

Project: Pueblo Radiology Lease
A.P.N: 059-140-029
Folio: 003665
Agent: DG

LEASE AGREEMENT

THIS AGREEMENT LEASE (hereinafter, "Agreement") is made by and between:

The COUNTY OF SANTA BARBARA, a political subdivision of the State of California, hereinafter referred to as "COUNTY",

and

PUEBLO RADIOLOGY MEDICAL GROUP, INC., a California corporation, hereinafter referred to as "LESSEE",

with reference to the following:

WHEREAS, COUNTY is the owner of that certain real property known as County Assessor Parcel Number 059-140-029, in the unincorporated area of Santa Barbara County, shown as the cross-hatched area on EXHIBIT "A," attached hereto and incorporated herein by reference (hereinafter "Property"), which includes the building located at 315 Camino Del Remedio, Building 3, on the COUNTY's Calle Real Campus; and

WHEREAS, LESSEE is a California corporation dedicated to providing high quality diagnostic imaging (radiology) services in a professional, compassionate, and timely manner for individual patients, referring physicians, and hospital affiliates; and

WHEREAS, COUNTY has been providing radiology services to County patients from the Santa Barbara Health Care Center (hereinafter "CLINIC"), located on the Property, and has been contracting with LESSEE to provide certain radiology services that COUNTY was unable to provide; and

WHEREAS, COUNTY has determined that it is in the best interest of COUNTY and its patients to establish a new service site for LESSEE to provide radiology services currently provided by COUNTY, and to provide LESSEE with use of a portion of the CLINIC and the radiology equipment located in the CLINIC to help facilitate the provision of those services; and

WHEREAS, LESSEE shall pay COUNTY rent for use of the portion of the CLINIC shown as the diagonally-slashed area of EXHIBIT "B," attached hereto and incorporated herein by reference, which shall include payment for utilities, and

WHEREAS, LESSEE shall purchase the radiology equipment and supplies described in EXHIBIT "C," attached hereto and incorporated herein by reference, (hereinafter "Radiology Equipment") pursuant to the terms of this Agreement, which may be used by LESSEE to provide the services contemplated in this Agreement.

NOW THEREFORE, in consideration of the provisions, covenants, and conditions set forth herein, COUNTY and LESSEE hereby agree as follows:

1. **ADMINISTRATION AND ENFORCEMENT:** The provisions of this Agreement shall be administered and enforced for COUNTY by the Director of the Public Health Department, or designee, and for LESSEE by LESSEE's Executive Director, or designee (hereinafter "Directors").

2. **RIGHTS GRANTED:** COUNTY hereby grants to LESSEE and LESSEE hereby takes from COUNTY a personal and nonexclusive right to enter upon the Property to thereby access and use the portion of the CLINIC identified on EXHIBIT B as Room 123, X-Ray Room 1, and the Electrical Panel Room, consisting of approximately 700 square feet, as shown on EXHIBIT B, for the purposes set forth in this Agreement. LESSEE shall have exclusive use of that 700 square foot portion of the CLINIC.

In addition to LESSEE's right to exclusive use of the 700 square foot portion of the CLINIC, LESSEE's patients and employees shall have non-exclusive use of the common areas on the Property, including the Waiting Room, Reception Area, hallways and restrooms shown on EXHIBIT B. In addition, LESSEE shall have the right to use X-Ray Room 2, consisting of approximately 294 square feet, as shown on EXHIBIT B, free of charge for the first year of the term. In the event LESSEE wishes to continue use of X-Ray Room 2 after the first anniversary of the Commencement Date of this Agreement as set forth in Section 4 hereof, the Directors may amend this Agreement to include X-Ray Room 2 and increase the rent according to the lease calculations set forth in Section 5, RENT/PAYMENT FOR RADIOLOGY EQUIPMENT, herein below.

By executing this Agreement, LESSEE accepts the portion of the CLINIC shown on EXHIBIT B, and the Radiology Equipment described in EXHIBIT C AS-IS, and agrees to make any alterations to the CLINIC that may be required as a result of LESSEE'S use; subject to approval by COUNTY in accordance with Section 7.3 hereof. COUNTY reserves the right to use the Property and the CLINIC for other purposes not inconsistent with this Agreement.

RADIOLOGY EQUIPMENT: Upon commencement of this Agreement and LESSEE's payment of first month's rent and the SEVEN THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$7,200.00) purchase price for the radiology equipment described in EXHIBIT C, COUNTY shall transfer all title, ownership and responsibility for the Radiology Equipment to LESSEE. COUNTY hereby represents and warrants that it is delivering title to said equipment free and clear of all liens and encumbrances and indemnifies and holds LESSEE harmless from any third party claims against or to the equipment. LESSEE may use the equipment to provide the services contemplated under this Agreement, and may repair, improve, or alter the equipment, and shall remove all such equipment prior to expiration of this Agreement. Upon removal of the equipment, LESSEE shall repair any damage caused thereby to the CLINIC and Property, including but not limited to capping and properly deactivating all affected electrical connections, panels, etc.

Notwithstanding the requirements set forth in Section 7.3 regarding Improvements and Alterations to the CLINIC, LESSEE may use, repair, improve, alter, or remove any of the Radiology Equipment described in EXHIBIT C without any additional approval by COUNTY, so long as LESSEE is able to provide the radiology services contemplated in this Agreement. LESSEE shall be responsible for maintaining all licensing and accreditation of employees and equipment used to perform the services contemplated in this Agreement.

PARKING: LESSEE's rights shall include the nonexclusive right to use the parking areas on the Property, subject to any restrictions that may be imposed by COUNTY. LESSEE acknowledges that COUNTY may relocate and reconstruct parking spaces on the Property. In the event COUNTY must restrict parking on the Property for any reason, COUNTY shall provide LESSEE prior written notice of such restriction.

REFERRALS: COUNTY provides no guarantee as to any particular level of service referrals or as to any subsidies to support LESSEE's operations at the CLINIC in the event services levels provided by COUNTY patients diminish during the term of this Agreement.

3. **PURPOSE:** The purpose of this Agreement is to provide LESSEE with appropriate clinic space and radiology equipment to allow LESSEE to assume all responsibility for the provision of radiology services that have previously been provided from the CLINIC by COUNTY; to allow LESSEE to provide necessary radiology services to COUNTY patients and other County residents, including MIA and Tobacco Settlement Patients, and Self-Pay Patients. This will allow COUNTY to terminate its provision of radiology services during the term of this Agreement.

4. **TERM:** The term of this Agreement shall commence September 1, 2012 (hereinafter "Commencement Date"), and shall continue on a year-to-year basis renewing automatically on September 1st of each year, and terminating on August 31, 2017, subject to such provisions for termination as contained herein; so long as the Property is used only for LESSEE'S operations and those operations are consistent with the purpose set forth in this Agreement. Either party may terminate this Agreement upon ninety (90) days written notice in accordance with Section 16 hereof.

5. **RENT/PAYMENT FOR RADIOLOGY EQUIPMENT:** Rent for the term of this Agreement shall be ELEVEN HUNDRED FORTY ONE AND NO 100 DOLLARS (\$1,141.00) per month, based on the following calculations:

Table I Lease and Associated Service Calculations

Category	Amount	Square Footage*	Total/month
Leased Space	\$.684/square foot	1029	\$704
Operational Expenses			
Utilities**	\$.171	1029	\$176
Custodial Services	\$.217	1029	\$223
Document Shredding			\$13
County Telephone Service			\$25
Total Monthly Rental Rate			\$1,141

*Initial square footage is comprised of 700 square feet of exclusive space and 657 square feet of common/shared space. Common/shared space is calculated at 50% of above rates. Therefore, total square footage used for these cost elements is 1,029 square feet..

** Utilities include electrical, natural gas, water, sewer and waste disposal service (which includes medical waste disposal). With the exception of a single intra-County telephone connection, utilities do not include telephone or internet services.

Rent payments shall commence on the Commencement Date, and shall be payable in advance on or before the first (1st) day of each and every calendar month thereafter, except as provided herein. The rent due for any period, which is for less than one (1) calendar month shall be prorated, based upon a thirty (30) day month. Monthly rent shall include utilities as set forth in Section 6 hereof. In addition to the first month's rent, LESSEE shall pay to COUNTY on the Commencement Date, the full purchase price of SEVEN THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$7,200.00) for the Radiology Equipment described in EXHIBIT C.

6. **UTILITIES:** COUNTY shall provide and pay all charges for all gas, electricity, water, sewer and garbage services for the CLINIC. COUNTY shall also provide one intra-County phone connection, custodial services, building maintenance, medical waste disposal, and document shredding services. COUNTY is not otherwise obligated to provide internet connectivity or other telephone services. COUNTY and LESSEE agree that the rent set forth in Section 5 hereof is based on current utility costs for the Property. In the event COUNTY costs for the Property increase, COUNTY may propose an increase in rent based on the percentage of increase in costs for the Property. COUNTY shall provide LESSEE at least one hundred twenty (120) days written notice of any such increase in rent. In the event of such notice, LESSEE may agree to said increase, or may terminate this Agreement according to Section 16 hereof.

7. **MAINTENANCE AND REPAIR:**

7.1 **COUNTY'S Responsibilities:** COUNTY shall perform all maintenance and repair to the CLINIC and the Property. All determinations as to the necessity of

any repair or alteration shall be at the sole discretion of COUNTY. In the event LESSEE desires maintenance or repair not being performed by COUNTY, LESSEE may request such repair or maintenance by contacting the County's Public Health Facilities Division at:

Hortensia Cruz
 300 N. San Antonio Road
 Building 8
 Santa Barbara CA 93110
 Ph-805-681-5102

7.2 **LESSEE'S Responsibilities:** LESSEE shall, at its sole cost and expense, keep and maintain in good condition and repair the interior of the CLINIC. LESSEE shall be responsible for the cost of maintenance and repair not performed by COUNTY and for ensuring that any such maintenance or repair is approved by COUNTY and performed in accordance with COUNTY maintenance standards. Upon termination or expiration of this Agreement, LESSEE shall return the CLINIC to COUNTY in good order and condition, reasonable wear and tear excepted.

7.3 **Improvements/Alterations:** LESSEE accepts the CLINIC AS IS, in its current condition. Any structural improvements or alterations made by LESSEE to the interior or exterior of the CLINIC must receive prior written approval from COUNTY, and all costs shall be the responsibility of LESSEE. This includes the installation of any additional cable or satellite services to increase utility access (e.g. internet access).

7.4 **Repair/Improvement/Alteration Requests:** LESSEE shall obtain COUNTY approval prior to performing any repairs, improvements or alterations to the CLINIC. To request approval, LESSEE shall contact the County's Public Health Facilities and Safety Supervisor as set forth above.

7.5 **Unforeseen Repairs:** The cost of unforeseen repairs that are of such nature that the CENTER is, or could be rendered uninhabitable, or the repairs are cost-prohibitive, shall be negotiated between LESSEE and COUNTY. In the event LESSEE and COUNTY cannot reach agreement as to the cost of such repairs, either party may terminate this Agreement in accordance with Section 15, *TERMINATION*, herein below.

8. **INDEMNIFICATION AND INSURANCE:** LESSEE shall comply with the indemnification and insurance provisions as set forth in Exhibit "D" attached hereto and incorporated herein by reference.

9. **NON-DISCRIMINATION:** Neither party, their officers, agents or employees, in the operations to be conducted pursuant to the provisions of this Agreement will discriminate or permit discrimination against any person or class of persons by reason of race, color, age, creed, religion, ancestry, sex, or national origin in any manner prohibited by the laws of the United States, the State of California or any County ordinance. Non-compliance with provisions of this article shall constitute a material breach hereof and, in addition to any remedies provided by law,

the non-offending party shall have the right to terminate this Agreement and the interest hereby created without liability therefor.

10. **NOTICES:** Any notice to be given to either party, by the other, shall be in writing and shall be served, either personally or by first class mail to the following:

LESSEE: Charles Scudelari, Chief Operating Officer
Pueblo Radiology Medical Group, Inc.
2320 Bath Street, Suite 113
Santa Barbara CA 93105
805 682-7744
805 682-3321 fax

COUNTY: Dan Reid, Assistant Deputy Director
Santa Barbara County Public Health Department
Primary Care and Family Health Division
300 North San Antonio Road, Bldg. 1
Santa Barbara CA 93110
805 681-5173
805 681-5200 fax

All notices hereunder shall be in writing and shall be deemed to have been given on the date delivered, if personally delivered, or if mailed, then on the first business day following the date on which it is mailed, by certified or registered mail, postage prepaid, addressed to the address specified above, or to such other address designated by the party as provided for herein.

11. **FIXTURES:** The parties agree that all fixtures on the CLINIC, made or added by either party, shall be and become the property of COUNTY upon their being affixed or added to the CLINIC, except the Radiology Equipment and any trade fixtures added by LESSEE that may be removed without damage to the CLINIC.

Prior to the Commencement Date, or at any time during the term, the Directors, or their designees, may prepare an inventory of fixtures, furniture and other items existing on the Property and in the CLINIC, including the general condition of each, for the purpose of identifying ownership of such fixtures and items. Any fixtures installed or constructed by LESSEE may be added to the list, including a reference as to whether they may be removed by LESSEE upon termination of this Agreement.

12. **DEFAULT:** Except as otherwise specified herein, should either party at any time be in default hereunder with respect to any material covenant contained herein, the non-defaulting party shall give notice to the defaulting party specifying the particulars of the default and the defaulting party shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of twenty one calendar days from such notice, then this Agreement shall terminate at the option of the non-defaulting party unless the cure of such

default shall reasonably take more than twenty-one (21) calendar days in which case the defaulting party shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure.

13. **REMEDIES:** In the event of a default or breach, either party may exercise any right or remedy at law or in equity which such party may have by reason of such default or breach.

14. **WAIVER:** It is understood and agreed that any waiver, express or implied of any kind during the term of this Agreement, shall not be, nor construed to be, a waiver of any subsequent breach of a like kind or of any other provision of this Agreement.

15. **TERMINATION:** This Agreement shall terminate and all rights of LESSEE hereunder shall cease and LESSEE shall quietly and peacefully vacate the CENTER upon LESSEE's failure to cure a default as specified above, upon expiration of the term of this Agreement or any extension thereof, upon LESSEE losing appropriate licensing or accreditation, and/or upon either party giving no less than ninety (90) days written notice of termination given at any time during the term, with or without cause. Upon termination of this Agreement, LESSEE shall remove the radiology equipment described in EXHIBIT C, repair any damage such removal may cause to the CLINIC and Property, and ensure that any potential safety hazards are remedied before returning the space to COUNTY, including but not limited to capping and properly deactivating all affected electrical connections, panels, etc.

16. **USE BY COUNTY PROGRAMS:** LESSEE agrees to provide access to and use of the CLINIC to COUNTY, as coordinated through the Directors.

17. **ASSIGNMENT/HYPOTHECATION/SUBAGREEMENT:** LESSEE shall not mortgage, pledge, hypothecate, sub-lease, assign, or encumber the CLINIC or any interest therein. Any attempt to mortgage, pledge, hypothecate, sub-lease, assign, or in any other way encumber the CLINIC or the Property shall be void and without legal effect and shall constitute grounds for immediate termination, with or without notice.

18. **NEGATION OF PARTNERSHIP/JOINT VENTURE:** Nothing in this Agreement is intended, and no provision of this Agreement shall be construed to make LESSEE a partner of, or a joint venture with COUNTY or associated in any way that is not specifically provided for in this Agreement, nor to subject either party to any obligation, loss, charge or expense.

19. **ENVIRONMENTAL IMPAIRMENT:** LESSEE shall comply with all applicable laws, regulations, rules, and orders regardless of when they become or became effective, including without limitation those relating to construction, grading, signage, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request of COUNTY.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the CLINIC or the Property, due to LESSEE's use and occupancy, LESSEE shall clean all property affected to the satisfaction of COUNTY and any governmental body having jurisdiction therefore. LESSEE shall indemnify, hold harmless, and defend COUNTY from and against all liability, claim, cost, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, consulting, engineering and construction costs) incurred by COUNTY as a result of LESSEE's breach of this section, or as a result of any such discharge, leakage, spillage, emission or pollution due to LESSEE's use and occupancy, regardless of whether such liability, cost or expense arises during or after the term of this Agreement, and regardless of negligence active or passive, of COUNTY.

20. **TOXICS:** LESSEE shall not manufacture or generate hazardous wastes on or in the CLINIC or Property unless authorized by this Agreement. LESSEE shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are disposed, stored, or transported by LESSEE, its agents employees or designees on or in the CLINIC or Property during the term of this Agreement and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, or materials. LESSEE shall notify COUNTY and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such substances, or materials.

21. **MEDICAL WASTE:** Medical Waste disposal is to be provided by COUNTY. LESSEE must adhere to all COUNTY requirements for proper storage of medical waste and assist in medical waste disposal by COUNTY staff or contract services.

22. **AGENCY DISCLOSURE:** LESSEE acknowledges that the General Services Department, Facilities Services Division, of the COUNTY is the agent for the COUNTY exclusively, and is neither the agent for LESSEE nor a dual agent in this transaction.

23. **CAPTIONS:** The title or headings to the sections of this Agreement are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

24. **SEVERABILITY:** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

25. **SUCCESSORS IN INTEREST:** This Agreement shall bind and ensure to the benefit of the parties hereto, their respective personal representatives, heirs, and successors in interest.

26. **CERTIFICATION OF SIGNATORY:** Signatories for the parties represent and certify that they are authorized to sign on behalf of their respective party and that no additional signatures are required to carry out the activities contemplated herein.

27. **AMENDMENTS:** This Agreement may only be amended by written consent of the parties, except that the Directors may amend this Agreement to include X-Ray Room 2 in accordance with Section 2, or increase the rent due to increased utility costs in accordance with Section 6.

28. **EXECUTION IN COUNTERPARTS:** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

29. **FACSIMILE/ELECTRONICALLY TRANSMITTED SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents or electronically transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing ORIGINAL SIGNATURES are provided within seventy-two (72) hours of transmission; however, such facsimile/electronically transmitted documents shall not be accepted for recordation by the Clerk Recorder of the County until such documents bearing original signatures are received by COUNTY.

30. **CONSTRUCTION:** The parties agree that each party and its respective counsel have reviewed and approved this Agreement to the extent that each party in its sole discretion has desired, and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement. The terms and conditions of this Agreement embody the parties' mutual intent, and this Agreement shall not be construed more liberally in favor of nor more strictly against, any party hereto.

31. **ENTIRE AGREEMENT:** The parties to this Agreement intend that their negotiations, conversations and statements made prior to execution of this Agreement are fully integrated and expressed herein, and no such negotiations, conversations and statements shall be deemed to create rights or obligations other than those stated herein.

32. **TAXES AND ASSESSMENTS:** This Agreement may confer a POSSESSORY INTEREST tax on LESSEE and LESSEE shall pay and discharge any and all property taxes and/or assessments, including special assessments and possessory interest taxes, if any, which, due to LESSEE'S use of the CLINIC, may be levied upon the Property during the term of this Agreement.

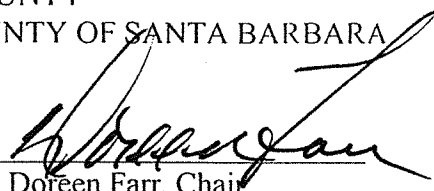
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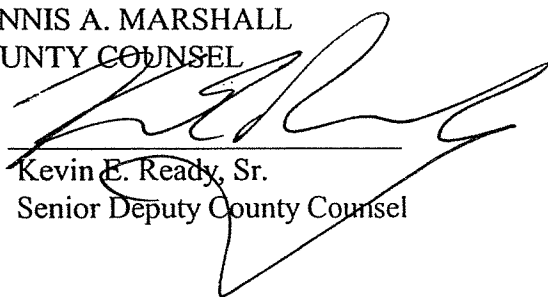
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Project: Pueblo Radiology Agreement
A.P.N: 059-140-029
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IN WITNESS WHEREOF, the parties have executed this Agreement to be effective upon execution by COUNTY.

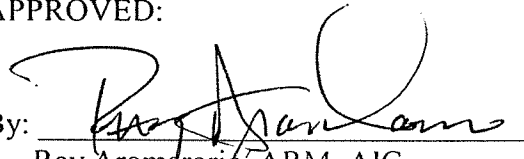
"COUNTY"
COUNTY OF SANTA BARBARA
By: 
Doreen Farr, Chair
Board of Supervisors
Date 8-21-12

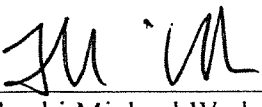
ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD
By: 
Deputy Clerk

APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL
By: 
Kevin E. Ready, Sr.
Senior Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR CONTROLLER
By: 
Deputy Auditor-Controller
Gregory Eric Levin
Advanced and Specialty Accounting

APPROVED:
By: 
Ronn Carlentine
Real Property Manager

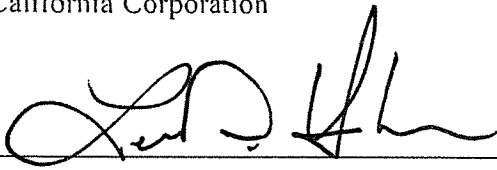
APPROVED:
By: 
Ray Aromarorio, ARM, AIC
Risk Manager

APPROVED:
By: 
Takashi Michael Wada MD, MPH
Public Health Department, Director

Project: Pueblo Radiology Agreement
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“LESSEE”
PUEBLO RADIOLOGY MEDICAL GROUP, INC.,
a California Corporation



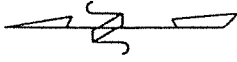
Lawrence P. Harter, MD, President
Print Name and Title

Date: 8/8/2012

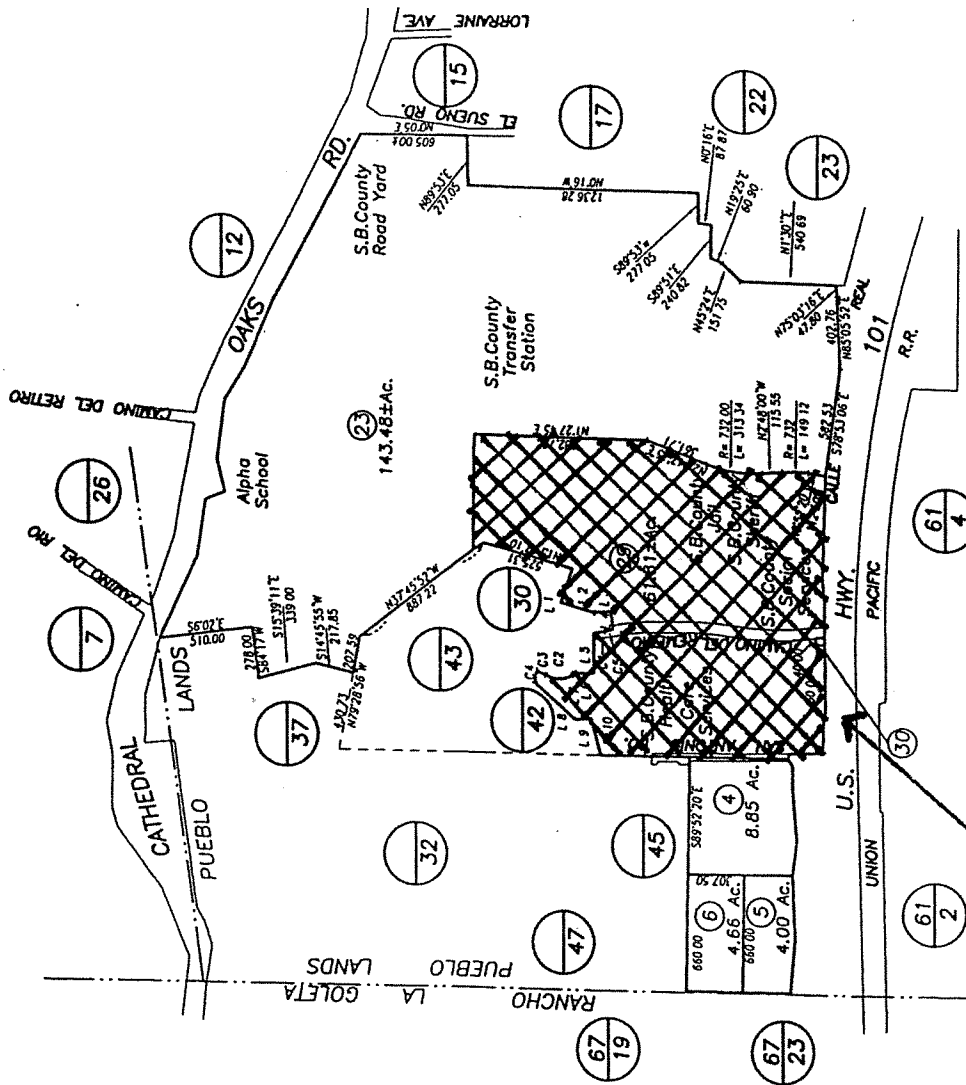


Charles Scudelari, COO
Print Name and Title

Date: 8/8/2012



1" = 800
SCALE ±



Assessor's Map Bk, 059-Pg, 14
County of Santa Barbara, Calif.

NOTICE
 Assessor's Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

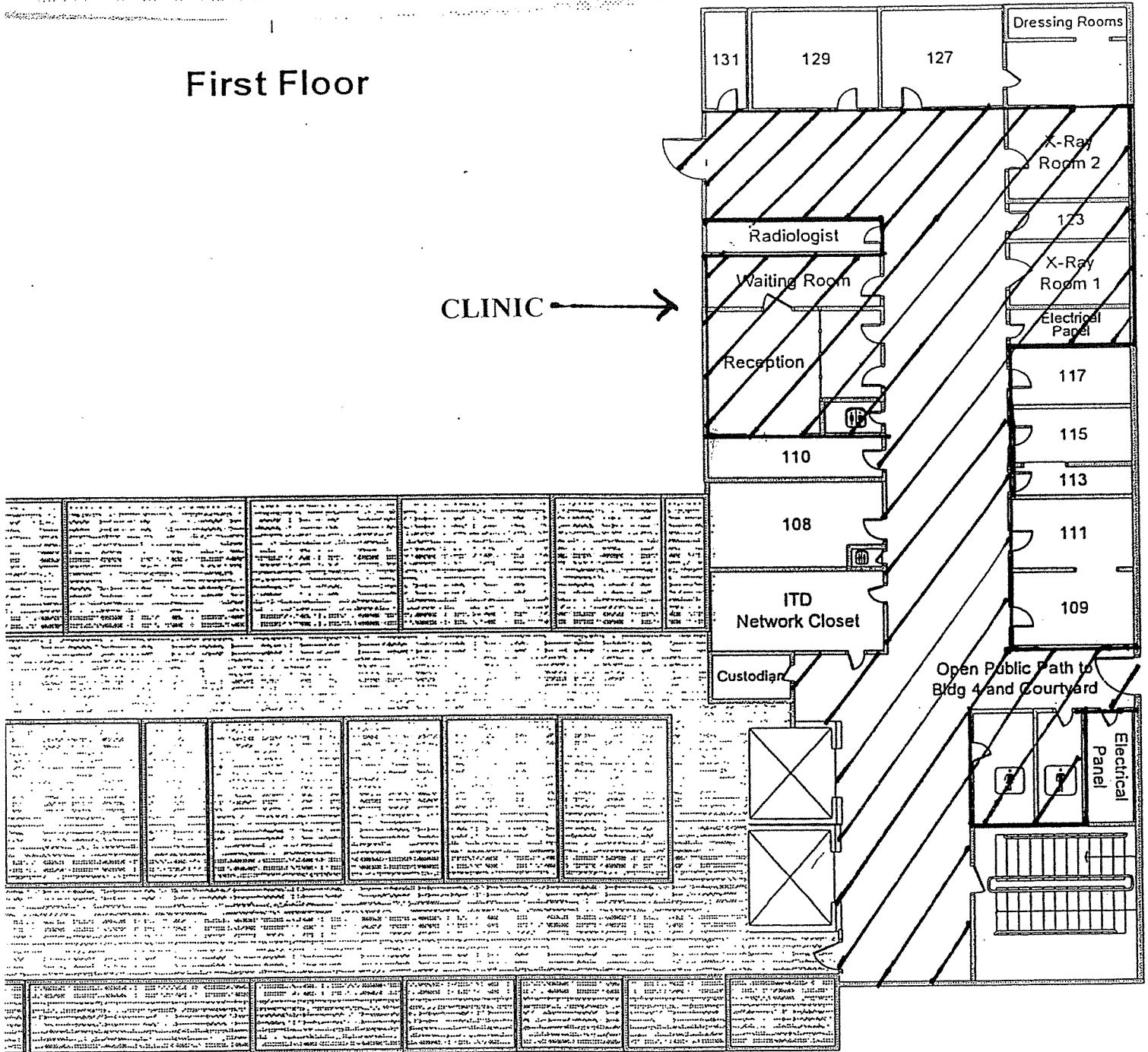
PROPERTY

09/00
38 & 39 into 40; 40 into 470-01 thru 04
28 moved to 470-05

315 Camino del Remedio Building 3

First Floor

CLINIC →



RADIOLOGY EQUIPMENT

Quantity	Description	Manufacturer/Model	Serial #	Value
1	X-ray Generator	Siemens Multix	307021	
1	X-ray Generator	Toshiba DT-CGU KXO 80F	F0622443	
1	X-ray Generator	Toshiba ELEV/30ROTC KXO 80F	unknown	
SUBTOTAL				
1	Image Digitizer CR system, complete with cassettes	Fuji Carbon XL CR IR 356 1E Flash IIP	76724393	
1	X-ray Film Digitizer	Vidar NMFS-HW-VDR	341540	
1	PACS GEAR	Lenovo CPU	SLKRDR2	
1	Grid, 14x17 8:1 ratio	GridCap	K88226	
1	Grid, 10x12 8:1 ratio	GridCap	K88288	
1	QC Test Tool	Fuji, One Shot	07-605-3854	
1	Gateway	DR/Ambassdor	DRS 705-500	
1	Laser Printer	HP/4350 DTN printer		
SUBTOTAL				
2	Infant Immobilizer	Pigg-O-Stat	N91H-079 and N91H-078	
3	Cassette Holder	Monee		
SUBTOTAL				
5	Lead Apron, Pregnancy Full Wrap	Various		
8	Lead Apron, Full	Various		
7	Lead Apron, Half	Various		
2	Shield, Thyroid	Various		
8	Shield, Gonadal	Various		
1	Shield, Mobil adjustable	unknown		
2	Filter, Boomerang	unknown		
SUBTOTAL				
TOTALS			\$	\$7,200.00

INDEMNIFICATION AND INSURANCE REQUIREMENTS

1. Indemnification – LESSEE agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its authorized officers, employees, agents and volunteers from and against any and all claims, actions, losses, damages, and/or liability arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses (including but not limited to attorneys' fees) incurred by COUNTY on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. LESSEE's indemnification obligation applies to COUNTY's "active" as well as "passive" negligence but does not apply to COUNTY's "sole negligence" or "willful misconduct" within the meaning of California Civil Code Section 2782. LESSEE shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement. This Indemnification provision shall survive any expiration or termination of this Agreement.

2. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability and Automobile Liability policies, shall contain endorsements naming COUNTY and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for COUNTY to vicarious liability but shall allow coverage for COUNTY to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

3. Waiver of Subrogation Rights – LESSEE shall require the carriers of required coverages to waive all rights of subrogation against COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit LESSEE and LESSEE's employees or agents from waiving the right of subrogation prior to a loss or claim. LESSEE hereby waives all rights of subrogation against COUNTY.

4. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by COUNTY.

5. Severability of Interests – LESSEE agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between LESSEE and COUNTY or between COUNTY and any other insured or additional insured under the policy.

6. Proof of Coverage – LESSEE shall furnish Certificates of Insurance to the COUNTY Department administering the Agreement evidencing the insurance coverage, including

Additional Insured Endorsements and Waiver of Subrogation Endorsements (a.k.a.: Waiver of Transfer Rights of Recovery Against Other, Waiver of Our Right to Recover from Others), as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and LESSEE shall maintain such insurance from the time LESSEE commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this Agreement, LESSEE shall furnish a copy of the Declaration page for all applicable policies and will provide complete copies of the policies and endorsements immediately upon request.

7. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".

8. Deductibles and Self-Insured Retention – Any and all deductibles or self-insured retentions shall be declared to and approved by Risk Management.

9. Failure to Procure Coverage – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to cancel the Agreement or obtain insurance if it deems necessary and any premiums paid by COUNTY will be promptly reimbursed by LESSEE or COUNTY payments to LESSEE will be reduced to pay for COUNTY purchased insurance.

10. Insurance Review – Insurance requirements are subject to periodic review by COUNTY. The Risk Manager or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of COUNTY. In addition, if the Division of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against COUNTY, inflation, or any other item reasonably related to COUNTY's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. LESSEE agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY.

11. Insurance Specifications – CONTRACTOR agrees to provide insurance set forth in accordance with the requirements herein. If CONTRACTOR uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in any way affecting the indemnity herein provided and in addition thereto, CONTRACTOR shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

A Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with one million dollar (\$1,000,000) limits covering all persons including volunteers providing services on behalf of CONTRACTOR and all risks to such persons under this Agreement.

If CONTRACTOR has no employees, it may certify or warrant to COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Risk Manager.

With respect to CONTRACTORS that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

B. Commercial/General Liability Insurance – CONTRACTOR shall carry General Liability Insurance covering all operations performed by or on behalf of CONTRACTOR providing coverage for bodily injury and property damage with a combined single limit of not less than two million dollars (\$2,000,000) per occurrence and two million dollars \$2,000,000 in the aggregate.

C. Fire Legal Liability – CONTRACTOR shall provide Fire Legal Liability coverage in the amount of \$50,000 as part of the General Liability Policy.

D. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the CONTRACTOR is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a

combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If CONTRACTOR owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

E. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability. An Additional Insured Endorsement shall be provided on the Umbrella policy as it relates to the primary policies requiring an Additional Insured Endorsement.