of Tenant (including, but not limited to, necessary budgeted or emergency appropriations for the payment of the Rent required by applicable Law); the Lease-Related Documents constitute valid, binding, and enforceable obligations of Tenant; and neither the execution of the Lease-Related Documents nor the consummation of the transactions they contemplate violates any agreement (including Tenant’s governing documents), contract, or other restriction to which Landlord is a party or is bound. The representations and warranties in this paragraph shall continue to apply in full force and effect throughout the Term as if made continuously during the Term.

15. **Landlord’s Transfers.**

15.1 **Landlord’s Right to Convey.** Landlord may Transfer the Fee Estate from time to time, subject to this Lease.

15.2 **Release of Landlord.** Upon any Transfer of the entire Fee Estate, the grantor (together with VHS to the extent the grantor is SVM C) shall be automatically freed and relieved from all liability (excluding liability previously accrued) for performance of any covenants or obligations to be performed by Landlord after the Transfer, provided that such successor Landlord assumes Landlord’s future obligations under this Lease, subject to the Nonrecourse Clause. This Lease shall bind Landlord only while Landlord (together with VHS to the extent the owner thereof is SVM C) owns the Fee Estate, except as to any liabilities and obligations accrued before the date of Transfer of the Fee Estate.

16. **Tenant’s Transfers.**

16.1 **Tenant’s Right.** Tenant may Transfer this Lease or the Leasehold Estate to an Affiliate of Tenant without Landlord’s consent (but with prior written Notice) and otherwise with Landlord’s prior written consent, not to be unreasonably withheld, delayed or conditioned; provided that: (i) any transferee of Tenant shall assume all obligations and liabilities of Tenant under this Lease, and a copy of any instrument effectuating such assumption and the Transfer shall be provided to Landlord, which instrument shall be in form and content acceptable to Landlord;
(ii) Tenant shall pay all transfer and other taxes payable on account of any Transfer by Tenant, together with any and all costs of Landlord, including reasonable attorney’s fees paid or payable to outside counsel, occasioned by such Transfer; (iii) Tenant shall promptly Notify Landlord of any Transfer; (iv) at the time of any Transfer, and at the time when Tenant requests Landlord’s written consent thereto, this Lease must be in full force and effect, without any Default or Event of Default on the part of Tenant; (v) such Transfer shall be subject to all the provisions, terms, covenants and conditions of this Lease, and Tenant-transferor and the transferee or transferees shall continue to be and remain liable under this Lease, as it may be amended from time to time without notice to any transferor of Tenant’s interest; (vi) in the case of a Sublease permitted hereunder, such Sublease shall contain provisions to the effect that (a) such Sublease is only for actual use and occupancy by the Subtenant, (b) such Sublease is subject and subordinate to all of the terms, covenants and conditions of this Lease and to all of the rights of Landlord thereunder, and (c) in the event this Lease shall terminate before the expiration of such Sublease, the Subtenant thereunder will, at Landlord’s option, attorn to Landlord and waive any rights the Subtenant may have to terminate the Sublease or to surrender possession thereunder, as a result of the termination of this Lease; (vii) such Transfer does not violate the restrictions set forth in Sections 16.2 and 16.3 below; and (viii) such Transfer is subject to any applicable order of the Bankruptcy Court.

16.2 Bond Financing. Landlord confirms that all or portions of the Premises have been financed with the proceeds of tax exempt bonds ("TE Bonds") which are currently outstanding. In order not to adversely affect the tax exempt status of the TE Bonds, Tenant acknowledges and agrees that it will not Transfer all or any portion of the Premises or enter into a management agreement with any Person that is not either a governmental entity or a 501(c)(3) organization without the written consent of Landlord. Such consent shall not be unreasonably withheld, provided Tenant provides Landlord with reasonable advance notice of the material terms of any such proposed arrangement or agreement with a provider or service provider including the compensation structure, term and scope thereof and cooperates with Landlord in order for Landlord to confirm that such arrangement will not adversely impact the tax exempt status of its TE Bonds.

16.3 Contracts for the Management and Operation of the Premises. In the event Landlord reasonably withholds consent for any proposed contract entered into by Tenant with a third party service provider ("Service Provider") for the operation, management or use of the Premises for purposes consistent with Medical Business, and Tenant determines to lawfully exercise powers of condemnation, or eminent domain or compulsory use with respect to the Premises in order to facilitate the Service Provider’s use of the Premises in accordance with Tenant’s objectives (a "Compulsory Use"), Tenant must give Landlord written notice of Tenant’s exercise of such condemnation authority. Compulsory Use and shall exercise such condemnation and use Compulsory Use in a manner otherwise consistent with the terms and conditions of this Lease.

17. Equipment Liens.

17.1 Tenant’s Rights. After the Commencement Date, Tenant intends, from time to time, to acquire or lease FF&E. If at any time or from time to time Tenant desires to enter into or grant any Equipment Lien that otherwise complies with this Lease, then upon Tenant’s request Landlord shall enter into such customary documentation regarding the Financed FF&E as Tenant
reasonably requests, providing for matters such as: (a) waiver of any right to take possession of such Financed FF&E upon an Event of Default; (b) waiver of any other right, title, or interest in the Financed FF&E; and (c) agreements to enable the holder of such Equipment Lien to repossess such Financed FF&E if such holder exercises remedies under its Equipment Lien. Tenant shall not enter into any Equipment Lien that causes any Prohibited Lien.

18. *Quiet Enjoyment; Access and Inspection; Certain Agreements.*

18.1 *Quiet Enjoyment.* So long as this Lease has not been terminated, Landlord covenants that Tenant shall and may peaceably and quietly have, hold, and enjoy the Premises and the Existing FF&E for the Term, subject to the terms of this Lease, without molestation, hindrance, or disturbance by or from Landlord or by anyone claiming by or through Landlord or having title to the Premises or the Existing FF&E paramount to Landlord, and free of any encumbrance created or suffered by Landlord, except Permitted Encumbrances.

18.2 *Access and Inspection.* Notwithstanding anything to the contrary in this Lease, Landlord and its People shall have the right to enter the Premises upon reasonable Notice during regular business hours, solely to: (a) ascertain whether Tenant is complying with this Lease; (b) cure Tenant’s Defaults; (c) inspect the Premises and any Construction; (d) perform such tests, borings, and other analyses as Landlord determines may be necessary or appropriate relating to (non)compliance with any Law or possible Hazardous Substances Discharge; (e) show the Premises to a prospective transferee, tenant or mortgagee; (f) to fulfill any legal obligation Landlord may retain, as a healthcare district, with respect to the Premises under the California Health & Safety Code, or (g) as reasonably required pursuant to Section 18.3. In entering the Premises, Landlord and its designees shall not unreasonably interfere with operations on the Premises and shall comply with Tenant’s reasonable instructions and all applicable Laws. Landlord shall Indemnify Tenant against any claims arising from Landlord’s entry upon the Premises.

18.3 *Reserved and Off-Premises Rights.* The parties acknowledge that the Premises is a part of a larger contiguous medical campus, including medical/professional office buildings (the “Adjacent Property”), owned by Landlord’s Affiliate and co-Debtor in the Bankruptcy Case, Verity Holdings, LLC (“VH”), and that certain Building Equipment or other facilities (collectively, the “Shared Facilities”) may be shared by the Premises and Adjacent Property or located on the Premises or the Adjacent Property, but exclusively serving the other. During the Term, Landlord hereby reserves unto itself and shall cause VH to grant unto Tenant a reciprocal license in, under, upon, over and through the applicable portions of the Premises and Adjacent Property (the “License Area”), which are reasonably necessary for using, operating, maintaining, repairing, replacing and enjoying any rights or performing any other obligations under this Lease with respect to any such Shared Facilities, subject to the following conditions: (a) neither party shall cause any damage to the improvements or Shared Facilities located in the License Area, and to the extent a party causes such damage, such party shall promptly restore such improvements and Shared Facilities to their original condition and compensate the other party for any irreparable damage, (b) neither party shall overload or use any Shared Facilities beyond its intended capacity, (c) each party’s use of the License Area and Shared Facilities shall comply with all applicable Laws, (d) each party’s use of the License Area and Shared Facilities shall be coordinated with the other party to minimize interference to operations at the Premises and
Adjacent Property, as applicable, and (e) to the extent any Shared Facilities results in the sharing of any utilities described in Section 4.2, which are not separately metered to the Premises and Adjacent Property, the cost of such utilities shall be reasonably allocated among the parties based on approximate use thereof.

19. **Events of Default; Remedies.**

19.1 **Definition of “Event of Default.”** An “Event of Default” means the occurrence of any one or more of the following:

19.1.1. **Monetary Default.** If a Monetary Default occurs and continues for ten (10) Business Days after Notice from the non-defaulting party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment.

19.1.2. **Prohibited Liens.** If a party fails to comply with any obligation regarding Prohibited Liens and does not remedy such failure within 15 days after Notice from the non-obligated party.

19.1.3. **Nonmonetary Default.** If any other Nonmonetary Default occurs and the defaulting party does not cure it within 45 days after Notice from the non-defaulting party describing it in reasonable detail, or, in the case of a Nonmonetary Default that cannot with due diligence be cured within 45 days from such Notice, if defaulting party does not (x) within 45 days from Landlord’s Notice advise the non-defaulting party of the defaulting party’s intention to take all reasonable steps to cure such Nonmonetary Default; (y) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (z) complete such cure within a reasonable time under the circumstances (not necessarily limited to 45 days).

19.2 **Remedies.** If an Event of Default occurs and so long as such Event of Default is continuing without cure or waiver, then the non-defaulting party shall, at its option, have any or all of the following remedies, all cumulative (so exercise of one remedy shall not preclude exercise of another remedy), in addition to such other remedies as may be available at law or in equity or under any other terms of this Lease. The non-defaulting party’s remedies include:

19.2.1. **Tenant Specific Remedies.** Tenant will have the following specific remedies for Landlord Events of Default in addition to all other remedies available to Tenant as set forth in this Lease:

19.2.1.1. **Tenant’s Termination Right.** Tenant shall have the right, at Tenant’s sole election, to terminate this Lease upon failure to cure a default within fifteen (15) days or Landlord fails to perform a material obligation under the Lease.

19.2.2. **Landlord Specific Remedies.** Landlord will have the following specific remedies for Tenant Events of Default in addition to all other remedies set forth in this Lease.

19.2.2.1. **Continuation of Lease.** Landlord may continue this Lease in full force and effect and the Lease will continue in effect as long as Landlord does not terminate Tenant’s right to possession, and Landlord shall have the right to collect Rent when due.
During an Event of Default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the Rent due under this Lease on the dates the Rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease.

If Landlord elects to relet the Premises as provided in this paragraph, rent that Landlord receives from reletting shall be applied to the payment of:

First, any indebtedness from Tenant to Landlord other than Base Rent due from Tenant;

Second, all costs, including for maintenance, incurred by Landlord in reletting;

Third, Base Rent due and unpaid under this Lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Landlord receives from reletting shall be held by Landlord and applied in payment of future Rent as Rent becomes due under this Lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date Rent is due under this Lease, the rent received from the reletting is less than the Rent due on that date, Tenant shall pay to Landlord, in addition to the remaining Rent due, all costs, including for maintenance, Landlord incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

19.2.2.2. Termination of Lease. Landlord can terminate Tenant's right to possession of the Premises and the Existing FF&E. No act by Landlord other than giving Notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

(i) The worth, at the time of the award, of the unpaid Rent that had been earned at the time of termination of this Lease;

(ii) The worth, at the time of the award, of the amount by which the unpaid Rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of Rent that Tenant proves could have been reasonably avoided;

(iii) The worth, at the time of the award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the loss of Rent that Tenant proves could have been reasonably avoided
19.3 Cure Rights. If a party at any time fails to make any payment or take any action this Lease requires and such failure has ripened into an Event of Default, then the non-defaulting party, after ten (10) Business Days’ Notice to the defaulting party, or in an emergency with such Notice (if any) as is reasonably practicable under the circumstances, and without waiving or releasing the defaulting party from any obligation or Default and without waiving the non-defaulting party’s right to take such action as this Lease may permit as a result of such Default, may (but need not) make such payment or take such action. The defaulting party shall reimburse the defaulting in an amount equal to (a) all reasonable sums paid, and reasonable costs and expenses (including Legal Costs) incurred, by the non-defaulting party in exercising its cure rights under this paragraph; and (b) Default Interest on “a.”

19.4 No Waiver. No failure by the non-defaulting party to insist upon strict performance of any covenant, agreement, term, or condition of this Lease or to exercise any right or remedy upon a Default. Landlord’s acceptance of full or partial Rent during continuance of any such Default, shall waive any such Default or such covenant, agreement, term, or condition. No covenant, agreement, term, or condition of this Lease to be performed or complied with, and no Default, shall be Modified except by a written instrument executed by the non-defaulting party. No waiver of any Default shall affect or alter this Lease. Each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent Default of such covenant, agreement, term or condition of this Lease.

19.5 Holding Over. If for any reason or no reason Tenant remains in the Premises after the Expiration Date without the consent of Landlord, then Landlord will suffer injury that is substantial, difficult, or impossible to measure accurately. Therefore, if Tenant remains in the Premises after the Expiration Date without the consent of Landlord, for any reason or no reason, then in addition to any other rights or remedies of Landlord, Tenant shall pay to Landlord, as liquidated damages and not as a penalty, for each month (prorated daily for partial months) during which Tenant holds over after the Expiration Date, a sum equal to: 102% (for the first month or partial month of holding over and each subsequent month or partial month of holding over) times the monthly Rent, including Additional Rent, payable under this Lease during the year preceding the Expiration Date.

19.6 Waivers. TENANT WAIVES ANY RIGHT OF REDEMPTION PROVIDED FOR BY LAW. TENANT WAIVES ANY RIGHT TO INTERPOSE ANY COUNTERCLAIM IN ANY ACTION BY LANDLORD TO ENFORCE THIS LEASE OR LANDLORD’S RIGHTS AND REMEDIES UNDER THIS LEASE.

19.7 Accord and Satisfaction; Partial Payments. No payment by either party of a lesser amount than the amount owed under this Lease shall be deemed to be other than a part payment on account. No endorsement or statement on any check or letter accompanying any check or payment of Rent shall be deemed an accord or satisfaction. Landlord may accept any such check or payment without prejudice to Landlord’s right to recover the balance of such Rent or pursue any other remedy.
20. **End of Term.**

20.1 **Surrender** Upon the Expiration Date: (a) Tenant shall, at Tenant’s sole cost and expense, deliver to Landlord possession of the Premises and the Existing FF&E, in the same condition as the same were in upon delivery of possession thereof at the Commencement Date and as otherwise required by this Lease, including, but not limited to the satisfaction of all maintenance obligations set forth in Section 7.1, environmental clean-up obligations set forth in Section 9, and decontamination of the Premises from the presence of any communicable diseases associated with the Medical Business, subject to any Loss that this Lease does not require Tenant to Restore and reasonable wear and tear; (b) Tenant shall, at Tenant’s sole cost and expense, surrender any right, title, or interest in and to the Premises and the then Existing FF&E and deliver such evidence and confirmation thereof as Landlord reasonably requires; (c) Tenant shall, at Tenant’s sole cost and expense, deliver the Premises and the then Existing FF&E free and clear of all liens except (1) Permitted Encumbrances and (2) liens that Landlord or any of its agents caused; (d) the parties shall adjust for Real Estate Taxes and all other expenses and income of the Premises and any prepaid Rent and shall make such payments as shall be appropriate on account of such adjustment in the same manner as for a sale of the Premises (but any sums otherwise payable to Tenant shall first be applied to cure any Default); (e) the parties shall terminate the Memorandum of Lease; (f) Tenant shall assign to Landlord, and Landlord shall reimburse Tenant for, all utility and other service provider deposits for the Premises paid by Tenant; and (g) Tenant shall, at Tenant’s sole cost and expense, remove any and all Construction made to and FF&E placed in the Premises by Tenant, which is required to be removed in accordance with Section 7.2.1, and repair and restore any damage caused by the installation and removal of such Construction and FF&E.

20.2 **Abandonment** All property of Tenant not removed within thirty (30) days after the Expiration Date shall be deemed abandoned. Tenant hereby appoints Landlord its agent to remove all property of Tenant from the Premises upon termination of this Lease and to cause its transportation and storage for Tenant’s benefit, all at the sole cost and risk of Tenant and Landlord shall not be liable for damage, theft, misappropriation or loss thereof and Landlord shall not be liable in any manner in respect thereto. Tenant shall pay all costs and expenses of such removal, transportation and storage. Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord with respect to removal or storage of abandoned property and with respect to restoring said Premises to good order, condition and repair.

21. **Notices.**

All Notices shall be in writing and shall be addressed to Landlord and/or Tenant (and their designated copy recipients), as applicable, as set forth in Exhibit B. Notices (including any required copies as set forth in Exhibit B) shall be delivered by Federal Express or other overnight (one-night) courier service, or by personal delivery, to the addresses set forth in Exhibit B, in which case they shall be deemed delivered on the date of delivery (or when delivery has been attempted twice, as evidenced by the written report of the courier service) to such address(es). Either party may change its address by giving Notice in compliance with this Lease. Notice of such a change shall be effective only upon receipt. Any party giving a Notice may request the recipient to acknowledge receipt of such Notice. The recipient shall promptly comply with any such request, but failure to do so shall not limit the effectiveness of any Notice. Any attorney may give any Notice on behalf of its client. No Notice shall be effective unless and until a copy of such
Notice has been delivered to the intended recipient’s mortgagee(s) of which the sender shall have received Notice.

22. **No Broker.**

Each party: (a) represents and warrants that it did not engage or deal with any broker or finder in connection with this Lease and no Person is entitled to any commission or finder’s fee on account of any agreements or arrangements made by such party; and (b) shall Indemnify the other party against any breach of such representation.

23. **Nonrecourse.**

No shareholder, officer, member, manager, director, agent, or employee of Landlord or Tenant shall have any liability under this Lease. (This Lease sometimes refers to this paragraph as the “Nonrecourse Clause”).

24. **Additional Deliveries; Third Parties.**

24.1 **Estoppel Certificates.** Up to twice a year, each party to this Lease (a “Requesting Party”) may require the other party (a “Certifying Party”) to execute, acknowledge, and deliver to the Requesting Party (or directly to a designated third party) up to four original counterparts of an Estoppel Certificate. The Certifying Party shall sign, acknowledge, and return such Estoppel Certificate within fifteen (15) days after request, even if the Requesting Party is in Default. Any Estoppel Certificate shall bind the Certifying Party.

24.2 **Further Assurances.** Each party shall execute and deliver such further documents, and perform such further acts, as may be reasonably necessary to achieve the parties’ intent in entering into this Lease. Upon request from Tenant, Landlord shall promptly, under documentation reasonably satisfactory to the requesting party: (a) acknowledge any Subtenant’s non-disturbance and recognition rights (provided such Subtenant joins in such agreement); and (b) certify (subject to any then exception reasonably specified) that this Lease is in full force and effect, that no Lease impairment has occurred, that to Landlord’s knowledge no Default exists, the date through which Rent has been paid, and other similar matters as reasonably requested.

24.3 **Modification.** Any Modification of this Lease must be in writing signed by the party to be bound.

24.4 **Successors and Assigns.** This Lease shall bind and benefit Landlord and Tenant and their successors and assigns, but this shall not limit or supersede any Transfer restrictions. Nothing in this Lease confers on any Person (except Landlord and Tenant) any right to insist upon, or to enforce against Landlord or Tenant, the performance or observance by either party of its obligations under this Lease.

24.5 **Memorandum of Lease.** Concurrently with the execution of this Lease, the parties shall promptly execute, acknowledge, and deliver duplicate originals of a Memorandum of Lease. Either party may record such Memorandum of Lease. Any taxes imposed upon such recording shall be paid by the party that caused such recordation to occur. If the parties amend this Lease, then the parties shall have the same rights and obligations regarding a memorandum of such
amendment as they do for the Memorandum of Lease. Tenant may at any time by Notice to Landlord elect to require the Memorandum of Lease to be terminated, in which case: (a) the parties shall terminate the Memorandum of Lease; and (b) the parties acknowledge that Tenant shall rely on notice by possession rather than constructive notice by recordation of the Memorandum of Lease. It is further acknowledged by Tenant and Landlord, that such Memorandum of Lease and the rights reflected therein are subordinate to any recorded mortgages, deeds of trust or other validly recorded liens affecting the Premises and any liens affecting the premises arising from entry of orders by the Bankruptcy Court, whether or not recorded.

25. Miscellaneous.

25.1 Costs and Expenses; Legal Costs. In the event of any litigation or dispute between the parties, or claim made by either party against the other, arising from this Lease or the landlord-tenant relationship under this Lease, or Landlord’s enforcement of this Lease upon a Default, or to enforce or interpret this Lease or seek declaratory or injunctive relief in connection with this Lease, or to exercise any right or remedy under or arising from this Lease, or to regain or attempt to regain possession of the Premises or terminate this Lease, in the Bankruptcy Case or in any subsequent bankruptcy or insolvency proceeding affecting the other party to this Lease, the prevailing party shall be entitled to reimbursement of its Legal Costs with Default Interest and all other reasonable costs and expenses incurred in enforcing this Lease or curing the other party’s default.

25.2 No Consequential Damages. Whenever either party may seek or claim damages against the other party (whether by reason of a breach of this Lease by such party, in enforcement of any indemnity obligation, for misrepresentation or breach of warranty, or otherwise), neither Landlord nor Tenant shall seek, nor shall there be awarded or granted by any court, arbitrator, or other adjudicator, any speculative, consequential, collateral, special, punitive, or indirect damages, whether such breach shall be willful, knowing, intentional, deliberate, or otherwise. The parties intend that any damages awarded to either party shall be limited to actual, direct damages sustained by the aggrieved party. Neither party shall be liable for any loss of profits suffered or claimed to have been suffered by the other.

25.3 No Merger. If the Leasehold Estate and the Fee Estate are ever commonly held, they shall remain separate and distinct estates (and not merge).

25.4 No Waiver by Silence. Failure of either party to complain of any act or omission on the part of the other party shall not be deemed a waiver by the noncomplaining party of any of its rights under this Lease. No waiver by either party at any time, express or implied, of any breach of this Lease shall waive such breach or any other breach.

25.5 Performance Under Protest. If a dispute arises regarding performance of any obligation under this Lease, the party against which such obligation is asserted shall have the right to perform it under protest, which shall not be regarded as voluntary performance. A party that has performed under protest may institute appropriate proceedings to recover any amount paid or the reasonable cost of otherwise complying with any such obligation, with interest at the Prime Rate.
25.6 **Survival.** All rights and obligations that by their nature are to be performed after any termination of this Lease shall survive any such termination.

25.7 **Unavoidable Delay.** Each party’s obligation to perform or observe any nonmonetary obligation under this Lease shall be suspended during such time as such performance or observance is prevented or delayed by Unavoidable Delay.

25.8 **Landlord is not Employer.** Landlord nor any other Debtor constitutes an employer under Laws concerning the operations and activities conducted by Tenant, Subtenant or any party contracted to do business by Tenant or Subtenant.

25.9 **Federal Emergency Management Agency ("FEMA") Requirements.** To the extent Tenant applies for and receives Federal assistance provided by FEMA for its obligations under this Lease, this Lease is subject to the requirements set forth in 2 C.F.R. § 200.326 and 2 C.F.R. Part 200, Appendix II and are hereby incorporated by reference, as follows:

25.9.1 **Clean Air Act.** Landlord agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq. Landlord agrees to report each violation to the Tenant and understands and agrees that the Tenant will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office. Landlord agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by FEMA.

25.9.2 **Federal Water Pollution Control Act.** Landlord agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. Landlord agrees to report each violation to the Tenant and understands and agrees that the Tenant will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office. Landlord agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by FEMA.

25.9.3 **Debarment and Suspension.** This Lease is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.R. pt. 3000. As such, Landlord is required to verify that none of the Landlord’s principals (defined at 2 C.F.R. § 180.995) or its Affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935). Landlord must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into. This certification is a material representation of fact relied upon by Tenant. If it is later determined that Landlord did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to Tenant, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

25.9.4 **Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (as amended).** Contractors who apply or bid for an award of $100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to
pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

APPENDIX A, 44 C.F.R. PART 18 – CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The Landlord certifies, to the best of its knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of Landlord, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Lease, Landlord shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

3. Landlord shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Landlord certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, Landlord understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

26. Interpretation, Execution, and Application of Lease.

26.1 Captions. The captions of this Lease are for convenience and reference only. They in no way affect this Lease.
26.2 Counterparts. This Lease may be executed in counterparts.

26.3 Delivery of Drafts. Neither party shall be bound by this Lease unless and until such party shall have executed and delivered at least one counterpart of this Lease. The submission of draft(s) or comment(s) on drafts shall bind neither party in any way. Such draft(s) and comment(s) shall not be considered in interpreting this Lease.

26.4 Entire Agreement. The Lease-Related Documents contain all terms, covenants, and conditions about the Premises. The parties have no other understandings or agreements, oral or written, about the Premises or Tenant’s use or occupancy of, or any interest of Tenant in, the Premises.

26.5 Governing Law. This Lease, its interpretation and performance, the relationship between the parties, and any disputes arising from or relating to any of the foregoing, shall be governed, construed, interpreted, and regulated, to the extent not preempted by bankruptcy law, under the Laws of the State, without regard to principles of conflict of laws; provided however, that Tenant shall waive and hereby expressly waives any rights to assert sovereign immunity with respect to matters arising under or related to the parties performance under the Lease.

26.6 Partial Invalidity. If any term or provision of this Lease or its application to any party or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Lease, or the application of such term or provision to Persons or circumstances except those as to which it is invalid or unenforceable, shall not be affected by such invalidity. All remaining provisions of this Lease shall be valid and be enforced to the fullest extent Law allows.

26.7 Principles of Interpretation. No inference in favor of or against any party shall be drawn from the fact that such party has drafted any part of this Lease. The parties have both participated substantially in its negotiation, drafting, and revision, with advice from counsel and other advisers. A term defined in the singular may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which also govern all other language in this Lease. The words “include” and “including” shall be construed to be followed by the words: “without limitation.” Each of these terms shall be interpreted as if followed by the words “(or any part of it)” except where the context clearly requires otherwise: Building Equipment; FF&E; Fee Estate; Land; Leasehold Estate; Premises; Structure; and any other similar collective noun. Every reference to any document, including this Lease, refers to such document as Modified from time to time (except, at Landlord’s option, any Modification that violates this Lease), and includes all exhibits, schedules, and riders to such document. The word “or” includes the word “and.” Any reference to “good order, condition, or repair” of any item identified in this Lease shall refer to a state akin to which such item existed on the earlier of (a) the Commencement Date or (b) the commencement of any period of early access pursuant to Section 2.

26.8 Reasonableness. Wherever this Lease states that a party shall not unreasonably withhold approval: (a) such approval shall not be unreasonably delayed or conditioned; (b) no withholding of approval shall be deemed reasonable unless withheld by Notice specifying reasonable grounds, in reasonable detail, for such withholding, and indicating specific reasonable changes in the proposal under consideration that would make it acceptable; (c) if a party
grants its consent (or fails to object) to any matter, this shall not waive its rights to require such consent for any further or similar matter; and (d) any dispute on the withholding or delay of consent shall be determined by arbitration. Any consent or approval which is not stated to be able to be withheld or granted in a party’s sole and absolute discretion shall be subject to the reasonableness standard described above.

26.9 Books and Records. To the extent that the services provided under this Agreement are deemed by the Secretary of HHS, the U.S. Comptroller General, or the Secretary’s or Comptroller’s delegate, to be subject to the provisions of Section 952 of Public Law 96-499, the parties, until the expiration of four (4) years subsequent to the furnishing of services under this Agreement, shall make available, upon written request of the Secretary, the Comptroller, or any of their duly authorized representatives this Lease, and the books, documents, and records of the parties that are necessary to certify the nature and extent of the charges to Tenant’s patients; provided that this provision does not limit the rights of Landlord or any other Debtor under bankruptcy law, including § 351.

If any party carries out any of its duties under this Lease through a subcontract, with a value of $10,000 or more over a twelve (12)-month period, with a related organization (as that term is defined with regard to a provider in 42 C.F.R. 413.17(1)), such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization upon written request shall make available, to the Secretary, the Comptroller, or any of their duly authorized representatives the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs.

If any party is requested to disclose any books, documents, or records relevant to this Agreement for the purpose of an audit or investigation related directly to the provision of services under this Agreement (e.g. a governmental investigation of billing practices or services provided to hospital patients), such party shall Notify the other party of the nature and scope of such request and shall make available to the other party, upon written request, all such books, documents, or records.

26.10 Net Lease. Landlord and Tenant do each state and represent that it is the intention of each of them that this Lease be interpreted and construed as an absolute net lease and all Rent shall be paid by Tenant to Landlord without abatement, deduction, diminution, deferment, suspension, reduction or setoff, and the obligations of Tenant shall not be affected by reason of damage to or destruction of the Premises from whatever cause (except as provided for in Section 13.2 hereof); nor shall the obligations of Tenant be affected by reason of any condemnation, eminent domain or like proceedings (except as provided in Section 13.3 hereof); nor shall the obligations of Tenant be affected by reason of any other cause whether similar or dissimilar to the foregoing or by any laws or customs to the contrary. It is the further express intent of Landlord and Tenant that (a) the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and that the Rent, and all other charges and sums payable by Tenant hereunder, shall commence at the times provided herein and shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to an express provision in this Lease; (b) all costs or expenses of whatsoever character or kind, general or special, ordinary or extraordinary, foreseen or unforeseen, and of every kind and nature whatsoever that
may be necessary or required in and about the Premises, or any portion thereof, and Tenant’s possession or authorized use thereof during the term of this Lease, shall be paid by Tenant and all provisions of this Lease are to be interpreted and construed in light of the intention expressed in this Section 26.10; (c) the Base Rent specified in Section 3.1 shall be absolutely net to Landlord so that this Lease shall yield net to Landlord the Base Rent specified in Section 3.1 during the Term; (d) all Real Estate Taxes, insurance premiums, utility expense, repair and maintenance expense, and all other costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises, or any portion thereof, which accrue during the Term, shall be paid or discharged by Tenant as Additional Rent; and (e) Tenant hereby agrees to Indemnify Landlord from and against such costs, fees, charges, expenses, reimbursements and obligations, and any interest thereon.

[Signatures on Next Page.]
IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the Commencement Date.

LANDLORD

ST. VINCENT MEDICAL CENTER,
a California nonprofit corporation

By: _______________________
Its

VERITY HEALTH SYSTEM OF CALIFORNIA,
INC.,
a California nonprofit corporation

By: _______________________
Its

TENANT

THE STATE OF CALIFORNIA,
DEPARTMENT OF PUBLIC HEALTH

By: _______________________
Its

Attachments:

Exhibit A = Land Legal Description
Exhibit B = Notice Addresses (Including Required Copy Recipients) and Wire Instructions for Rent Payments

Schedule 14.3 = Material Litigation/Proceedings
Schedule 14.8 = Permitted Real Property Encumbrances
EXHIBIT A

LAND LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

PARCEL A OF PARCEL MAP L.A. NO, 3304, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 80, PAGES 90 AND 91, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 5154-018-018
EXHIBIT B

NOTICE ADDRESSEES (INCLUDING REQUIRED COPY RECIPIENTS)

<table>
<thead>
<tr>
<th>Party</th>
<th>Notice Address:</th>
<th>With a Copy to:</th>
</tr>
</thead>
</table>
| Landlord  | Dentons US LLP  
601 S. Figueroa Street, Suite 4050  
Los Angeles, CA 90017  
Attention: Tania Moyron | Department of General Services, Real Estate Services Division, Lease Management  
707 Third Street, Suite 5-305  
West Sacramento, CA 95605  
and  
Office of Statewide Health Planning and Development Legal Office, 2020 W El Camino, 12th Floor, Sacramento, CA 95833 |
| Tenant    | California Department of Public Health  
PO Box 997377, MS 3001  
Sacramento, CA 95899-7377 |                                                                                  |

WIRE INSTRUCTIONS FOR RENT PAYMENTS

St. Vincent Medical Center

| Bank: Bank of America, N.A. | Account Name: St. Vincent Medical Center – AP Account | ACH/EFT ABA #: 121000358  
DOM Wire #026009593 |
|-----------------------------|--------------------------------------------------------|-----------------------------------------------|
|                             | Account Number: 001499086426  
Attn: Ty Conner (650) 822-4030 | 2000 Clayton Road, 5th Floor  
Concord, CA 94520 |
SCHEDULE 14.3

MATERIAL LITIGATION/PROCEEDINGS

_In re Verity Health System of California, Inc.,_ Case No. 2:18-bk-20151-ER, in the United States Bankruptcy Court for the Central District of California - Los Angeles Division

[To be supplemented]
SCHEDULE 14.8

PERMITTED REAL PROPERTY ENCUMBRANCES

1. Matters contained in that certain document

   Entitled: Revocable Permit Agreement Between St. Vincent’s Hospital, a
   California corporation and City of Los Angeles
   Dated: June 8, 1951
   Executed by: City of Los Angeles, a municipal corporation and St. Vincent’s
   Hospital, a California corporation
   Recording Date: April 22, 1955
   Recording No: 3705 of Official Records
   Reference is hereby made to said document for full particulars.

2. An easement for the purpose shown below and rights incidental thereto as set forth
   in a document.

   Purpose: Poles, wires and cables
   Recording Date: December 7, 1961
   Recording No: 3549 in Book D-1443 Page 281 of Official Records
   Affects: That portion of said land as described in the document attached hereto.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto as set
   forth in a document:

   In favor of: Southern California Gas Company, a corporation
   Purpose: Pipe lines
   Recording Date: December 21, 1967
   Recording No: 3348 in Book D-3865 Page 569 of Official Records
   Affects: a portion of said land

4. Matters contained in that certain document

   Entitled: Waiver of Damages, Indemnification Agreement, and Right of Ingress and
   Egress, to Run With the Land
   Dated: July 25, 1969
   Recording Date: November 3, 1969
   Recording No: 1901 of Official Records
   Reference is hereby made to said document for full particulars.

5. Matters contained in that certain document

   Entitled: Waiver of Damages, Indemnification Agreement, and Right of Ingress and
   Egress, Covenant to Run With the Land
   Dated: July 6, 1971
Recording Date: September 20, 1971
Recording No: 1753 of Official Records
Reference is hereby made to said document for full particulars.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: Pacific Telephone and Telegraph Company, a corporation
   Purpose: Public utilities
   Recording Date: April 13, 1973
   Recording No: 3366 of Official Records
   Affects: a portion of said land

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: Pacific Telephone and Telegraph Company, a corporation
   Purpose: Public utilities
   Recording Date: April 13, 1973
   Recording No: 3367 of Official Records
   Affects: a portion of said land

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   In favor of: Pacific Telephone and Telegraph Company, a corporation
   Purpose: Public utilities
   Recording Date: April 13, 1973
   Recording No: 3369 of Official Records
   Affects: a portion of said land

9. Matters contained in that certain document

   Entitled: Waiver of Damages, Indemnification Agreement, and Right of Ingress and Egress, Covenant to Run With the Land
   Dated: June 21, 1974
   Recording Date: June 28, 1974
   Recording No: 5223 of Official Records
   Reference is hereby made to said document for full particulars.

10. Matters contained in that certain document

    Entitled: Waiver of Damages, Indemnification Agreement, and Right of Ingress and Egress, Covenant to Run With the Land
    Dated: September 25, 1974
    Recording Date: September 26, 1974
    Recording No: 2349 of Official Records
Reference is hereby made to said document for full particulars.

11. Matters contained in that certain document

Entitled: Covenant and Agreement to Prohibit Residential Development in Commercial Zones
Executed by: St. Vincent's Hospital and City of Los Angeles
Recording Date: October 16, 1974
Recording No: 2350 of Official Records
Reference is hereby made to said document for full particulars.

12. A Covenant and Agreement wherein the owners of said land covenant and agree that said land shall be held as one parcel and no portion shall be sold separately, which covenant is expressed to run with the land and be binding upon future owners.

Dated: August 5, 1975
Executed by: St. Vincent Medical Center, a non-profit California corporation
In Favor of: City of Los Angeles
Recording Date: August 11, 1975
Recording No: 3708 of Official Records

13. Matters contained in that certain document

Entitled: Waiver of Damages, Indemnification Agreement, and Right of Ingress and Egress, Covenant to Run With the Land
Dated: August 22, 1975
Recording Date: August 22, 1975
Recording No: 4972 of Official Records
Reference is hereby made to said document for full particulars.

14. An instrument entitled "Covenant and Agreement Regarding Maintenance of Building"

Executed by: St. Vincent Medical Center
In favor of: City of Los Angeles
Recording Date: August 22, 1975
Recording No: 4973 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

15. An instrument entitled Waiver of Damages, Indemnification Agreement, and Right of Ingress and Egress, Covenant to Run With the Land

Dated: August 29, 1975
Recording Date: September 3, 1975
Recording No: 2253 of Official Records  
Reference is hereby made to said document for full particulars.  
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

16. Matters contained in that certain document

Entitled: Covenant and Agreement Regarding Maintenance of Building  
Executed by: St. Vincent Professional Office Building, Inc.  
In Favor of: City of Los Angeles  
Recording Date: April 14, 1976  
Recording No: 3716 of Official Records  
Reference is hereby made to said document for full particulars.

17. An instrument entitled Covenant and Agreement Regarding Maintenance of Building

Executed by: St. Vincent Medical Center, Inc.  
In favor of: City of Los Angeles  
Recording Date: March 23, 1977  
Recording No: 77-293448 of Official Records  
Reference is hereby made to said document for full particulars.  
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

18. An instrument entitled “Covenant and Agreement Regarding Maintenance of Building”

Executed by: St. Vincent Medical Center, Inc.  
In favor of: City of Los Angeles  
Recording Date: March 23, 1977  
Recording No: 77-293449 of Official Records  
Reference is hereby made to said document for full particulars.  
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

19. An instrument entitled Covenant and Agreement

Executed by: St. Vincent Medical Center Incorporated  
In favor of: City of Los Angeles  
Recording Date: June 27, 1977  
Recording No: 77-682810 of Official Records  
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

20. An instrument entitled Covenant and Agreement

Executed by: St. Vincent Medical Center Incorporated
In favor of: City of Los Angeles
Recording Date: June 27, 1977
Recording No: 77-682811 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

21. An instrument entitled Covenant and Agreement Regarding Maintenance of Building

Executed by: Saint Vincent Professional Office Building Inc.
In favor of: City of Los Angeles
Recording Date: November 30, 1977
Recording No: 77-1320918 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

22. An instrument entitled Covenant and Agreement Regarding Maintenance of Off-Street Parking Space

Executed by: Daughters of Charity of St. Vincent De Paul
In favor of: City of Los Angeles
Recording Date: May 3, 1984
Recording No: 84-532407 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

23. An instrument entitled Affidavit Regarding Maintenance of Guard House

Executed by: St. Vincent Medical Center
In favor of: City of Los Angeles
Recording Date: May 21, 1992
Recording No: 92-923131 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

24. An instrument entitled Covenant and Agreement Regarding Maintenance of Off-Street Parking Space

Executed by: St. Vincent Medical Center
In favor of: City of Los Angeles
Recording Date: October 19, 1993
Recording No: 93-2031944 of Official Records
Reference is hereby made to said document for full particulars.
This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

25. An option to purchase said Land with certain terms, covenants, conditions and provisions as set forth therein.

Optionor:: Catholic Healthcare West Southern California, a California nonprofit public benefit corporation, dba St. Vincent Medical Center
Optionee: Hotel Dieu, a California nonprofit public benefit corporation
Recording Date: March 8, 2000
Recording No: 00-0352122 of Official Records

26. A deed of trust which purports to secure performance of an agreement referred to therein, and any other obligations secured thereby

Dated: December 31, 2001
Trustor/Grantor: St. Vincent Medical Center, a California non-profit religious corporation
Trustee: Chicago Title Company, a California corporation
Beneficiary: U.S. Bank Trust National Association, as Master Trustee, under the Master Indenture
Recording Date: December 31, 2001
Recording No: 01-2516064 of Official Records

27. Matters contained in that certain document

Entitled: Partial Reconveyance
Recording Date: August 30, 2016
Recording No: 2016-1033768, of Official Records
Reference is hereby made to said document for full particulars.

28. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been
instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: Westlake Recovery Redevelopment Project Area
Recording Date: November 30, 2007
Recording No: 2007-2636448, of Official Records

29. Matters contained in that certain document

Entitled: Master Covenant and Agreement Regarding On-Site Stormwater Treatment Devices Maintenance
Dated: March 5, 2013
Recording Date: March 26, 2013
Recording No: 20130448492 of Official Records
Reference is hereby made to said document for full particulars.

30. A claim of mechanic’s lien or materialman’s lien

Claimant: Ham’s Electric, Inc.
Amount: $6,166.00
Recording Date: September 4, 2018
Recording No: 2018-893516, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

31. A claim of mechanic’s lien or materialman’s lien

Claimant: Belfor USA Group, Inc.
Amount: $250,733.03
Recording Date: September 18, 2018
Recording No: 2018-957816, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

32. A claim of mechanic’s lien or materialman’s lien

Claimant: Royal West Development, Inc.
Amount: $367,297.00
Recording Date: September 20, 2018
Recording No: 2018-967571, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

33. A claim of mechanic’s lien or materialman’s lien
Claimant: MGH Painting, Inc.
Amount: $225,000.00
Recording Date: September 24, 2018
Recording No: 2018-975456, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

34. A claim of mechanic’s lien or materialman’s lien

Claimant: PDQ Enterprises, Inc. dba PDQ Rent
Amount: $65,348.53
Recording Date: October 15, 2018
Recording No: 2018-1016827, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

35. A claim of mechanic’s lien or materialman’s lien

Claimant: Royal West Development, Inc.
Amount: $69,081.00
Recording Date: October 9, 2018
Recording No: 2018-1027091, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

36. A claim of mechanic’s lien or materialman’s lien

Claimant: John Dwyer Construction, Inc.
Amount: $7,032.00
Recording Date: October 22, 2018
Recording No: 2018-1072954, of Official Records
Any other claims for mechanics’ or materialman’s liens that may be recorded, by reason of a recent work of improvement that is disclosed by the lien shown in the last above numbered item.

37. A deed of trust to secure an indebtedness in the amount shown below,

Amount: $185,000,000.00
Dated: March 22, 2019
Trustor/Grantor St. Vincent Medical Center, a California nonprofit religious corporation
Trustee: First American Title Insurance Company, a Nebraska corporation
Beneficiary: Ally Bank, a Utah state chartered bank
Recording Date: March 22, 2019
Recording No: 2019-258817, of Official Records

38. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: Los Angeles  
Fiscal Year: 2006 - 2007  
Taxpayer: St Vincent’s Medical Center  
County Identification Number: 06/40719957  
Amount: $80.77  
Recording Date: November 17, 2006  
Recording No: 06-02559784 of Official Records

39. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: Los Angeles  
Fiscal Year: 2012 - 2013  
Taxpayer: Saint Vincent Medical Center Lessee  
County Identification Number: 12/49126069  
Amount: $301.40  
Recording Date: December 14, 2012  
Recording No: 20121933101 of Official Records