

## HOSPITAL LEASE PURCHASE AGREEMENT

This Hospital Lease Purchase Agreement (“Agreement”) is made and dated as of December \_\_, 2024, by and between Desert Healthcare District, a political subdivision of the State of California (“Lessor” or “District”), and Desert Regional Medical Center, Inc., a California corporation (formerly known as Tenet HealthSystem Desert, Inc.) (“Lessee”), with reference to the following facts:

### RECITALS

A. Lessor is the owner of Desert Hospital, also known as Desert Regional Medical Center (the “Hospital”), an acute care hospital located at 150 North Indian Canyon Drive, Palm Springs, California, licensed to operate 360 beds for acute care, which facility includes all related real and personal property and assets owned by the District, as more particularly defined herein. The Hospital and all associated District-owned outpatient centers, clinics, physician practices, medical office buildings, and any other activity or business related thereto, as the same may change from time to time, are hereinafter referred to as the “Desert Businesses.”

B. Lessee is a wholly owned subsidiary corporation of Tenet HealthSystem, Inc. In 1997, after a due diligence process and pursuant to the authority granted to Lessor under the Local Health Care District Law of the State of California, commencing with Section 32000 of the California Health and Safety Code (the “Local Health Care District Law”), the Board of Directors of Lessor determined that, in accordance with the

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requirements of Section 32126 of the Health and Safety Code, it was in the best interest of Lessor and the communities served by Lessor to provide for the operation and maintenance of the Hospital through a lease of the Hospital, including all related real and personal property assets, to Lessee for a term of thirty (30) years (the “Term”).

C. On May 30, 1997, Lessor and Lessee entered into the original Lease Agreement (“1997 Lease”), which expires on May 30, 2027. The 1997 Lease has provided a unique public/private partnership by successfully combining the public resources of a state-of-the-art community hospital with a nationally recognized healthcare system and has promoted the parties’ objectives as set forth in the 1997 Lease.

D. The Board of Directors of Lessor finds and determines that entering into this Agreement is desirable and is in the best interests of the communities served by the District.

E. This Agreement is entered into in accordance with Health & Safety Code sections 32121(p)(1), and is subject to the majority approval of the voters voting on a measure lawfully placed on an election ballot.

F. Except as expressly provided herein, nothing herein shall prohibit District from exercising its power to engage in any of the activities allowed by the Local Health Care District Law as presently written or hereinafter amended. District shall support and continue in existence such programs of public health as are necessary for the maintenance of good physical and mental health of the communities served by District.

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G. Pursuant to Section 32126 of the Local Health Care District Law and after consideration of public review and comment, District finds that execution of this Agreement will promote the following objectives:

1. Enhance the provision of quality health care to the communities served by District.
2. Enhance the participation of the Hospital in the regional health care system developed by Lessee, which combines the resources of the Hospital and Lessee and which utilizes the size and geographic scope arising from this Agreement in order to better serve the general public residing in the communities served by District.
3. Achieve general efficiencies in economies of scale.
4. Provide access to capital and/or improve access to equity capital markets and enable the Hospital facilities to borrow on the regional strengths of Lessee and the national strength of Lessee's affiliates.
5. Eliminate unnecessary duplication of major capital equipment.
6. Allow the participation of the Hospital in a comprehensive integrated health care system to better serve the communities served by District.
7. Spread new technology risks among a broader provider base.
8. Preserve and protect District's assets and ensure the ability to provide inpatient and outpatient services, including the retention of essential patient services, for the communities served by District.

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H. The Board of Directors of District, deeming the lease and purchase of the Leased Premises (defined below) by Lessee pursuant to the terms and conditions set forth in this Agreement to be desirable and in the best interests of the communities served by District, has approved this Agreement.

I. This Agreement is hereby entered into between the parties hereto pursuant to the terms and conditions of this Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, and agreements contained in this Agreement, the parties hereto agree as follows:

**ARTICLE I  
PREMISES AND TERM**

1.1 Lease. Lessor hereby leases to Lessee, and Lessee hereby leases and agrees to purchase from Lessor, in accordance with the terms and conditions set forth in this Agreement, all of the assets which are owned by District and are directly or indirectly related to, used in, necessary for, or contribute to the operation of the Desert Businesses as the same may exist from time to time (whether within, adjacent to, or off-site from the Hospital) including, without limiting the generality of the foregoing, all right, title, and interest of District in and to the following assets (collectively, the “Leased Premises”):

1.1(a) The real property owned in fee by District upon which the Hospital or any medical office building or other Desert Business is situated and all other real

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property owned in fee by District (all of which real property is identified in Schedule “1.1(a)” hereto), together with all land improvements, the Hospital, construction work-in-progress, the medical office buildings, and any other buildings and other improvements thereon, and all rights, privileges, and easements appurtenant thereto (collectively referred to as the “Real Property and Improvements”).

1.1(b) All intangible personal property now or hereafter owned or held by District and used in the planning, development, construction, ownership, operation, use, management, maintenance, repair, operation and/or enjoyment of the Desert Businesses, including, without limitation, any permits and warranties, any and all development rights and entitlements, and the use of any and all trade names and intellectual property associated with the Desert Businesses (the “Intangible Property”).

1.1(c) Lessor and Lessee acknowledge that, in the course of operating and maintaining the Hospital through the prior lease term, Lessee has acquired furnishings, fixtures and equipment all of which is owned solely by Lessee and is not part of the Leased Premises. In addition, Lessee is the owner of certain facilities listed on “Schedule 1.1(c)” attached hereto. Such Lessee owned property (the “Lessee Owned Property”) shall not be deemed part of the Leased Premises and, upon any termination of this Agreement, for any reason, Lessee shall have the right, but not the obligation, to retain, and to remove from the Real Property and Improvements, all Lessee Owned Property.

1.1(d) Lessor and Lessee further acknowledge that there are certain real properties, improvements and facilities owned by Lessor that are not subject to this Agreement, all as listed on “Schedule 1.1(d)” attached hereto (the “Retained Real

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Properties”). The Retained Real Properties shall not be deemed part of the Leased Premises.

1.2 Term. The term of this Agreement shall be for thirty (30) years commencing on May 31, 2027 (the “Commencement Date”) and ending on May 30, 2057.

## ARTICLE II RENT AND OTHER PAYMENTS

2.1 Rent and Purchase Payments. The parties acknowledge and agree that, in consideration of this Agreement, and subject to Closing, Lessee shall make all “Rent and Purchase Payments” as set forth on “Schedule 2.1” attached hereto. Lessee shall make an initial rental payment to District of One Hundred Million Dollars (\$100,000,000) on or before May 31, 2027 (the “Initial Payment”). Beginning May 31, 2028, Lessee shall make the first of nineteen (19) annual rental payments to the District of Nineteen Million Five Hundred Thirty-Six Thousand Eight Hundred Fourteen Dollars (\$19,536,814), which shall increase each year subject to an annual escalator. On or before May 31, 2057, Lessee shall make a final purchase payment of One Hundred Million (\$100,000,000) (the “Final Payment”) to District, at which time all right, title, and interest of District to the Leased Premises shall be transferred by District to Lessee as provided by this Agreement. All Rent and Purchase Payments shall be due and payable to District when due, notwithstanding a default as provided in Section 8.1(a) – (e) or an abandonment by Lessee. Concurrently with the execution of this Agreement, Tenet

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Healthcare Corporation, Inc., a Nevada corporation (the “Guarantor”) shall execute and deliver to Lessor a Guaranty of Lease in the form of Schedule “2.1(A)” attached hereto.

2.2 Taxes and Assessments. Lessee shall pay all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the Leased Premises, improvements, or personal property located on or in the Leased Premises, the leasehold estate or any subleasehold estate, to the full extent of installments falling due during the term of this Agreement, whether belonging to or chargeable against Lessor or Lessee. Lessee shall also pay any municipal, county, state, or federal income or franchise taxes chargeable against Lessee.

2.3 Right to Contest Taxes. Lessee may contest the legal validity or amount of any taxes, assessments, or charges for which Lessee is responsible under this Agreement and, with prior written notice to Lessor, may institute such proceedings as Lessee considers necessary. If Lessee contests any such tax, assessment, or charge, Lessee may withhold or defer payment or pay under protest and such act shall not constitute a default under this Agreement, so long as no forfeiture of any part of the Leased Premises would be caused thereby. Lessor appoints Lessee as Lessor’s attorney-in-fact for the purpose of making all payments to any taxing authorities and for the purpose of contesting any taxes, assessments, or charges (including any appeal of any unfavorable determination), and Lessor shall otherwise cooperate with Lessee in connection therewith.

2.4 Lessor’s Right to Pay Taxes. Notwithstanding the foregoing, Lessor shall have the right to pay any taxes to be paid by Lessee pursuant to Paragraph 2.2 in the event that Lessee defaults in its obligations to pay such taxes and Lessor reasonably

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believes that all or any part of the Leased Premises will be taken or sold by a taxing authority. Lessor shall give Lessee not less than thirty (30) days' advance written notice of its exercise of its rights under this Paragraph 2.4, and thereafter if Lessor pays any taxes pursuant to this Paragraph, Lessee shall, on demand, immediately reimburse Lessor for the amount of the taxes so paid and any penalties or costs associated with such payment.

2.5 Utilities. Lessee shall, during the term of this Agreement, pay for all utilities used upon the Leased Premises, including without limitation water, gas, heat, light, power, telephone service, refuse collection and removal, and all other services supplied to the Leased Premises.

2.6 Triple Net Lease. This Agreement shall be a triple net lease and, except as expressly provided herein, Lessor shall not be responsible for any costs or expenses in any way related to the possession, use, or operation of the Leased Premises.

### ARTICLE III USE, MAINTENANCE, AND IMPROVEMENTS

3.1 Limitations on Use. During the 30-year term of this Agreement, the Leased Premises are leased to Lessee for the purpose of Lessee operating and maintaining the Leased Premises as a general acute care hospital and for providing any and all ancillary or other inpatient and outpatient health care services (including, without limiting the generality of the foregoing, rehabilitation, skilled nursing, subacute, psychiatric, home health, hospice, substance abuse, chemical dependency, or other specialty services, diagnostic centers, outpatient service centers, clinics, medical office buildings,



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ambulatory surgery centers and all management and administrative services associated therewith or with managed care providers of such services). Subject to the other provisions of this Agreement, Lessee shall continuously operate the Leased Premises for the benefit of the communities served by District and shall maintain the Leased Premises as a general acute care hospital and related health care institution. Notwithstanding the foregoing or any other provision of this Agreement, without obtaining any consent from Lessor, (i) Lessee shall have the right to use or sublease to one or more Persons, and nothing in this Agreement shall prohibit or restrict Lessee from using or subleasing to one or more Persons, all or any portion of the Leased Premises (other than the Hospital itself where patient care is provided) as medical office buildings or such other purposes as are deemed by Lessee to be necessary or advisable to promote the provision of health care and (ii) Lessee shall have the right to engage, and nothing in this Agreement shall prohibit or restrict Lessee from engaging, one or more Persons as its manager or agent with respect to all or any portion of the Hospital where patient care is provided, so long as Lessee continues to hold the applicable license with respect to such facility.

### 3.2 Compliance with Laws, Covenants, Conditions, and Restrictions.

3.2(a) Lessee agrees to use the Leased Premises in material compliance with all laws now in force or which may hereafter be in force relative to the Leased Premises, its use and the business conducted thereon, including without limitation all building requirements and regulations, as well as all covenants, conditions, and restrictions applicable to the Leased Premises. The final, non-appealable judgment of any court of competent jurisdiction, or the admission of Lessee in any action or

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proceeding against Lessee, regardless of whether Lessor is a party to such action or proceeding, that Lessee's use of the Leased Premises has violated any such laws, or such covenants, conditions, and restrictions shall be conclusive of such fact as between Lessor and Lessee. Lessee, at its sole cost and expense, shall have the right to contest the applicability, validity, interpretation, construction, or noncompliance of or with any law, covenant, condition, and restriction now or hereafter in force and relating to Lessee or the Leased Premises, provided that Lessee diligently and expeditiously prosecutes the appropriate proceeding, contest, or appeal. Lessor shall not be required to join in any proceeding, contest, or appeal brought by Lessee unless the provisions of any law requires that the proceeding, contest, or appeal be brought by or in the name of Lessor or any owner of the Leased Premises. In that case, Lessor shall join in the proceeding, contest, or appeal or permit the same to be brought in Lessor's name so long as Lessor is not required to bear any cost. If Lessee, within a reasonable time after final determination of the proceeding, contest, or appeal, complies with the final determination resulting therefrom, the noncompliance of Lessee during the interim period shall not be deemed a default under this Agreement.

3.2(b) Notwithstanding any provision in this Agreement to the contrary, Lessee agrees to be obligated to comply with any law now or hereafter enacted with respect to the Leased Premises, including but not limited to any law regarding seismic safety upgrades, environmental regulations, and any other matter affecting the physical condition of the Leased Premises.

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3.3 Waste; Quiet Enjoyment. Lessee shall not commit or suffer to be committed any waste upon the Leased Premises. Lessor covenants and agrees that Lessee shall peacefully hold and enjoy the Leased Premises during the term hereof, without interference or hindrance from Lessor or any person or persons holding or claiming under Lessor in any manner whatsoever. Lessor shall not exercise its power of eminent domain in any manner that would interfere with Lessee's operation of the Leased Premises.

3.4 Maintenance of Leased Premises. Subject to the other provisions of this Agreement, Lessee shall, at its sole cost and expense, maintain the Leased Premises in the same condition and repair as the Leased Premises were at the commencement of this Agreement (subject to ordinary wear and tear, normal obsolescence, and the effect of the elements) and use the Leased Premises in accordance with all applicable laws, including without limitation such zoning, safety ordinances and laws, and environmental regulations, and such rules and regulations thereunder as may be binding upon Lessee. Lessor shall not have any responsibility to maintain the Leased Premises. Lessee hereby waives all right to make repairs at the expense of Lessor or to deduct the cost thereof from the rent. All rights under California Civil Code Sections 1932(1), 1941, and 1942 or any law in replacement thereof are hereby waived and released.

3.5 Alterations, Additions, and Improvements. Lessee may make any alterations, additions, or improvements to the Leased Premises, (i) provided that they are consistent with the limitations on uses contained in Paragraph 3.1 and (ii) except for any alterations, additions, or improvements that are prohibited under any governmental

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master development plan or zoning or land use requirements or conditional use permit or related agreements or commitments now or hereafter applicable to the Leased Premises. All major alterations shall be designed with the intent to accommodate the greatest possible permitted and licensed access to care. All major alterations, additions and improvements shall be designed by Lessee to accommodate at least 360 acute care beds, 9 operating suites, and 29 emergency department bays, (acknowledging that short-term reductions in capacity may occur during periods of construction, or as result of outside events), subject to maintaining compliance with state law. In the event that any law or regulation does not permit Lessee to design any major alterations in such a manner as to accommodate the minimum capacity described above, then Lessee shall accommodate as many acute care beds, operating suites and emergency bays as permitted by law. If there are any conflicts between the elements recited in the foregoing sentence and any regulatory provision or state law, such regulatory or state law provision shall govern, and Lessee shall not be in default for any noncompliance with such recited elements. When Lessee submits applicable permits to the Department of Health Care Access and Information or its successor for any major alterations, Lessee will provide Lessor with written notice that includes the design for same. For the avoidance of doubt, any breach of this Section 3.5 by Lessee shall constitute a default under Section 8.1(f) of this Agreement, and Lessor shall be entitled to exercise all remedies available at law or in equity, including specific performance and injunctive relief, but specifically excluding termination of this Agreement.

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3.6 Disposition of Personal Property During Lease Term. During the term of this Agreement, Lessee shall have the right from time to time to dispose of any portion of any personal property, equipment or fixtures owned by Lessor, if any, in the ordinary course of business, or which is obsolete, worn out, or incapable of further use, all in Lessee's sole and absolute discretion, and Lessor shall execute all documents necessary to release any of Lessor's right, title, and interest in and to such property and enable Lessee to dispose thereof free and clear of all liens and encumbrances.

## ARTICLE IV INSURANCE

4.1 Compliance with Insurance Requirement. No use shall be made by Lessee or permitted by Lessee to be made on, to, or of the Leased Premises, which will cause the cancellation of any insurance policy covering the Leased Premises, nor shall Lessee sell or permit to be kept, used, or sold in and about the Leased Premises, any article which may be prohibited by any such insurance policy. Lessee shall, at its sole cost and expense, comply with any and all requirements pertaining to the Leased Premises, of any insurance organization or company necessary for the maintenance of the insurance described in this Agreement.

4.2 Insurance to be Procured by Lessee. Lessee shall, at Lessee's sole cost and expense, during the term of this Agreement and any renewal or extension thereof, procure and maintain at all times in force and in effect the following insurance:

4.2(a) Insurance against loss or damage by fire, lightning, vandalism, malicious mischief, and all other risks covered by an "all risk" insurance agreement then

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in use in the State of California, covering the Leased Premises in an amount equal to the “full replacement value” of the Leased Premises and naming Lessor as a named insured. As used in this Agreement, the term “full replacement value” is the cost of replacing all improvements included in the Leased Premises with improvements of substantially identical kind, quality, and capacity without deduction for depreciation, which shall be reviewed by Lessee at least every five (5) years and within a reasonable time following any major capital improvements or additions. Such cost of replacement shall also include demolition and any increased cost of construction occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings or the demolition of any portion of a building which has not suffered damage.

4.2(b) Boiler and machinery insurance providing coverage on pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, HVAC systems, transformers, and miscellaneous electrical apparatus constituting part of the Leased Premises in reasonable and customary amounts and naming Lessor as loss payee.

4.2(c) Comprehensive general liability insurance, including automobile liability, in reasonable and customary amounts for death, injury, or damage to property. Such policy shall also insure performance by Lessee of the indemnity provisions of Paragraph 16.3 hereof.

4.2(d) Professional liability and malpractice insurance in reasonable and customary amounts.

4.2(e) All employees’ compensation insurance on Lessee’s employees required by worker’s compensation laws and regulations of the State of California,

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provided that Lessee shall be permitted to enter into reasonable plans of self-insurance to the extent otherwise permitted by California law.

4.2(f) Such other insurance as is customarily procured and maintained in connection with the lease and operation of hospitals and related facilities of similar size and character located in the State of California, provided Lessee shall only be obligated to carry earthquake insurance coverage in connection with any “all risk” insurance agreement under Paragraph 4.2(a) hereof to the extent that Lessee generally carries such earthquake insurance coverage at comparable acute-care hospitals in Southern California and such coverage is commercially available and feasible at a reasonable premium on the Leased Premises.

4.3 Other Insurance Matters. All insurance required under this Agreement shall:

4.3(a) Be subject to deductibles not exceeding amounts customarily provided for hospitals of similar size, structure, and replacement value located in the State of California.

4.3(b) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least B+ status as rated by the most recent edition of Best’s Insurance Reports.

4.3(c) Name Lessor as additional insured.

4.3(d) Be reviewed by Lessee on a periodic basis and within a reasonable time following any major capital improvements or additions.

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4.3(e) Notwithstanding any provision in this Article IV to the contrary, all or any part of the insurance described in Paragraph 4.2 hereof may be effected through a program of self-insurance operated by Lessee or its Affiliates, or through a blanket policy of liability insurance, including in each instance insurance provided by an industry-captive insurance company affiliated with Lessee or its Affiliates, so long as the coverage afforded to Lessor is not materially reduced or diminished or otherwise altered from that which would exist under a separate policy meeting all other requirements of this Agreement. The requirements of Paragraph 4.3(b) shall not apply to such program of self-insurance and blanket policies of liability insurance. As used in this Agreement, the term "Affiliate" shall mean, as to any entity, any other entity that is directly or indirectly in control of such entity, or is controlled directly or indirectly by or is under common direct or indirect control with such entity.

4.4 Disposition of Insurance Proceeds. The proceeds of any insurance maintained under Paragraph 4.2 shall be made available to Lessee for payment of costs and expenses of repair. In the event the insurance proceeds are insufficient to cover the cost of repair, then, except as expressly provided in Article VI, any amounts required over the amount of the insurance proceeds received that are required to complete such repair shall be paid by Lessee. Any unused portion over the amount required to complete any repair shall be retained by Lessee. Each of the parties hereto agrees to sign any and all documents required by the other party or the insurance company or companies that may be necessary for use in connection with the settlement of any loss under the



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appropriate insurance policies, provided that such documents are factually accurate and in no manner prejudicial to the interest of such party.

4.5 Proof of Compliance. Lessor may require Lessee to deliver to Lessor, in the manner required for notices, copies or certificates of all insurance policies required by this Agreement. Lessee shall include a provision in each of its insurance policies requiring the insurance carrier to give Lessor at least thirty (30) days' prior written notice before such policy terminates. Lessee shall not substantially modify any of the insurance policies required by this Agreement without giving at least thirty (30) days' prior written notice to Lessor, and Lessor may review such policies on a periodic basis as determined by Lessor.

4.6 Waiver of Subrogation. Lessor and Lessee hereby release and relieve one another, and waive their entire right of recovery against the other, for loss or damage arising out of or incident to the perils insured against under Paragraph 4.2, which perils occur in, on, or about the Leased Premises whether due to the negligence of the Lessor or Lessee or their agents, employees, contractors, and/or invitees. Prior to obtaining any policies of insurance, Lessee and Lessor shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Agreement and each insurer issuing such insurance shall expressly acknowledge and consent to the foregoing waiver and shall expressly waive any right of subrogation on the part of the insurer against Lessor or Lessee.

## ARTICLE V ACCEPTANCE OF LEASED PREMISES

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Lessee accepts the Leased Premises “as is” on the date of the commencement of the term of this Agreement.

### ARTICLE VI DAMAGE OR DESTRUCTION DURING TERM OF LEASE

6.1 Restoration of Leased Premises. If during the term of this Agreement the Leased Premises shall be damaged, whether or not from a risk covered by insurance and subject to the other provisions of this Agreement regarding termination, Lessee shall promptly and expeditiously make the repairs necessary to restore the Leased Premises to a condition for occupancy or use comparable to the condition thereof before such damage, if such repairs to the facility are commercially feasible. Such damage shall not terminate this Agreement. If the cost of such repairs exceeds a commercially feasible amount, Lessee may nevertheless repair, restore, and replace the Leased Premises, or by prior written notice to Lessor, elect instead to demolish and reconstruct the improvements that were damaged. All repairs and restorations to the Leased Premises comparable to the condition thereof before such damage shall be deemed a part of the Leased Premises and belong solely to Lessor, and all repairs and restorations to any Lessee Owned Property, and any alterations, additions, or improvements to the Leased Premises made by Lessee, shall belong solely to Lessee.

6.2 No Abatement of Rent and Purchase Payments. In no event shall Lessee be entitled to any compensation or damages on account of any annoyance or inconvenience in making repairs or on account of such destruction. Lessee shall not be entitled to any

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abatement of Rent and Purchase Payments for the period while such repairs are being made.

### ARTICLE VII CONDEMNATION

In the event that the Leased Premises or any portion thereof is taken by eminent domain, or by inverse condemnation, or for any public or quasi-public use under any statute, the rights of the parties with respect to the term and the award shall be divided as the parties then agree to be just and equitable under all the circumstances, regardless of any technical rule of law, considering the rights of any leasehold, fee, or mortgage, the economics of operating any remaining portion of the Leased Premises and improvements, the cost of restoration, the balance of the term remaining, and the Rent and Purchase Payments previously paid by Lessee, among other relevant considerations. If Lessor and Lessee do not agree within sixty (60) days after the amount of the award is finally determined, the undecided questions shall be decided by arbitration, in the manner provided in this Agreement.

### ARTICLE VIII DEFAULT

8.1 Events of Default. Subject to the notice and cure provisions of Paragraphs 8.2 and 8.3 below, and the expiration of the cure period set forth therein, each of the following events shall be a default by Lessee and a breach of this Agreement:

8.1(a) Failure or refusal to pay when due any sum required by this Agreement to be paid by Lessee.

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8.1(b) The subjection of any material right or interest of Lessee to attachment, execution, or other levy, or to seizure under legal process which would materially interfere with Lessee's ability to operate the Hospital, if not released within ninety (90) days.

8.1(c) The appointment of a receiver to take possession of the Leased Premises or improvements, or of Lessee's interest in the leasehold estate or of Lessee's operations on the Leased Premises for any reason, which appointment is not dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days.

8.1(d) An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of (i) adjudicating Lessee a bankrupt, (ii) extending time for payment, adjustment, or satisfaction of Lessee's liability, or (iii) reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days after the assignment, filing, or other initial event.

8.1(e) Failure to perform any other covenant or condition in this Agreement which directly causes Lessee to be unable to operate the Leased Premises as a general acute care hospital and related health care institution.

8.1(f) Failure to perform any other material covenant or condition of this Agreement.

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8.2 Notice and Right to Cure. As a condition to pursuing any remedy for an alleged default of Lessee, Lessor shall give written notice of default to Lessee. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

8.3 Lessee's Right to Cure. If the alleged default is nonpayment of any sums to be paid by Lessee under this Agreement, Lessee shall have thirty (30) days after notice is given to cure or contest the default. With respect to any other default, Lessee shall promptly and diligently after notice commence curing the default and shall have a reasonable period of time, in light of the circumstances, to complete the cure or, alternatively, contest such default.

8.4 Remedies. If any default by Lessee pursuant to Section 8.1(f) continues uncured following notice of default as required by this Agreement for the period specified in Section 8.3 above, Lessee and Lessor agree and acknowledge that Lessor shall be entitled to exercise all remedies available at law or in equity, including specific performance and injunctive relief, but specifically excluding termination of this Agreement. If any default by Lessee pursuant to Sections 8.1(a) – 8.1(e) continues uncured following notice of default as required by this Agreement for the period applicable to the default under the applicable provision of this Agreement, or, if contested by Lessee, continues uncured following the issuance of the final award of the arbitrator pursuant to Paragraph 15.12, Lessor has the following remedies, in addition to the rights and remedies provided by law or equity, to which Lessor may report cumulatively or in the alternative:

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8.4(a) Lessor may at its election terminate this Agreement by giving Lessee notice of termination. On the giving of notice, all Lessee's rights in the Leased Premises and improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Leased Premises and all improvements in clean condition. Termination under this paragraph shall not relieve Lessee from the payment of any sum then due to Lessor including Rent and Purchase Payments or from any claim for damages previously accrued or then accruing against Lessee.

8.4(b) Lessor may, at Lessor's election, enter the Leased Premises without terminating this Agreement, at any time and from time to time and relet the Leased Premises and improvements or any part of them for the account and in the name of Lessee or otherwise. Lessor may, at Lessor's election, eject all persons or eject some and not others or eject none.

8.5 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform a material obligation required of Lessor within a reasonable time, but in no event later than sixty (60) days after written notice by Lessee to Lessor, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than sixty (60) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such 60-day period and thereafter diligently prosecutes the same to completion.

In event of Lessor's default hereunder which continues uncured following notice of default as required by this Agreement for the period applicable to the default under the applicable provision of this Agreement, or, if contested by Lessor, continues

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uncured following a period of thirty (30) days following the issuance of the final award of the arbitrator pursuant to Paragraph 15.12, Lessee shall at Lessee's option, be entitled to enforce any and all rights and remedies available to it at law or in equity including, without limitation, specific performance and injunctive relief.

8.6 Injunctive Relief. As contemplated by Paragraph 15.12(c) and notwithstanding any other provision of this Article XIII, each party hereto shall be entitled to seek preliminary or provisional equitable relief following the giving of any notice of default to the other party, without waiting for the expiration of any cure period relating to such default, and without limiting any other rights or remedies to which such party may be entitled or constituting a waiver of the dispute resolution and arbitration provisions set forth in Paragraph 6.12.

**ARTICLE IX  
EFFECT OF SURRENDER**

The voluntary or other surrender of this Agreement by Lessee, or a mutual cancellation or rescission thereof, shall not create a merger and shall operate as an assignment to Lessor of all existing and valid subleases, subtenancies, or contracts relating to the use or operation of the Leased Premises.

**ARTICLE X  
HAZARDOUS MATERIALS**

If any hazardous materials are brought upon, generated, used, kept, or stored in, on, about, or under the Leased Premises by Lessee or any of its agents, representatives, employees, contractors, suppliers, permittees, assignees, invitees, or sublessees (collectively "Responsible Parties"), then Lessee and its Responsible Parties shall

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generate, use, keep, store, treat, remove, transport, and dispose of such hazardous materials in a manner which materially complies with all applicable environmental regulations. Without limiting any of the other obligations of Lessee set forth in this Agreement, Lessee shall, at its own cost and expense, procure, maintain in effect and materially comply with all conditions and requirements of any and all permits, licenses, and other governmental, court-imposed and regulatory approvals, authorizations, orders arising or required under any environmental regulations relating to Lessee's generation, use, keeping, storage, transport, or disposal of such hazardous materials. Lessee shall immediately notify Lessor of its discovery of (i) any material release of any hazardous materials on or about the Leased Premises or adjoining property, or (ii) the presence thereon of any hazardous materials which is in material violation of any material environmental regulations, or (iii) its receipt of any notice of violation or any environmental regulations or environmental claim pertaining to the Leased Premises or Lessee's activities. If Lessee shall generate, use, keep, store, remove, transport, or dispose of hazardous materials in, on, about, or under the Leased Premises or any adjoining property and the same results in any contamination of the Leased Premises or the surrounding environment during the term of this Agreement or within a period of five (5) years thereafter, and a written claim with respect thereto is asserted by Lessor or its assignee against Lessee within such term or within five (5) years thereafter, then Lessee shall promptly at its sole cost and expense take all the actions as are necessary to return the Leased Premises and/or the surrounding environment to the condition existing prior to such contamination in a manner which materially complies with all environmental



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regulations. In the event of an early termination of this Agreement, Lessee shall cause to be removed from the Leased Premises all hazardous materials existing in, on, about, or under the Leased Premises and/or adjoining property which were brought upon, generated, used, kept or stored by Lessee or any of its Responsible Parties and shall cause such hazardous materials to be stored, treated, transported, and/or disposed of, all in material compliance with all environmental regulations. Lessee shall immediately deliver to Lessor copies of any and all manifests and other documentation relating to the removal, storage, treatment, transportation, and/or disposal of any hazardous materials or receptacles or containers therefor reflecting the legal and proper removal, storage, treatment, transportation, and/or disposal thereof. Lessee shall, at its sole cost and expense, repair any damage to the Leased Premises resulting from Lessee's removal of such hazardous materials and receptacles of containers therefor. Lessee's obligations hereunder shall include, but shall not be limited to, the cost of investigation, removal, remediation, restoration, and/or abatement, and shall survive the expiration or earlier termination of this Agreement.

### ARTICLE XI LIENS, ESTOPPELS, AND EASEMENTS

11.1 No Liens or Encumbrances by Lessor; Transfer by Lessor. Except for easements, covenants, conditions, and restrictions created in accordance with Paragraph 11.3, Lessor agrees and covenants not to place any encumbrance, including, without limitation, any deed of trust, mortgage, or security lien upon the Leased Premises, during the term of this Agreement. If Lessor desires to convey the Leased Premises to a third

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party, it shall provide Lessee with written notice setting forth the name of the proposed transferee and all of the terms of the conveyance (including, without limitation the purchase price) at least 9 months prior to such proposed conveyance (the “Transfer Notice”). In such event, Lessee shall have the right of first refusal to purchase the Leased Premises from Lessor upon the terms and conditions of the Transfer Notice, which right may be exercised by Lessee’s delivery to Lessor of a written notice (an “Acceptance Notice”) accepting the terms and conditions set forth in the Transfer Notice, to be delivered within sixty days of Lessee’s receipt of the Transfer Notice. If Lessee timely delivers an Acceptance Notice to Lessor, Lessee shall purchase the Leased Premises on the terms set forth in the Transfer Notice, and if Lessee does not timely deliver an Acceptance Notice to Lessor, Lessor may convey the Leased Premises (which conveyance shall be subject and subordinate to each and every term of this Agreement, including without limitation, Lessee’s purchase of the Leased Premises at the expiration of the Term, notwithstanding any provision in the Transfer Notice to the contrary) to the third party identified in the Transfer Notice, upon the exact terms set forth in the Transfer Notice. Lessee shall again have the right of first refusal in accordance with the terms of this Section 11.1 if Lessor proposes to transfer the Leased Premises to any different purchaser, or on any terms and conditions different than those stated in the latest Transfer Notice.

11.2 Estoppel Certificate. Each party, within twenty (20) days after notice from the other party, shall execute and deliver to the other party in recordable form, a certificate stating that this Agreement is unmodified and in full force and effect, or in full

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force and effect as modified, and stating the modifications. The certificate also shall state the nature and extent of any then existing default or breach of this Agreement by the party requesting the certificate. Failure to deliver the certificate within such twenty (20) day period shall be conclusive upon the party failure to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Agreement is in full force and effect and has not been modified and no default or breach exists, except as may be represented by the party requesting the certificate. Lessor shall also provide similar estoppel certificates upon request by Lessee or any sublessee on the same terms with respect to any subleases which may be entered into by Lessee under and as permitted by this Agreement from time to time with respect to all or any portion of the Leased Premises.

11.3 Easements, Restrictions. At no cost or expense to Lessor, Lessor shall execute whatever documents Lessee reasonably requests to impose upon the Leased Premises such easements, covenants, conditions, and restrictions for parking, ingress, egress, and utilities as are reasonably required by Lessee in connection with the orderly operation and development of the Leased Premises; provided that Lessor shall not be required to execute any such document which would have a material adverse effect upon the use of the Leased Premises as provided for in Paragraph 3.1.

## ARTICLE XII ADDITIONAL COVENANT OF LESSOR

Lessor and Lessee agree and acknowledge that the District's and Lessee's future financial health and Lessee's ability to continue to service low-income populations are

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both dependent on Lessee's ability to fulfill all of its financial and clinical obligations under this Agreement. Accordingly, and in order to promote the objectives set forth in Recital G above, after the Commencement Date and during the entire term of this Agreement, neither Lessor nor any Affiliate, including Desert Healthcare Foundation (the "Foundation"), will directly or indirectly own any interest in, manage, or operate, or provide any financial assistance to (i) any hospital or other health care facility, provider, or business within the geographical boundaries of District or which may otherwise at any time be competitive with any present or future Desert Businesses or newly created health care system affiliated with the Desert Businesses, or (ii) any other health care related business conducted with or supporting the Leased Premises including, without limitation, ownership or management of physician practices, without Lessee's prior written consent (which Lessee may withhold in its sole and absolute discretion). Lessor and its Affiliates will not be prevented from participating in activities that promote health care services for residents of District's community, so long as they do not provide financial support to another acute care hospital within District's boundaries or act as a provider of health care services themselves. Notwithstanding the foregoing, nothing in this Agreement shall prevent District from collaborating with or jointly funding with other acute care hospitals (each such hospital, a "Grant Hospital") within the boundaries of District in support of projects designed to improve access to healthcare for District residents so long as such projects are outside the scope of the Grant Hospital's licensure and are provided free of charge to the community or otherwise do not generate revenue that is reflected on the financial statements of such Grant Hospital. Lessor shall provide written notice to Lessee

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of any potential activity, program, or service which has been formally submitted to Lessor through the grant application process which Lessor considers to be in violation of the covenants in this Article XII, which notice shall include applications and other written materials submitted to Lessor. Lessee shall have 30 days from receipt of said notice to review and grant or withhold consent in writing to the proposed activity, program, or service. In the event that the provisions contained in this Article XII shall ever be deemed to exceed the time or geographic limits or any other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum extent permitted by applicable law. Lessor acknowledges and agrees that (i) its covenants herein form part of the consideration hereunder and are a material inducement for Lessee entering into and consummating this Agreement, (ii) the provisions of this paragraph are necessary to protect the interests of Lessee and the continued goodwill of the business and operation of the Desert Businesses, an interest in which Lessee is hereby acquiring, (iii) the restrictive covenants set forth herein are reasonable in scope and duration, (iv) a breach of the covenants contained in this paragraph will result in irreparable harm and damages to Lessee which cannot be adequately compensated for by a monetary award, and (v) in addition to all other remedies available in law or in equity, Lessee shall be entitled to the remedy of a temporary restraining order, preliminary injunction, or such other form or injunctive or equitable relief as may be issued by a court of competent jurisdiction to restrain or enjoin Lessor and its Affiliates from breaching the provisions of this paragraph or otherwise to specifically enforce the provisions of this paragraph. Lessor covenants to cause its

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Affiliates (including the Foundation) to comply with the restrictions set forth herein and to confirm the same to Lessee upon request. Lessee shall defend (with counsel selected by Lessee in its sole discretion), indemnify, and hold Lessor and its Affiliates harmless from any challenge to the provisions of this Article XII in a legal proceeding. Lessor agrees to fully cooperate with Lessee (at no expense to Lessor) and to fully support Lessee's position in any such legal proceeding.

### ARTICLE XIII ADDITIONAL COVENANTS OF LESSEE

13.1 Nondiscrimination in Operating Decisions. During the term of this Agreement and as provided in this Agreement, Lessee agrees to operate the Leased Premises for the benefit of the communities served by District. Major decisions regarding the operation of the Hospital will be made by Lessee without discrimination against the interests of the communities served by the Hospital. Operational decisions relating to any termination or material reduction of any Core Service (as defined below) shall be made through a process as described herein which will include consideration of the needs of the Hospital, community, and physicians. At no time during the terms of this Agreement will any Core Service be instituted at or moved to John F. Kennedy Memorial Hospital in Indio, California ("JFK"), for the purpose of or with the direct effect of terminating or materially reducing such Core Service at the Hospital. Notwithstanding the foregoing, the parties acknowledge and agree that during periods of significant renovation or construction it may be necessary to temporarily relocate some

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services in order to ensure continuity of core hospital programs as defined in section 13.3, and nothing in the foregoing sentence shall prohibit same.

13.2 Expansion of Care and JFK Commitments. During the term of this Agreement, District and Lessee shall continue to work as partners to expand care throughout District's entire geographic area. Lessee and its Affiliates agree to commit to pursue the expansion of the Emergency Department and Admitting care at JFK.

13.3 Review Prior to Termination of Service or Program. During the term of this Agreement, Lessee shall give Lessor prior written notice of any proposed termination or material reduction of a core Hospital program or service set forth on Schedule 13.3 attached hereto ("Core Services"). Before giving such notice, Lessee shall consult with the Medical Staff and Local Governing Board regarding the proposed termination or material reduction. Within ninety (90) days after receiving such notice, Lessor shall have the right to hold one or more noticed public meetings at which the public and Lessor's Board of Directors shall have an opportunity to comment on such termination or material reduction of Core Services. A representative of Lessee shall attend such public meeting(s). After the public meeting(s), Lessee's board of directors shall then consider and make the final decision regarding the proposed termination or material reduction, and so notify Lessor's board in writing.

If Lessee proposes any termination or material reduction of Core Services due to financial infeasibility or hardship, Lessee shall submit with its written notice to Lessor either an analysis and report regarding the financial aspects of such Core Service or the

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continued availability of such Core Service elsewhere in the community served by District (other than at JFK).

13.4 Restrictions on Subletting, Assignments and Transfers. Except as set forth in Section, 13.4(d):

13.4 (a) Lessee shall not sublet any space in the Hospital itself where patient care is provided without Lessor's prior written consent. Notwithstanding the foregoing or any other provision of this Agreement, without obtaining any consent from Lessor, (i) Lessee shall have the right to use or sublease to one or more Persons, and nothing in this Agreement shall prohibit or restrict Lessee from using or subleasing to one or more Persons, any portion of the Leased Premises (other than the Hospital itself where patient care is provided) as medical office buildings or such other purposes as are deemed by Lessee to be in the normal course of operating the Hospital or as necessary or advisable to promote the provision of health care, and (ii) Lessee shall have the right to engage, and nothing in this Agreement shall prohibit or restrict Lessee from engaging, one or more Persons as its manager or agent with respect to all or any portion of the Hospital where patient care is provided.

**The Provisions regarding sublease, assignment, or transfer of all the direct or indirect ownership or equity of the entirety of the LPA are under negotiation.**

13.4(d) Notwithstanding the preceding paragraphs, Lessee shall have the right to make a permitted transfer in the form of an assignment of all or part of this Agreement or a sublease of all or part of the Hospital, if such assignment or sublease (a "Permitted Transfer") is made to an Affiliate of Lessee or the Guarantor (the "Permitted



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Transferee”) subject to the following conditions: Prior to making a Permitted Transfer, Lessee shall provide Lessor sixty (60) days’ prior written notice of such proposed Permitted Transfer, which notice shall include: (i) evidence that such transferee is an Affiliate as such term is defined in Section 4.3 above; and (ii) evidence of the financial capacity of the Permitted Transferee to meet its obligations under this Agreement, and (iii) a fully executed assignment and assumption agreement, in form and substance reasonably acceptable to Lessor, wherein the Lessee agrees to assign, and the Permitted Transferee agrees to assume, all of the rights and obligations of Lessee under this Agreement on a prospective basis.

13.5 Attornment and Non-Disturbance of Subtenants. If Lessee subleases to one or more Persons all or any portion of the Leased Premises as permitted herein, each such sublease shall contain a provision requiring the sublessee of such sublease to attorn to Lessor if Lessee defaults under or otherwise terminates this Agreement. Lessor shall recognize each and every such sublease and shall not disturb any such sublessee’s possession thereunder so long as such sublessee is not in default under such sublease, such sublessee attorns to Lessor and pays to Lessor all rent due and payable after the date of such attornment (subject to any rights of Lessee set forth elsewhere in this Agreement and without any liability or obligation by Lessee or such sublessee to refund any amount of prepaid rent previously received by Lessee or such sublessee from the attorning sublessee), and Lessor shall not be responsible to such sublessee for any act, omission, event, or circumstance by Lessee or any sublessee claiming under Lessee occurring on or prior to the date of such attornment. In connection with any sublease that Lessee wishes

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to enter into, Lessee shall be responsible for undertaking all acts necessary for such sublease to comply with the Subdivision Map Act of California, Government Code Section 66410 et seq., and/or local ordinances and regulations pertaining to the regulation and control of subdivisions, including preparing and filing any parcel map or obtaining waivers or lot line adjustments as Lessee reasonably determines are necessary for such compliance, if applicable. Lessor shall cooperate fully, at no cost to Lessor, and shall execute such applications and other documentation as may be requested by Lessee that are necessary or customary in the circumstances.

13.6 Use and Inspection of Premises by Lessor. Lessee shall permit Lessor to use its meeting or office facilities on the Leased Premises for regular and special meetings of Lessor and the Foundation's Board of Directors. Lessee shall also provide Lessor with a district office (including space for the Foundation's offices) in the Stergios Building and necessary storage space for their books and records on a sublease basis, without any rent charge. Lessor shall also have the right to conduct quarterly inspections of the Leased Premises during the term of this Agreement, generally within in the scope of, and in accordance with the pattern and practice used, for such inspections under the 1997 Lease.

13.7 Accreditation. Lessee shall use best efforts to continuously maintain any accreditation which may be necessary for Lessee to continue to operate the Leased Premises as a health care institution, including without limitation, its accreditation with The Joint Commission ("TJC").

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13.8 License. Lessee shall use best efforts to continuously maintain a valid license issued by the Department of Health Services of the State of California for the operation of the Leased Premises as a health care institution, and to maintain any additional licenses, permits, and other governmental approvals necessary for Lessee to continue to operate the Leased Premises as a health care institution.

13.9 Payment Systems. Lessee shall use commercially reasonable efforts to maintain (i) its certification for participation in the Medicare program or any successor thereto, (ii) its qualification for participation in the Medi-Cal program or any successor thereto, and (iii) its qualification for participation in and payment under private insurance programs having broad application and federal, state, and local governmental programs providing for payment or reimbursement for services rendered; provided, however, that nothing herein shall require Lessee to (a) institute or maintain any action or proceeding against the State of California or any other governmental entity or agency, (b) enter into a contract with a Local Initiative or Mainstream Plan under the Department of Health Services' plan for expanding Medi-Cal managed care, or (c) comply with any new laws or regulations which substantially modify existing laws or regulations respecting Disproportionate Share Payments.

13.10 Health and Safety Code Requirements. To the extent applicable to Lessee, Lessee shall conform to and abide by each and all of the provisions of Section 32128 of the Local Health Care District Law, and any rules established by the Lessor thereunder or by the Hospital Local Governing Board described in Paragraph 13.11 below thereunder with Lessee's approval, including without limitation, the provisions regarding the self-

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governance of the Medical Staff regarding professional work performed in the Hospital and the provisions regarding the preparation and maintenance of accurate and complete medical records of all patients.

### 13.11 Governance.

13.11(a) Local Governing Board. During the term of this Agreement, the parties agree to maintain the local governing board (“Local Governing Board”) to provide for community participation, particularly by persons possessing special expertise, regarding the medical aspects of the Hospital’s operations and the delivery of health care to the community served by District. The Local Governing Board shall have thirteen (13) members, a majority of whom shall be physician members from the Hospital’s Medical Staff and, provided that Brown Act compliance is not required as a result thereof, shall include up to two (2) members selected by District under a mutually-agreeable selection process. The Local Governing Board shall have authority over the following medical aspects of the Hospital’s operation: (i) the appointment and reappointment of Medical Staff; (ii) the review of the quality of medical services provided at the Hospital (including Medical Staff bylaws); (iii) the maintenance of the Hospital licensure and TJC accreditation; (iv) the approval of the Chief Executive Officer of the Hospital; (v) the right to review and provide input on proposed operating and capital budgets for the Hospital; (vi) the right to review and provide input on all material hospital-based physician contracts; (vii) the right to review and provide recommendations to Lessee on coordination of services; (viii) the right to review and provide comments to Lessee with respect to any proposed termination or material reduction of Core Services before such

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proposal is submitted to Lessor's Board of Directors; and (ix) the ability to act as a forum regarding community input of the delivery of health care to the community. If at any time the laws of the State of California should be amended to require the Local Governing Board meetings to be subject to the Brown Act, Lessee and Lessor shall meet to reorganize the Local Governing Board in order to maintain the parties' intent regarding the non-public nature of the Local Governing Board meetings. The Local Governing Board shall operate in accordance with the Rules and Regulations of the Local Governing Board of Desert Regional Medical Center (including conflict of interest policies) attached hereto as Schedule 14.11(a), as such may not be amended without mutual written approval of the parties hereto.

13.11(b) Corporate Board of Directors of Lessee. Notwithstanding the above provisions regarding the Local Governing Board, the corporate board of directors of Lessee will nevertheless retain ultimate decision-making power, control, and authority over the operations of the Hospital, including without limiting the generality of the foregoing, reserved power sufficient to oversee the conduct of the day-to-day operations of the Hospital, to maintain ultimate responsibility for the performance of the Hospital's executives, management, and employees, and to maintain ultimate responsibility to determine the capital needs and actual operating and capital budgets of the Hospital.

13.12 Annual Reporting. Lessee shall provide to Lessor an annual report on the operation of the Hospital in the format set forth on Schedule 13.12 attached hereto, or such other format as the parties may mutually agree.

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13.13 Donor Support. Lessee shall maintain existing donor identification on various buildings, rooms, and other aspects of the Hospital and generally support District's and any other party's efforts to generate additional donor support for the Hospital in the future.

13.14 Other Lessor Consent Items. Lessee shall obtain Lessor's consent before taking any of the following actions: (a) disposing or transferring any material part of the Leased Premises other than in the ordinary course of business or as otherwise permitted by this Agreement or (b) changing in any material respect the Hospital's mission statement or policy regarding charity care.

## ARTICLE XIV TERMINATION

14.1 Termination by Either Lessor or Lessee. This Agreement may be terminated by action of either Lessee or Lessor if the other party has defaulted under this Agreement as provided in Sections 8.4 or 8.5 above and such default has not been cured as provide therein.

14.2 Termination by Mutual Consent. This Agreement may be terminated at any time by the mutual consent of Lessee and Lessor expressed by action of their respective boards of directors.

14.3 Surrender of Leased Premises and Desert Businesses. Upon termination of this Agreement (but subject to Paragraph 3.5 and Articles VI and VIII), Lessee shall surrender unto Lessor the Leased Premises in the same condition as when received (normal wear and tear, normal obsolescence, and the effect of the elements excepted),

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together with all of Lessee's patient records, including without limitation the items listed in Title 22, Section 70749 of the California Code of Regulations (or any successor regulation of similar effect), and all records and books relating to the Leased Premises and the assets which are reasonably necessary to the operation thereof by Lessor or a successor lessee. In this regard, Lessee shall maintain throughout the term of this Agreement appropriate building records. At such time, Lessee shall also cooperate with Lessor in obtaining the transfer and assignment to Lessor or to any lessee succeeding Lessee of all licenses, permits, and contracts, including without limitation contracts with Payors for health care services, related to the operation of the Leased Premises as an acute care hospital. Lessee shall assign to Lessor or its designee, and Lessor or its designee shall assume and agree to indemnify and hold Lessee harmless from, any further liability with respect to future performance or obligations under any of the foregoing contracts relating to the operation of the Leased Premises or the then-current Desert Businesses. Lessor or its successor shall thereafter provide reasonable access to Lessee to such contracts and record for Lessee's own use in billing, collecting, or otherwise concluding its business conducted in connection with the Desert Businesses prior to such expiration or termination. For purposes of the foregoing paragraph, the parties agree that the assets used in connection with any other Desert Business conducted within a ten (10) mile geographical radius of the Hospital at the time of such expiration or termination shall be surrendered with the Leased Premises, whether or not such Desert Businesses are operated by Lessor or the Corporation prior to the commencement of this Agreement.

ARTICLE XV  
MISCELLANEOUS

15.1 Modification or Amendment. This Agreement may not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties to this Agreement.

15.2 Waiver of Conditions. The conditions to each of the party's obligations to consummate this Agreement are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law.

15.3 Indemnification.

15.3(a) Lessee shall defend, indemnify, and hold Lessor harmless from, and reimburse Lessor for, any loss, cost, expense, liability, or damage (including without limitation reasonable attorney's fees and costs with a reasonable estimate of the allocable cost of legal counsel and staff in connection with or in any way related to, any breach or default in the performance of any obligation to be performed by Lessee under the terms of this Agreement, or any intentional misconduct or negligence of Lessee, or any officer, agent, employee, guest, or invitee of Lessee or of any sublessee of Lessee, regardless of whether such intentional misconduct or negligence was active or passive.

15.3(b) Lessor shall defend, indemnify, and hold Lessee harmless from, and reimburse Lessee for, any loss, costs, expense, liability, or damage (including without limitation reasonable attorney's fees and costs with a reasonable estimate of the allocable cost of legal counsel and staff, in connection with or in any way related to any breach or default in the performance of any obligation to be performed by Lessor under



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the terms of this Agreement during the term hereof or any intentional misconduct or negligence of Lessor, or any officer, agent, employee, guest, or invitee of Lessor, regardless of whether such intentional misconduct or negligence was active or passive.

15.3(c) In the event of the occurrence of any event which a party asserts is an indemnifiable event pursuant to this paragraph, such party shall notify the other party promptly and, if such event involves the claim of any third person, the notified party shall have sole control over, and shall assume all expense with respect to, the defense, settlement, adjustment, or compromise of any claim as to which this paragraph requires it to indemnify the other, provided that (i) the other may, if it so desires, employ counsel at its own expense to assist in the handling of such claim and (ii) the indemnifying party shall obtain the prior written approval of the other party, which shall not be unreasonably withheld, before entering into any settlement, adjustment, or compromise of such claim or ceasing to defend against such claim, if pursuant thereto or as a result thereof there would be imposed injunctive or other similar relief against the other party. All indemnification obligations hereunder shall survive the expiration or earlier termination of this Agreement.

15.4 Trade Secrets. At all times during this Agreement and following the expiration or earlier termination of this Agreement, except as may be required by law, neither party hereto shall, without the prior consent of the other party, use, disclose, or knowingly permits any other person or entity to disclose or use any trade secrets or proprietary information belonging or pertaining to the other party.

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15.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

15.6 Invalidity. In the event that any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby. To the extent permitted by applicable law, each party to this Agreement waives any provision of law which renders any provision of this Agreement invalid, illegal, or unenforceable in any respect. In the event any provision of this Agreement shall be held invalid, illegal, or unenforceable, the parties shall use all reasonable efforts to substitute a valid, legal, and enforceable provision that implements the purposes and intents of this Agreement.

15.7 Notices. All notices, requests, demands, waivers, consents, and other communications hereunder shall be in writing, shall be delivered either in person, by telegraphic, facsimile, or other electronic means, by overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person or by telegraphic, facsimile, or other electronic means calculated to arrive on any business day prior to 6:00 p.m. local time at the address of the addressee, or on the next succeeding business day if delivered on a non-business day or after 6:00 p.m. local time, (b) one business day after having been delivered to an air courier for overnight delivery, or (c) three business days after having been deposited in the mail as certified or registered mail, return receipt requested, all fees prepaid, directed to the parties or their

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assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

If to Lessee, addressed to:

DESERT REGIONAL MEDICAL CENTER, INC.  
c/o Tenet HealthSystem  
Attn: \_\_\_\_\_  
14001 Dallas Parkway, Suite 105  
Dallas, TX 75240  
Facsimile: (214) 789-2318

With a copy to counsel for Lessee:

Tenet HealthSystem  
Attn: General Counsel  
14001 Dallas Parkway, Suite 105  
Dallas, TX 75240  
Facsimile: (214) 789-2370

If to Lessor, addressed to:

DESERT HEALTHCARE DISTRICT  
Attn: President of Board  
1150 North Indian Canyon Drive  
Palm Springs, CA 92262  
Facsimile: \_\_\_\_\_

With a copy to counsel for Lessor:

Jeffrey G. Scott, Esq.  
16935 West Bernardo Drive, Suite 170  
San Diego, CA 92127  
Facsimile: 858-675-9897

15.8 Entire Agreement. This Agreement, including any exhibits and Released Agreements: (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them,

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with respect to the subject matter of this Agreement; (ii) is not intended to confer upon any person other than the parties to this Agreement any rights or remedies under this Agreement; and (iii) shall not be assignable by operation of law or otherwise, except as provided in Paragraph 14.3.

15.9 Captions. The article and paragraph captions in this Agreement are for convenient reference only, do not constitute part of this Agreement, and shall not limit or otherwise affect any of the provisions of this Agreement.

15.10 Additional Documents. In addition to the documents and instruments to be delivered as provided in this Agreement, each of the parties shall, from time to time at the request of the other party, execute and deliver to the other party such other documents and shall take such other actions as may be reasonably required to carry out more effectively the terms of this Agreement.

15.11 Time is of the Essence. Time is hereby made of the essence with respect to each and every term of this Agreement, including the delivery of rent and all other time constraints and deadlines imposed under the terms of this Agreement.

15.12 Dispute Resolution. In the event any disagreement, dispute, or claim (collectively, a “Dispute”) arises between Lessor and Lessee with respect to the enforcement or interpretation of any term or provision of this Agreement, or whether an alleged default or breach hereof has or has not occurred, or with respect to any indemnity claim or right, or any other matter related to or arising out of this Agreement or the relationship or transactions contemplated hereby, such Dispute shall be resolved in accordance with the following procedures:

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15.12(a) Meet and Confer. In the event of a Dispute between Lessor and Lessee, either party may give written notice to the other party setting forth the nature of such Dispute (“Dispute Notice”). The parties shall meet and confer to discuss the Dispute in good faith within thirty (30) days of the other party’s receipt of the Dispute Notice in an attempt to resolve the Dispute (unless the parties have already engaged in a meet and confer process with respect to such matter under another provision of this Agreement, in which event they may proceed directly to arbitration upon receipt of the Dispute Notice hereunder). All representatives of each party within such 30-day period.

15.12(b) Arbitration of Disputes. Except as set forth below, any Dispute that cannot be resolved by Lessor and Lessee within thirty (30) days after either party’s receipt of a Dispute Notice may be submitted at the option of either party to binding arbitration, which arbitration shall be conducted in accordance with the following provisions:

(1) Venue. The arbitration shall be conducted in Riverside County, California, unless the parties mutually determine that another venue would be more convenient for the parties.

(2) Law. The governing law shall be the law of the State of California.

(3) Selection. A single disinterested third party arbitrator shall be selected by mutual agreement of the parties, or if they are unable to mutually select an arbitrator within fifteen (15) days after either party notifies the other of its desire to arbitrate the Dispute, then an arbitrator shall be selected by

JAMS/Endispute (JAMS) in accordance with its then-current Rules of Practice and Procedure.

(4) Administration. The arbitration shall be administered by JAMS.

(5) Rules. The rules of arbitration shall be the Rules of Practice and Procedure of JAMS as may be modified by the parties to the arbitration by mutual agreement at the time of the arbitration, except that the provisions of California Code of Civil Procedure section 1283.05 are incorporated into and made applicable to the agreement to arbitrate, unless the parties agree otherwise at such time. For good cause shown and on order of the arbitrator, depositions may be taken and discovery may be obtained in accordance with California Code of Civil Procedure section 1283.05.

(6) Award. The decision of the arbitrator shall be final and binding upon the parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction in the United States. The award shall include written findings of fact, a summary of the evidence and reasons underlying the decision, and conclusions of law. The arbitrator shall have the power to award equitable relief, including specific performance of the terms and conditions of this Agreement and/or injunctive relief. However, the arbitrator shall not have the right or power to issue an award that terminates this Agreement, approves any such termination by action of Lessor, or otherwise affects Lessee's right to occupy the Leased Premises without disturbance, unless and until (a) the arbitrator shall

have first issued a final, binding award requiring specific performance of this Agreement or enjoining a violation of this Agreement by Lessee and (b) Lessee shall have failed to comply with such prior award within thirty (30) days thereafter (or if such compliance cannot reasonably be accomplished within such 30-day period, Lessee shall have failed to commence such compliance within such 30-day period and thereafter diligently prosecuted it to completion). Furthermore, the arbitrator shall not have the right or power to award punitive or exemplary damages.

(7) Fees and Costs. As part of the award, the arbitrator may award reasonable and necessary costs actually incurred by the prevailing party, as determined by the arbitrator in his or her award, including that party's share of the arbitrator's fees, costs, and expenses, as well as any administration fees. The arbitrator may also include reasonable attorney's fees in an award of costs if the arbitrator finds that the party against whom the fees are assessed acted frivolously or in bad faith in its demand for, or participation in, the arbitration.

NOTICE: By initialing the space below, Lessor and Lessee are agreeing to have any Dispute arising out of the matters included in this "arbitration of disputes" provision decided by neutral arbitration as provided by California law (provided that such Dispute has not been resolved through the meet and confer discussions described above) and the parties are giving up any rights they might possess to have the Dispute litigated in a court or jury trial. By initialing the space below, Lessor and Lessee hereby agree to give up their judicial rights to discovery

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and appeal, unless those rights are specifically included in this “arbitration of disputes” provision. If Lessor or Lessee refused to submit to arbitration after agreeing to this provision, such party may be compelled to arbitrate under the authority of California Code of Civil Procedure.

\_\_\_\_\_  
Lessor’s Initials

\_\_\_\_\_  
Lessee’s Initials

15.12(c) Injunctive Relief. Nothing in this Agreement shall be interpreted to limit either party’s right to pursue preliminary or provisional equitable relief pending the arbitration award, including without limitation specific performance or a temporary restraining order or preliminary injunctive relief, from a court of competent jurisdiction at any time. By way of example, the foregoing provisions of this paragraph shall not be interpreted to require either party to submit to meet and confer or arbitration prior to exercising such party’s right to pursue preliminary equitable relief to protect trade secrets or prevent irreparable harm.

15.12(d) Selection of Alternative Arbitrator. In the event that JAMS is not in existence at the time of commencement of the arbitration proceeding, as applicable, then the Commercial Panel of the American Arbitration Association (“AAA”) shall administer such proceeding. In such case, all references to JAMS in this Agreement shall instead refer to the AAA, and all references to the Rules of Practice and Procedure of JAMS in this Agreement shall instead refer to the then-current commercial arbitration rules of the AAA.



15.13 Relationship of Lessor and Lessee. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of lessor and lessee.

15.14 Consent Not Unreasonably Withheld. Wherever the consent or approval of any party is required under this Agreement, such consent or approval shall not be unreasonably withheld, delayed, or conditioned, unless such consent or approval is to be given by such party at the sole and absolute discretion of such party or is otherwise similarly qualified.

15.15 No Third Party Beneficiaries. This Agreement is being entered into solely for the benefit of the parties hereto and their respective successors and assigns, is not intended to benefit any third party or other Person, and only the parties hereto and their respective successors and assigns shall have the right to enforce the terms hereof.

15.16 Short Form Agreement. This Agreement shall not be recorded, but the parties agree, concurrently with the execution of this Agreement, to execute and cause to be recorded in the Official Records of the County of Riverside, California, a Memorandum of Lease Purchase Agreement in the form of Schedule 15.16 attached hereto.

15.17 Purchase and Sale. Lessor hereby agrees to sell and convey to Lessee, and Lessee hereby agrees to purchase from Lessor, subject to the terms and conditions set

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forth of this Section 15.17, all of Lessor's right, title and interest in and to the Leased Premises, upon the expiration of the Term. The purchase price for the Leased Premises shall be equal to the total amount of Rent and Purchase Payments paid during the Term pursuant to Schedule 2.1 attached hereto (the "Buyout Purchase Price"). The closing of the purchase and sale (the "Closing") shall take place on or before May 31, 2057, through an escrow company to be selected by Lessee ("Escrow"). Prior to the Closing: (i) Lessee shall deliver to Escrow, (A) the Final Payment, (B) a duly executed counterpart of a general assignment and assumption agreement whereby Lessor shall assign to Lessee, and Lessee shall assume from Lessor, any and all Intangible Property, (C) an executed settlement statement in form and content satisfactory to Lessor and Lessee, and (D) any further documentation reasonably required by Escrow to consummate the Closing; (ii) Lessor shall deliver to Escrow, (A) a duly executed and acknowledged grant deed conveying fee simple title to the Real Property and Improvements to Lessee, in form and substance reasonably acceptable to Lessee, (B) a bill of sale conveying to Lessee any personal property that may be part of the Leased Premises, (C) any tax certificates required by Escrow or applicable law, (D) an executed settlement statement in form and content satisfactory to Lessor and Lessee, and (E) any further documentation reasonably required by Escrow to consummate the Closing; (iii) a title company selected by Lessee shall be unconditionally committed to issue to Lessee an American Land Title Association (or any successor association) owner's policy of title insurance, insuring that title to the Real Property and Improvements is vested in Lessee as the fee simple owner of the Real Property and Improvements in the full amount of the Buyout Purchase Price

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and subject to only such exceptions as have been caused or permitted by Lessee or appear in the title policy to be obtained by Lessee in connection with the execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

DESERT HEALTHCARE DISTRICT

By: \_\_\_\_\_

DESERT REGIONAL MEDICAL CENTER,  
INC.

By: \_\_\_\_\_

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SCHEDULE 1.1(a)  
REAL PROPERTY

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**SCHEDULE 1.1(c)**  
**LESSEE OWNED PROPERTY**

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SCHEDULE 1.1(d)  
RETAINED REAL PROPERTIES

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SCHEDULE 2.1

SCHEDULE OF RENT AND PURCHASE PAYMENTS

To be appended to this Agreement by addendum in accordance with the provisions of Paragraph 2.1 of the Hospital Lease Purchase Agreement.



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**SCHEDULE 2.1(A)**  
**GUARANTY OF LEASE**

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SCHEDULE 13.3  
Core Services

General Medical Services

Acute Care General Surgical Services

Intensive / Critical Care Services

Neonatal Intensive Care Services

Perinatal Services

Pediatric Services

Acute Rehabilitation Services

Cardiac Services (includes Cardiovascular Surgery and  
Cardiac Catheterization Lab)

Comprehensive Emergency Medical Services (including Trauma, Stroke and Orthopedics)

Comprehensive Cancer Center Services

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SCHEDULE 14.11(a)

Appendix A

DESERT HOSPITAL

CONFLICT OF INTEREST POLICY AND PROCEDURES

Each member of a Governing Board of a facility owned, operated, or managed, directly or indirectly, by Tenet Healthcare Corporation, or one of its subsidiary companies (such owner or operator being referred to herein as the “Company”), has a responsibility to the Company to be free and to appear to be free from the influence of any interest that conflicts with that of the Company or the facility and to deal with third parties including, without limitation, suppliers, customers, contractors, and all others solely on a basis that is in the best interest of the Company and the facility without favor or preference to any third party based on personal or other considerations. To avoid actual and possible conflicts of interest, the Governing Board requires each Member of the Governing Board to promptly disclose to the full Governing Board and Board of Directors of the above-described facility (hereinafter referred to as “Board of Directors”) each interest or influence of which he or she is aware that poses an actual or possible conflict of interest between the Governing Board Member (or any relative of that Member) and the Company or the facility.

1. DEFINITIONS.

a. Conflict of Interest. Any direct or indirect ownership, control, interest, employment, relationship, business relationship, and/or participation in any facility, business entity, or activity that directly or indirectly competes or does business with, or reasonably could be adverse to the facility or the Company constitutes a conflict of interest. The fact that a Member also serves as a member of the District’s Board of Directors or as an officer, employee, or representative of the Company or of the Medical Staff shall not constitute a conflict of interest.

b. Member. Any member of a Governing Board of a facility owned, operated or managed, directly or indirectly, by the Company.

c. Relative. A relative of a Member shall include any spouse, parent, child, legal guardian or ward, sibling, grandparent, grandchild, nephew, niece, uncle, aunt, and any of the above relatives who are in-laws or step relatives, as well as any other persons living in the same household.

d. Substantial Interest. Ownership shall not include an investment representing less than one (1%) percent of a class of outstanding securities of a publicly held corporation.

2. DISCLOSURE. Each Governing Board Member shall be required to disclose any possible or actual conflict of interest between such Member (or any relative of such Member) and the Company or the facility prior to his or her appointment to the Governing Board and throughout his or her term(s) immediately upon becoming aware of such possible or actual conflict of interest.

3. POLICY.

a. No Member or any relative of such Member shall own any Substantial Interest in or have any personal contract or arrangement with any firm or individual doing or seeking to do business with the Company or the facility, unless the Governing Board determines after full disclosure that such interest, contract, or arrangement will not tend to influence the action of such Member with respect to the business of the Company or the facility, or the provision of care by the facility.

b. No Member or any relative of such Member shall own any Substantial Interest in or have any personal contract or arrangement with any firm or individual which competes directly or indirectly with the business of the Company or the facility, unless the Governing Board determines after full disclosure that such interest, contract, or arrangement will not tend to influence the action of such Member with respect to the business of the Company or the facility, or the provision of care by the facility.

c. No Member or any relative of such Member shall seek, accept, or offer any payment, service, or gift from or to any firm or individual doing or seeking to do business with the Company or the facility, unless the Governing Board determines after full disclosure that such payment, service, or gift will not tend to influence the action of such Member with respect to the business of the Company or the facility, or the provision of care by the facility. This paragraph shall not prohibit acceptance or provision of ordinary social amenities.

d. No Member shall do business on behalf of the Company or the facility with any relative unless the Governing Board determines after full disclosure that such relationship will not tend to influence the action of such Member with respect to the business of the Company or the facility, or the provision of care by the facility.

e. Member or any relative of such Member shall divert, for personal benefit, any business opportunity which the Member has good reason to know may be useful to the Company or the facility in its ongoing businesses, unless the Governing Board determines after full disclosure that such opportunity is not of any interest to the Company or the facility, or the provision of care by the facility.

f. No Member or any relative of such Member shall do business with or enter into any transaction with the Company or the facility unless the

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Governing Board determines after full disclosure that such relationship will not tend to influence the action of such Member with respect to the business of the Company or the facility, or the provision of care by the facility.

g. No Member or spouse of such Member shall be an employee of a non-Tenet facility or entity that competes with the Tenet facility for which the Member serves as a Member.

#### 4. RESOLUTION OF EXISTING OR APPARENT CONFLICT OF INTEREST.

Upon being advised of a possible conflict of interest, the Governing Board and/or the Board of Directors shall fully discuss same and determine whether the matter disclosed represents a conflict of interest. Should the Board of Directors or the Governing Board determine that a conflict of interest exists, the Board of Directors or the Governing Board (subject to approval of the Board of Directors) shall require the Member (a) to abstain from all discussions and votes on any matter to which the conflict is relevant, (b) immediately divest himself/herself of the actual or potential conflicting ownership control, interest, employment relationship, business relationship, or participation, and/or (c) to resign his/her membership on the Governing Board.

EACH GOVERNING BOARD MEMBER SHALL RECEIVE A COPY OF THIS POLICY UPON ACCEPTANCE OF GOVERNING BOARD MEMBERSHIP, SIGN AN ACKNOWLEDGMENT OF RECEIPT, AND AGREE TO ABIDE BY THIS POLICY.

Schedule 13.12

CERTIFICATION OF LEASE COMPLIANCE

(Paragraph 13.12)

All capitalized terms used below have the same defined meaning as such terms are defined in the Hospital Lease. The term “Leased Premises” shall include both the Hospital and the Desert Businesses as of the date of the certification.

The certification of lease compliance set forth below shall be executed by the Hospital CEO to the best of his/her knowledge and shall certify compliance by Lessee for the annual period covered by the certificate. Any exceptions or clarifications to the certifications shall be stated in the certificate of lease compliance.

<u>Paragraph</u>	<u>Certification/Documentation</u>
2.2	Certification that Lessee, during the certification period, has paid all real and personal property taxes, general and special assessments, and other charges levied on or assessed to the Leased Premises, the improvements, or personal property located on or in the Leased Premises or the leasehold estate or any sublease estate, as well as any and all municipal, county, state, or federal income or franchise taxes chargeable against Lessee.
2.5	Certification that Lessee, during the certification period, has paid for all utilities (as listed in Paragraph 2.5 of the Agreement) used upon the Leased Premises.
3.1	Certification that the Leased Premises were used during the certification period for the purpose of Lessee operating and maintaining the Leased Premises as a general acute care hospital on a continuous basis, and for providing ancillary and other health care services (as described in Paragraph 3.1 of the Agreement).
3.2	Certification that the Leased Premises were used during the certification period in material compliance with all laws, including, without limitation, seismic laws, in force at the time of the certification in the manner described in Paragraph 3.2 of the Agreement.
3.4	Certification that Lessee, at its cost and expense, has maintained the Leased Premises during the certification period in good condition and

repair (subject to ordinary wear and tear and obsolescence) and used the Leased Premises in accordance with all applicable laws.

3.5 Certification that all alterations, additions, or improvements made to the Leased Premises by Lessee during the certification period are consistent with the limitations on use described in Paragraph 3.1 of the Agreement.

3.6 Certification that Lessee, without prior District consent, has not during the certification period disposed of any portion of the Personal Property outside of the ordinary course of business or which was not obsolete, worn out, or incapable of further use.

Art. IV Certification that Lessee has, at its sole cost and expense, maintained at all time during the certification period in force and in effect the insurance coverages described in Paragraph 4.2 of the Agreement and in accordance with all of the conditions set forth in Paragraphs 4.3 and 4.5 of the Agreement.

Certification as to whether Lessee maintained earthquake insurance coverage during the certification period and intends to maintain earthquake insurance coverage during the forthcoming annual period.

Certification that Lessee has complied with each of the conditions set forth in Paragraph 4.2 of the Agreement during the certification period.

Documentation:

Submit copies, certificates of coverage, or a summary (in a mutually agreed upon format) of all policies in force during the certification period required by the Agreement.

In the event that Lessee did and/or will not maintain earthquake insurance coverage, Lessee shall identify seismic prevention programs funded by Lessee for the Hospital.

6.1 If there have been any losses or damage to the Leased Premises in excess of a value of \$500,000, submit a brief description of the loss or damage, the cost of any repairs, and a summary of the action taken by Lessee with respect to the loss or damage.

8.1 Certification that none of the events of default described in Paragraph 8.1 have occurred during the certification period.



Art. XI Certification that Lessee, during the certification period, has (i) generated, used, kept, or stored any hazardous materials on the Leased Premises in a manner which materially complies with all applicable environmental regulations, (ii) procured, maintained in effect, and materially complied with all conditions and requirements of any and all permits, licenses, and other governmental and regulatory approvals or authorizations required under any environmental regulations, (iii) not discovered any material release of hazardous materials which is on or about the Leased Premises or adjoining property or which is in material violation of any environmental regulations, and (iv) not received any notices of violations of environmental regulations or environmental claims other than such notices previously reported to the District.

13.1 Certification that Lessee, during the certification period, has made all major decisions regarding the operation of the Hospital without discrimination against the interests of the communities served by the Hospital and that no Core Service has been permanently relocated to John F. Kennedy Memorial Hospital for the purpose of or with the direct effect of terminating or materially reducing such Core Service at the Hospital without District consent.

13.2 Certification that Lessee, during the certification period, has not terminated or materially reduced any Core Service, except in compliance with the process described in Paragraph 14.2 of the Agreement

Documentation:

Submission of utilization report of Core Services during the certification period.

13.3 Certification that Lessee, during the certification period, has not assigned all or any part of the Agreement, or sublet any space in the Hospital except as otherwise permitted under Paragraph 13.4 of the Agreement

Documentation:

Submit a list of all subtenants and manager with respect to any portion of the Hospital.

13.6 Certification that Lessee has, during the certification period, used best efforts to maintain continuously any accreditation which may be necessary for Lessee to operate the Leased Premises as a health care facility.

Documentation:

Provide access by the District to review a copy of the executive summary of accreditation reports issued by TJC and other accrediting bodies which have surveyed the Hospital and/or services provided on the Leased Premises.

- 13.7 Certification that Lessee has, during the certification period, used by efforts to maintain valid licenses, permits, and other governmental approvals for the Leased Premises as a health care facility.

Documentation:

Submit a copy of the most recently issued general acute care license and any other health facility licenses (such as a surgical center or home health agency, if separately issued).

- 13.8 Certification that Lessee has, during the certification period, used commercially reasonable efforts to maintain (i) certification for participation in the Medicare Program (or any successor thereto), (ii) qualification for participation in the Medi-Cal Program (or any successor thereto), and (iii) qualification for participation in and payment under third-party payor and other governmental payment program in the manner described in Paragraph 13.9 of the Agreement.

- 13.9 Intentionally Omitted

- 13.10 Certification that Lessee, during the certification period, has maintained compliance with section 32128 of California Health & Safety Code, including the self-governance of the Hospital medical staff and the preparation and maintenance of accurate and complete medical records.

- 13.11 Certification that Lessee, during the certification period, has maintained the Local Governing Board in accordance with Paragraph 13.11 of the Agreement, and that the Operating Guidelines have not been amended without the mutual agreement of the parties to the Agreement.

- 13.13 Certification that Lessee, during the certification period, has maintained existing donor identification within the Hospital and generally supported the efforts of the District and others to generate additional donor support for the Hospital.

13.14 Certification that Lessee, during the certification period, has not (i) disposed or transferred the Leased Premises other than in the ordinary course of business or as otherwise permitted by the Agreement, (ii) made any material change in the Hospital mission statement, or (iii) made any material change in the Hospital policy regarding charity care, except (as to each of the above items) as provided in compliance with the process described in Paragraph 13.14 of the Agreement.

SCHEDULE 15.16

FORM OF MEMORANDUM OF LEASE PURCHASE AGREEMENT

[COVER PAGE FOR RECORDATION TO BE ATTACHED]

MEMORANDUM OF LEASE PURCHASE AGREEMENT

[SUBJECT TO REVIEW AND APPROVAL OF TITLE COMPANY]

This MEMORANDUM OF LEASE PURCHASE AGREEMENT (this "**Memorandum**"), dated as of December \_\_, 2024, is by and between Desert Healthcare District, a political subdivision of the State of California ("**Lessor**" or "**District**"), and Desert Regional Medical Center, Inc., a California corporation, having an office at 14001 Dallas Parkway, Suite 105, Dallas, TX 75240 ("**Lessee**").

Lessor and Lessee hereby acknowledge the following:

1. Name and Principal Place of Business of Lessor. The name and address of Lessor is Desert Healthcare District, a political subdivision of the State of California, with its principal place of business at 1150 North Indian Canyon Drive, Palm Springs, CA 92262.
2. Name and Principal Place of Business of Lessee. The name and address of Tenant is Desert Regional Medical Center, Inc., a California corporation, with its principal place of business at 14001 Dallas Parkway, Suite 105, Dallas, TX 75240.
3. 1997 Lease. Lessor and Lessee previously entered into that certain Lease Agreement dated May 30, 1997 (the "**1997 Lease**"), whereby Lessor leased certain real property located at 150 North Indian Canyon Drive, Palm Springs, California and associated with that certain hospital known as Desert Hospital or Desert Regional Medical Center and more particularly described on Exhibit A attached hereto and incorporated herein (the "**Property**"). The 1997 Lease expires on May 30, 2027, and is evidenced by that certain [Reference current recorded Memo] (the "**1997 Memorandum**").
4. Lease and Purchase Agreement. Concurrently with the execution of this Memorandum, Lessor and Lessee have executed that certain Lease Purchase Agreement dated as of the date hereof, wherein (i) Lessee will continue to lease the Property from Lessor, and wherein Lessor has agreed to sell the Property to Lessee, and (ii) Lessee has agreed to purchase the Property from Lessor, all upon the terms and conditions set forth therein (the "**Lease Purchase Agreement**").
5. Term. The term of the Lease Purchase Agreement commences on May 31, 2027, immediately upon the expiration of the 1997 Lease, and expires on May 30, 2057 (the "**Term**"). Upon the commencement of the Term, the 1997 Memorandum shall be automatically terminated.

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6. Conflicts. In the event of any conflict between this Memorandum and the Lease Purchase Agreement, the provisions of the Lease shall control.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first above written.

**DESERT HEALTHCARE DISTRICT**

By: \_\_\_\_\_

**DESERT REGIONAL MEDICAL CENTER,  
INC.**

By: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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State of \_\_\_\_\_

County of \_\_\_\_\_

On \_\_\_\_\_, \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_

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EXHIBIT A  
PROPERTY DESCRIPTION