

5.2 *Exclusive Control.* Tenant shall have exclusive control, possession, occupancy, use, and management of the Premises. Tenant shall have full and complete charge, authority and control of the administration, management and operation of the Medical Business at the Premises. Tenant shall have the right and authority to determine all business, technical and professional policies relating to the operation of the Medical Business, with no restrictions, qualifications or supervision by Landlord. Tenant shall determine the financial policy of the Medical Business and shall have complete power to fix, control and regulate the charges and collections made for services therein. In fixing such charges, Tenant shall apply its best judgment and be controlled by applicable State and federal regulatory statutes and rules.

5.3 *Character of Service.* Tenant is a nonprofit charitable corporation which furthers the mission of the Seventh-day Adventist Church. As such, it operates under certain defined principles and objectives in the operation and management of its health care facilities. Tenant desires to maintain an atmosphere consistent with its beliefs. Landlord understands and agrees that the Medical Business shall be operated in accordance with the characteristics of Seventh-day Adventist medical facilities, subject to Tenant's covenants set forth in Section [6.1] of this Lease.

5.4 *District Bonds Use Requirements.* Tenant and Landlord agree in good faith to execute an amendment to this Lease as soon as reasonably practicable after the Execution Date, but no later than fifty-five (55) days from such date, to reflect any amendments acceptable to Tenant and necessary: (i) to be made to the provisions of this Lease in order to comply with or otherwise render the provisions of this Lease consistent with the requirements imposed by OSHPD and (ii) in order to preserve the tax-exempt status of the District Bonds during the Term of this Lease.

5.5 *Mandated Use.* Tenant's failure to operate the Premises for the Mandated Use during the Mandated Use Period, other than as the result of Loss or other Unavoidable Delay, shall constitute a Default.

6. *Compliance.*

6.1 *Generally.* Tenant shall during the Term, at Tenant's expense, in all material respects, subject to Tenant's right of Contest: (a) comply with all Laws and (b) procure and comply with all Approvals required by Law.

6.2 *Copies of Notices.* Landlord shall promptly give Tenant a copy of any notice of any kind regarding the Premises or any Real Estate Taxes (including any bill or statement), and any notice of nonrenewal or threatened nonrenewal of any Approval that Landlord receives from any Government, utility company, insurance carrier, or insurance rating bureau.

7. *Maintenance and Construction.*

7.1 *Obligation to Maintain.* Landlord shall, during the Term, keep and maintain the Premises and the Existing FF&E in good order, condition, and repair, as reasonably specified and prioritized by Tenant according to Tenant's operational needs, subject to Loss (governed by other provisions of this Lease). Landlord's obligation to maintain the Premises and the Existing

FF&E includes an obligation to make all repairs, improvements and replacements that the Premises and the Existing FF&E may require by Law from time to time during the Term, whether foreseen or unforeseen, capital or operating. The parties acknowledge the Premises and the Existing FF&E will require significant and ongoing maintenance, repair, and improvements. The parties agree that Tenant, as the operator of the Premises, shall have the principal interest in determining the priority and schedule of Premises and Existing FF&E maintenance, repair, improvements and/or replacements, as applicable. Therefore, beginning on the Execution Date, Tenant shall develop a schedule of maintenance, alterations and construction for the Premises (the “Improvements Schedule”). Tenant will have sole discretion in determining and prioritizing projects on the Improvements Schedule except as may be required to comply with the provisions of the Measure C (2018). Prior to undertaking any project described in the Improvements Schedule, Tenant shall provide the Improvements Schedule to Landlord so that Landlord can determine whether the expenditures comply with Measure C. Beginning on the Commencement Date, Landlord shall make Two Million Dollars (\$2,000,000) (“Improvements Fund”) annually available to fund (i) the Improvements Schedule projects and (ii) any repairs, improvements or replacements of Existing FF&E and/or procurement of new FF&E for Hospital operations as determined by Tenant in its sole discretion (“New FF&E”). Landlord shall make the Improvements Funds available each year of this Lease in two equal installments. The first installment will be made available to Tenant on the Commencement Date and each subsequent anniversary of the Commencement Date during the Term. The second installment will be made available to Tenant on the date that is six months after the Commencement Date and thereafter on the date that is six months after each Commencement Date anniversary during the Term. Tenant shall provide an accounting annually to Landlord of the use the Improvements Fund and for the purpose of retrospective review and validation on the use of Measure C funds. Notwithstanding anything herein to the contrary, any FF&E Tenant acquires or leases during the Term for Hospital operations using funds other than the Improvements Fund shall not be included in the definition of “New FF&E.” Landlord shall deposit the Improvements Fund in an account. Tenant shall manage the Improvements Fund account and shall have authority to withdraw money for Improvements Schedule projects and FF&E related expenses as described herein. On each anniversary of the Commencement Date, the Improvements Fund shall be increased by an amount equal to the product of (a) the Improvements Fund for the immediately preceding year multiplied by (b) the CPI Adjustment Factor, provided that in no event will the Improvements Fund ever be an amount less than Two Million Dollars (\$2,000,000). Any surplus of the Improvements Fund from a given year will be carried forward and added to the following year’s Improvements Fund.

7.2 *Restricted Capital Fund.* No later than the Commencement Date, Landlord shall open a non-transferable account with a bank or escrow company of its choosing and begin depositing monies according to the schedule set forth in **Exhibit D**. Landlord will retain sole ownership and control of this Restricted Capital Fund account (“Restricted Capital Fund”), subject to a springing control agreement in favor of Tenant in the event of the occurrence of a Landlord Default under Section 19.2.2.1. Landlord shall provide Tenant with an accounting of the Restricted Capital Fund upon Tenant’s request, subject to Section 15.5.7 of this Lease. Landlord may only use the Restricted Capital Fund (1) to achieve seismic compliance of the Improvements as mandated by state and federal Laws (“Seismic Compliance”), or (2) upon mutual agreement with Tenant, for (i) the development or modernization of Hospital outpatient facilities or (ii) the development or modernization of inpatient facilities.