



RESOLUTION No. 15-068

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION APPROVING A GROUND LEASE AGREEMENT BETWEEN THE COUNTY OF NEVADA AND SIERRA NEVADA MEMORIAL-MINERS HOSPITAL (SNMH) FOR APPROXIMATELY 3500 SQUARE FEET OF PROPERTY ON THE SNMH CAMPUS FOR THE PURPOSE OF ESTABLISHING AND OPERATING A MENTAL HEALTH CRISIS STABILIZATION UNIT (CSU) AND AUTHORIZING THE CHAIR OF THE BOARD OF SUPERVISORS TO EXECUTE THE GROUND LEASE

WHEREAS, the County has received a California Health Facilities Financing Authority (CHFFA) grant for the purpose of operating a Crisis Stabilization Unit (CSU) at the Sierra Nevada Memorial-Miners Hospital (SNMH); and

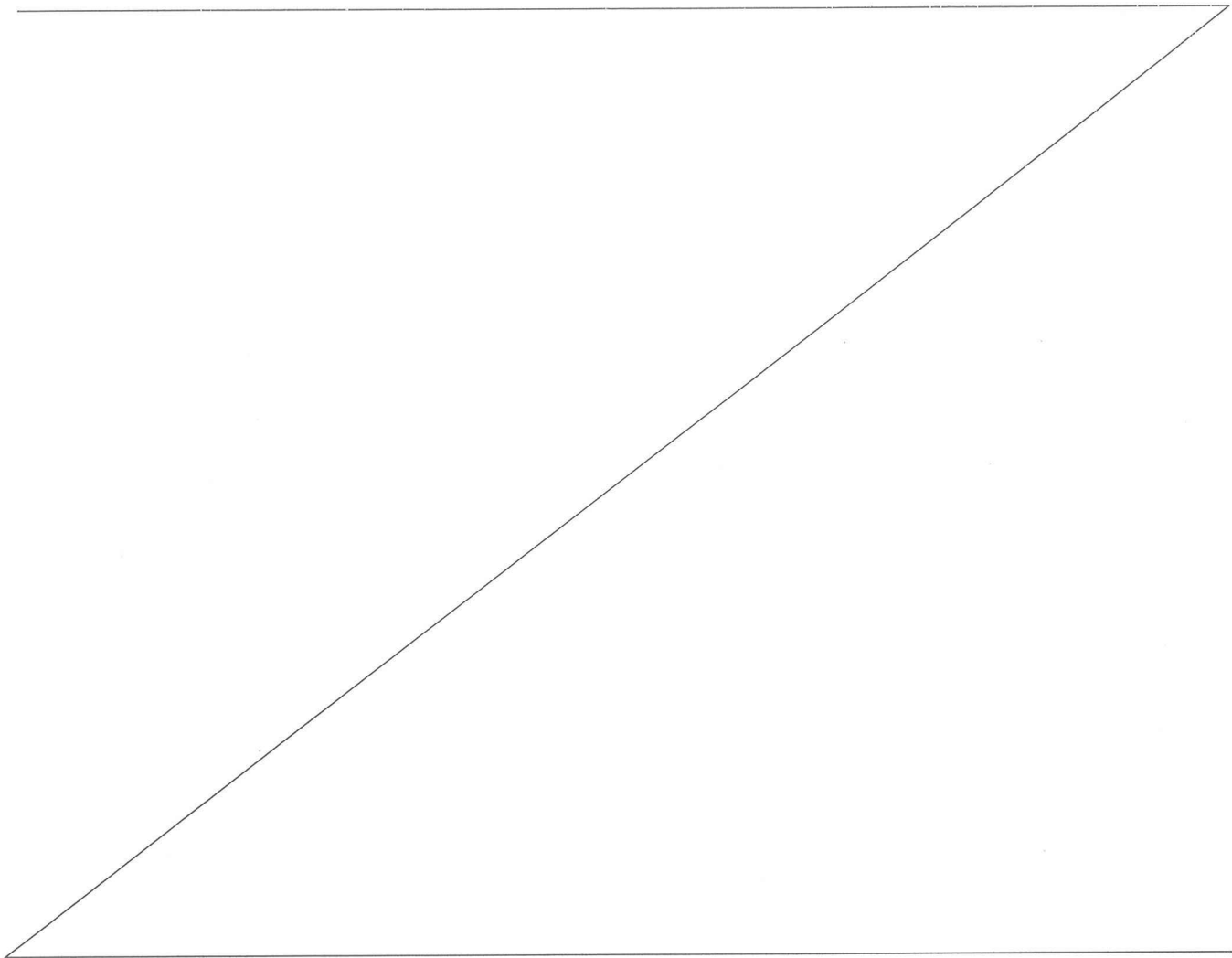
WHEREAS, the SNMH property currently has installed upon it an older modular building that is no longer required for use by SNMH and the County desires to procure a new, larger, modular building to be located on the site; and

WHEREAS, the County's operation of a mental health services CSU at SNMH provides a community benefit and is consistent with the SNMH's mission to provide health services; and

WHEREAS, in consideration of the community benefit to be provided by the CSU, SNMH has agreed to provide County with a ground lease for approximately 3500 square feet of property on the SNMH campus at 155 Glasson Way, Grass Valley, California (a portion of APN 35-380-14-000) to the County at no annual cost; and

WHEREAS, concurrent with this Ground Lease, the County and SNMH are entering into a separate operating agreement describing the respective roles and responsibilities of the parties in operating the CSU.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Supervisors of the County of Nevada that the Board of Supervisors hereby approves the Ground Lease by and between Sierra Nevada Memorial-Miners Hospital, in substantially the form attached hereto, and the Chair of the Board is hereby authorized to execute the Ground Lease Agreement on behalf of the County of Nevada.



PASSED AND ADOPTED by the Board of Supervisors of the County of Nevada at a regular meeting of said Board, held on the 10th day of February, 2015, by the following vote of said Board:

Ayes: Supervisors Nathan H. Beason, Edward Scofield, Dan Miller, Hank Weston and Richard Anderson.

Noes: None.

Absent: None.

Abstain: None.

ATTEST:

DONNA LANDI
Clerk of the Board of Supervisors

By: Jessita Prohaska, Deputy

Edward C. Scofield
Edward C. Scofield, Chair

2/10/2015 cc: BH*
AC*(hold)

2/25/2015 cc: Facilities*
AC*(release)
SNMMH

GROUND LEASE

This Ground Lease ("Lease") is dated and effective as of February 10, 2015 ("Effective Date"), is by and between Sierra Nevada Memorial-Miners Hospital, a California nonprofit public benefit corporation ("Hospital" or "Lessor") and the County of Nevada, a political subdivision of the State of California ("County" or Lessee"), (collectively the "Parties") for 4906 square feet of property on the Hospital campus at 155 Glasson Way, Grass Valley, California, comprising a portion of Assessor Parcel Number 35-380-14-000 and more specifically described and depicted on Exhibit A and Exhibit B, respectively, attached hereto ("Property"). For purposes of this Ground Lease and the respective obligations of the parties hereunder, the area defined as the "Property" shall be limited to that area on or above the existing pavement and shall exclude any subsurface conditions below the existing pavement.

RECITALS

The Parties agree and acknowledge the background facts and the accuracy thereof as follows:

A. There is currently an unfulfilled need for mental health crisis stabilization services in the County of Nevada and the areas served by the Hospital.

B. The County has received a grant from the California Health Facilities Financing Authority Investment in Mental Health Wellness Grant Program ("Grant") for the purpose of establishing and operating a Mental Health Crisis Stabilization Unit ("CSU") at the Sierra Nevada Memorial Hospital.

C. The Property has been identified by the Parties as a suitable site for locating the CSU. The Property currently has installed upon it a modular building that is no longer required for use by the Hospital. The County desires to procure a new modular building to be located on that site.

D. In order to satisfy the need for mental health crisis stabilization services in the County of Nevada and the areas served by the Hospital, which services further the Hospital's tax exempt purposes, and to enable County to obtain the Grant in connection therewith, Hospital desires to lease to the County, and County desires to lease from the Hospital, the Property, pursuant to the terms and conditions set forth below.

E. Concurrently herewith, the Parties are entering into a separate operational agreement describing the respective roles and responsibilities of the Parties in operating the CSU (the "Operational Agreement").

AGREEMENT

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Effective Date; Grant of Lease. This Lease is effective as of the Effective Date set forth above. Hospital leases the Property in its entirety to the County and County shall be

entitled to possession of the Property commencing on the Property Transfer Date (as defined below), subject to the terms and conditions of this Lease.

2. Use of the Property. The County shall use the Property exclusively for the purpose of operating a mental health CSU under the terms of the Grant. No change in the use shall be authorized except pursuant to a written amendment of this Lease. County, at its sole cost and expense, shall at all times comply with all (i) federal, state, and local laws and regulations, including, without limitation, any licensing, building code, or permit requirements relating to, or affecting the condition, use or occupancy of the Property or Improvements (as defined below) and the Americans with Disabilities Act (collectively, "Applicable Laws") and now in effect or hereafter promulgated. To ensure compliance with the terms of the Grant, County and Hospital shall execute, and County may record, at County's expense, a memorandum of this Lease in the form attached hereto as Exhibit C (the "Memorandum"), which Memorandum acknowledges that this Lease restricts the use of the Property to a CSU during the term of this Lease. Upon the expiration or earlier termination of this Lease, County shall execute and record a quitclaim deed or other documentation reasonably required by Hospital in order to clear this Lease and the Memorandum from title to the Property and Hospital campus.

"Improvements" shall mean the improvements to be constructed, installed, and maintained by County, including but not limited to a modular building of approximately 2,200 square feet with associated stairs, ramps, and decking.

"Landscaping" shall mean the landscaping to be installed by the County within the Property around the perimeter of the Improvements.

"Project" shall mean the County's arrangements and actions necessary to legally permit construction, undertake construction and thereafter maintain and repair such Improvements as are needed by County.

The design and appearance of all Improvements and Landscaping shall be subject to prior approval of the Hospital prior to construction or installation.

3. Prohibited Uses; Taxes.

(a) So long as Dignity Health (the Hospital's sole corporate member), or any affiliate of Dignity Health, or any other entity or organization that has stated policies against the prohibited uses set forth in this Section, manages or owns the Hospital campus adjacent to the Property, County shall not allow the Property, or any part thereof, to be used for the performance of any medical or surgical procedures involving direct abortion, euthanasia, physician-assisted suicide, or in-vitro fertilization. Additionally, County shall not use the Property for the purpose of providing any services competitive with or duplicative of those offered at the Hospital from time to time; provided, however, the Hospital acknowledges and agrees that the County's use of the Property for the CSU shall not be deemed competitive with or duplicative of services offered by the Hospital.

(b) If the Property or Improvements, the Hospital, or any part of its property adjacent to the Property is taxed as result of the County's or any of its transferee's or third party

operator's use of the Property or Improvements, County shall pay to Hospital such taxes (and reasonable legal fees incurred by Hospital in connection therewith), as determined by Hospital (which determination shall be binding on County absent a showing of unreasonableness by County), within ten (10) days after receipt of a written demand therefor. Hospital acknowledges that, as of the Effective Date, the County is exempt from property taxes.

4. Condition of the Property. The parties acknowledge that as of the effective date of this Lease the Hospital has in place on the Property a modular office building (the "Existing Trailer"). County shall provide Hospital with at least sixty (60) days' advance written notice (the "Transfer Date Notice") of the date County desires to commence removal of such Existing Trailer pursuant to the terms and conditions set forth in this Section 4 (the "Property Transfer Date"); provided, however, in no event shall the Property Transfer Date be later than June 30, 2015. If County fails to provide the Transfer Date Notice by May 1, 2015, this Lease shall terminate and neither party shall have any further rights or obligations hereunder. Subject to the foregoing, Hospital shall vacate and remove all furnishings from said Existing Trailer and shall disconnect all utilities prior to the Property Transfer Date. Thereafter, County shall be responsible for removing and disposing of said building from the Property, at County's sole cost and expense, and upon removal, ownership of such Existing Trailer shall transfer to County. County shall schedule such removal with Hospital and shall otherwise complete such removal in a manner that will minimize any interference with Hospital operations or use of the parking lot serving the Hospital. Except as expressly provided in this Lease, County leases the Property and shall accept ownership of the Existing Trailer in "AS IS" and "WHERE IS" condition. Except as expressly contained in this Lease, Hospital makes no representations or warranties of any nature, express or implied, concerning the Property or the Existing Trailer, including, without limitation, any representation or warranty concerning: (a) the suitability of the Property or Existing Trailer for County's intended use or any other purpose or use, (b) the physical condition of the Property or Existing Trailer or any subsurface conditions below the Property, or (c) the environmental condition of the Property or the areas beneath the Property. County acknowledges that it is solely responsible for investigating the suitability of the Property for the uses contemplated by this Lease. County acknowledges and represents to Hospital that by executing this Lease, it has completed its investigation, including, without limitation, any environmental investigation, of the Property. Subject to the foregoing, County shall have no liability whatsoever to Hospital for any subsurface conditions (e.g., environmental contamination) at the Property except and to the extent caused by the County, any person or entity using or occupying the Property through County, or the employees, agents, or invitees of the County or any such person or entity using or occupying the Property through County.

5. Inspection of the Property. With reasonable advance notice (except in the case of an emergency), the Hospital shall have the right of access to enter the Property, including buildings, during normal business hours for the purpose of inspection and verification of compliance with this Lease and all laws upon reasonable notice to the County and reasonable accommodation of the County and any sub-lessees.

6. Term of Lease. The lease shall commence on the Property Transfer Date and shall run for twenty (20) consecutive years thereafter (the "Term") unless terminated earlier in accordance with the terms of the Lease

7. Substitution of Property. Hospital reserves the right, exercisable no earlier than August 1, 2019, to substitute the Property identified in Exhibit A with alternate property on Hospital's campus, subject to County's approval of such substitute property, which approval will not be unreasonably withheld. Hospital shall be responsible for the cost of relocating the Improvements to any such alternate property, including, without limitation, any utility connections.

8. Consideration. The County's operation of a mental health services CSU at the Property provides a community benefit and is consistent with the Hospital's mission to provide health services. So long as the County continues to operate a mental health services CSU at the Property, there shall be no additional consideration due from County to Hospital for the value provided under this Lease.

9. Sub-Lease/Assignment. County shall not sell, dispose, exchange, assign, sublease, license, encumber, pledge, or otherwise transfer, whether voluntarily, involuntarily or by operation of law (a "Transfer"), its leasehold interest in the Property and/or its interest in the Improvements, or any portion thereof, without Hospital's prior written consent, which consent may not be unreasonably withheld; provided, however, that Hospital may withhold its consent to any such proposed Transfer in its sole discretion if the proposed transferee is a Competitor. As used herein, "Transfer" shall include the County's grant of a right to use or occupy the Property or Improvements to a third party for such third party's operation of the CSU within the Improvements. As used herein, "Competitor" shall mean Sutter Health, UC Davis Health System, Rideout Health, Tahoe-Forest Hospital, Kaiser Permanente, Tenet Healthcare, and any other similar joint venture or entity which directly or indirectly engages in activities relating to the development, construction, ownership, operation and/or management of hospitals or medical schools, or any of their respective affiliates or foundations. Notwithstanding the foregoing, without Hospital's consent, but following at least thirty (30) days' written notice to Hospital, County shall have the right to assign this Lease or sublease the Property to a mental health services provider for the sole purpose of such provider operating the CSU and provided such provider is not a Competitor. Any sub-lease must comply with all terms and conditions of this Lease, except those involving rent. Any sub-lessee or third party operator using the Property shall carry liability insurance as provided in Section 15(a) of this Lease. Regardless of Hospital's consent, no Transfer shall release or alter County's primary liability to pay any sums due and to perform all other obligations under this Lease. If Hospital consents to any such Transfer, all sums or other economic consideration received by County in connection with such assignment or subletting, whether denominated as rental or otherwise, which exceeds, in the aggregate, the total sum which County is obligated to pay Hospital under this Lease (prorated to reflect obligations allocable to less than all of the Property under a sublease) and any actual costs incurred by County associated with operation of the CSU, shall be paid to Hospital promptly after receipt as additional consideration under this Lease without affecting or reducing any other obligation of County hereunder.

10. Lessee Improvements — Construction and Reversion.

(a) Upon (i) obtaining the Hospital's written approval of the plans and specifications for the Improvements and Landscaping and the insurance coverage carried by any contractor(s) performing any such Improvements or Landscaping work, and (ii) providing

Hospital with copies of all required permits, County shall construct and/or install, or cause to be constructed and/or installed, by a properly licensed contractor, the Improvements and Landscaping, as applicable, at County's sole cost and responsibility and in compliance with the approved plans and specifications and all Applicable Laws and Deed Restrictions, including all required tests and technical studies. County shall obtain and pay for all necessary licenses, permits and certificates of occupancy required both for any necessary modifications to the Property and for the work to construct and/or install the Improvements and Landscaping. Once commenced, County shall cause such Improvements and Landscaping to be completed in a diligent and workmanlike manner.

(b) Upon any termination or expiration of this Lease, unless otherwise agreed in writing by Hospital and County, County shall immediately remove the Improvements and return and surrender the Property to Hospital free of any hazardous materials, in good condition and repair, normal wear and tear and damage by casualty excepted. County shall remove the Improvements and all of County's trade fixtures and equipment from the Property prior to expiration of the Term. County shall repair and pay for all damages caused by such removal and shall otherwise complete the removal of the Improvements to the Hospital's reasonable satisfaction. If County fails to remove the Improvements and all of its personal property from the Property upon expiration or earlier termination of this Lease for any cause whatsoever, Hospital may retain and/or remove and dispose of the Improvements and such personal property in any manner permitted by law, and may use the proceeds, if any, to pay any costs incurred by Hospital in connection with such removal and disposal. County shall reimburse Hospital within thirty (30) days following demand by Hospital for all expenses incurred by Hospital, in connection with such removal and disposition of the Improvements and County's personal property.

11. Utilities.

(a) Water, electricity, and sewer services are currently stubbed to the Property; County shall be solely responsible for any service upgrades or additional capacity necessary for County's use of the Property. County shall be responsible for payment of any utility services separately metered to the Property. Utilities that are not separately metered to the Property shall be estimated annually by Hospital and paid by County as a fixed annual amount based on a per square foot of Hospital's entire costs. The fixed utilities for the first year of the Term shall be \$2,400.00. Subsequent annual utility costs will be adjusted based on actual costs incurred by Hospital. Hospital shall bill County for utility costs not less than annually nor more than quarterly. County shall pay Hospital such amount within thirty (30) days after County's receipt of Hospital's demand therefor.

(b) Except to the extent due to Hospital's negligence or intentional misconduct, Hospital shall not be liable to County in damages or otherwise for any failure, interruption or curtailment of any service or utility serving the Property, including without limitation electrical service, and such failure, interruption or curtailment shall not entitle County to any claim against Hospital, nor shall the same constitute constructive or partial eviction.

12. Alterations; Maintenance, and Repairs.

(a) County shall make no alterations, decorations, additions or improvements in or to the Improvements or Property without the prior written consent of Hospital, except that County may make, without Hospital's consent, alterations within the Building that are not visible from the exterior of the Building.

(b) Except as otherwise provided for herein, County shall be solely responsible for maintaining the Property and Improvements in good condition and repair for the duration of the Lease; provided, however, Hospital shall be responsible for maintaining the Landscaping and any parking areas that serve the Building but that are located outside of the Property on the Hospital campus. County waives the benefit of any statute or case decision now or hereafter in effect which would afford County the right to make repairs at Hospital's expense or to terminate this Lease because of Hospital's failure to maintain the Property or any portion of the Hospital campus in good order, condition or repair. County hereby waives any and all rights under and benefits of Subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or any similar law, statute, or ordinance now or hereafter in effect.

(c) County shall not permit any mechanics' lien on the Property resulting from any work performed or materials furnished to or on behalf of County. If any such lien is recorded, County shall cause it to be discharged of record within ten (10) days after County becomes aware of or is notified that such lien has been recorded, or shall post a bond or arrange conditional payment, provided any such bond or arrangement is approved by Hospital. If County fails to timely discharge any such lien (or make arrangement for discharge satisfactory to Hospital), then, Hospital, on giving County written notice, may but shall not be obligated to, discharge the lien, either by paying the claimed amount, or by procuring its discharge by deposit in court or by bonding. Any amount paid by Hospital for any of these purposes, with interest thereon at the highest rate allowed by law from the date of payment, plus Hospital's reasonable attorneys' fees, shall be paid by County to Hospital on demand. Nothing herein shall be deemed a consent by Hospital to any improvement by County or to any lien resulting therefrom. Hospital shall have the right to post and maintain on the Property any notices of non-responsibility provided for under applicable law.

13. Parking; Security Measures.

(a) County shall be allocated and have the right to use four (4) unreserved parking spaces, in certain parking areas on the Hospital campus as designated from time to time by Hospital, as well as reasonable rights of ingress and egress to and from the Property and the parking area over the drive aisles located on the Hospital campus. If the size or configuration of the parking areas or drive aisles is altered or diminished, Hospital shall not be liable to County therefor, and County shall not be entitled to any compensation or other charges due hereunder provided that such modifications do not unreasonably interfere with County's rights of ingress and egress as provided herein. No such alteration or diminution shall be considered to constitute a constructive or actual eviction of County.

(b) County acknowledges that except as otherwise set forth in the Operational Agreement: (i) Hospital has no obligation to provide any security measures, (ii) Hospital has

made no representation regarding the safety or security of the Improvements or Property, and (iii) County will be solely responsible for providing any security it deems necessary to protect itself, its property, and its invitees in, on, or about the Improvements or the Property. If Hospital provides any security measures at any time, Hospital reserves the right to charge, and County shall be obligated to pay, pursuant to the terms and conditions more particularly set forth in the Operational Agreement, a reasonable portion of the cost thereof (such portion currently estimated at \$25,000 per year

14. Damage or Destruction. If the Property or any portion thereof shall be damaged by fire or any other casualty during the Term, County shall, at its sole cost and expense, promptly and diligently repair, restore and replace the same according to the original plans thereof or according to such modified plans as shall be approved in writing by Hospital. County shall commence the work of repair, restoration or replacement within ninety (90) days after the damage or loss occurs and shall complete such work no later than two hundred seventy (270) days after commencement. Completion of the repairs, alterations, restorations, additions and replacements to the Improvements shall result in Improvements at least equal in value, aesthetic impact, quality, and function to the Improvements existing prior to the fire or other casualty, except as expressly provided to the contrary in this Lease. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs, restoration and replacement, and if there are no insurance proceeds or the available proceeds shall be insufficient for said purpose, County shall make up the deficiency out of its own funds

15. Insurance.

(a) County Insurance. County shall carry and maintain, during the entire term hereof, at County's sole cost and expense, the following types of insurance, in the amounts and with the endorsements as herein specified:

(i) General Commercial Liability Insurance. Broad form commercial general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000) per occurrence and, at least Three Million Dollars (\$3,000,000) in the aggregate insuring against any and all liability of County with respect to the Property, or grounds, or arising out of maintenance, use or occupancy thereof, naming the Hospital, , as an additional insured. Such insurance shall include contractual liability insurance coverage insuring all of County's indemnity obligations for tort liability under this Lease. County's commercial general liability insurance shall permit, whether by endorsement or otherwise, payment of any deductibles, self-insured retentions, or co-payments by an additional insured; provided, however, additional insureds shall have no obligation to make any such payment. No additional insured shall have any obligations of a named insured under such policy.

(ii) Fire Insurance (Contents): Fire Insurance with all risk type standard form extended coverage endorsement, for the full replacement value of the Improvements and all furniture, fixtures, equipment, and personal property which may from time to time be located upon Property. The proceeds from any such policy shall be used for the repair or replacement of the Improvements and such fixtures equipment, and personal property. The Hospital shall have no interest in the insurance on County's or others' trade fixtures, equipment and merchandise and will sign all documents necessary or proper in connection with the

settlement of any claims or loss by County or others. The County shall be solely liable for its fixtures, equipment and merchandise and all of the contents located on the Property, and further understands and agrees that the Hospital will not carry personal property insurance to cover same.

(iii) Professional Liability Insurance. Professional liability insurance relating to the business conducted by County at the Property, which provides protection of at least One Million Dollars (\$1,000,000) per occurrence, and at least Three Million Dollars (\$3,000,000) in the aggregate. If such insurance is written on a "claims made" rather than an "occurrence" form, coverage shall commence proceeding or coinciding with the commencement date of this Lease, and continue in full force and effect for the maximum reporting period available from insurance sources; at a minimum three (3) years after the expiration of the Term

(iv) Workers' Compensation Insurance. Workers' Compensation and employer's liability insurance providing statutory Workers' Compensation benefits and employer's liability limits as required under applicable state and federal law in an amount not less than \$1,000,000 per occurrence.

(v) Automobile liability Insurance. Automobile liability insurance (including owned, non owned and rented automobiles) with a combined single limit no less than One Million Dollars (\$1,000,000) per accident.

(vi) Insurance Policy Terms. The insurance coverages and minimum policy amounts set forth above shall in no event limit County's liability under this Lease. All such insurance further shall be effected and carried under valid and enforceable policies issued by insurers which are authorized to do business in the State of California and which have a Best's Rating of B+ or higher (B+, B++, A-, A, A+ or A++), or a Best's Financial Performance Rating (FPR) of 6 or higher (6, 7, 8 or 9) according to the current Best's Key Rating Guide, or shall be issued by insurers otherwise reasonably acceptable to the other party. Each such policy shall be primary insurance as to all claims thereunder and not-contributory with any insurance or program of self-insurance maintained by Hospital or its affiliates. Prior to the Commencement Date and thereafter not less than thirty (30) days prior to the expiration date of the expiring policies previously furnished pursuant to this Lease, County shall furnish to Hospital certificates of insurance evidencing such insurance. County shall provide or require its insurer to provide at least thirty (30) days' prior written notice to Hospital of cancellation or non-renewal of any policy required to be carried by County under this Lease. Hospital shall have the right, exercisable by giving written notice to County, to increase the required coverage limits of any such required insurance policies if, in Hospital's reasonable judgment, the then applicable required coverage amount is insufficient to protect Hospital against the claims, losses, demands or actions insured thereby. Nothing in this Lease shall be construed at any time as constituting a representation or warranty by Hospital as to the sufficiency of any insurance from time to time obtained or maintained by County.

(b) Hospital Insurance. Hospital shall carry and maintain, during the entire term hereof, at Hospital's sole cost and expense, the following types of insurance, in the amounts and with the endorsements as herein specified:

(i) General Liability Insurance. Broad form commercial general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000) per occurrence and, at least Three Million Dollars (\$3,000,000) in the aggregate insuring against any and all liability of Hospital with respect to the Hospital Campus, or grounds, or arising out of maintenance, use or occupancy thereof, naming the County, as an additional insured. Such insurance shall include contractual liability insurance coverage insuring all of Hospital's indemnity obligations for tort liability under this Lease. Hospital's commercial general liability insurance shall permit, whether by endorsement or otherwise, payment of any deductibles, self-insured retentions, or co-payments by an additional insured; provided, however, additional insureds shall have no obligation to make any such payment. No additional insured shall have any obligations of a named insured under such policy.

(ii) Professional Liability Insurance. Professional liability insurance relating to the business conducted by Hospital at the Property, which provides protection of at least One Million Dollars (\$1,000,000) per occurrence, and at least Three Million Dollars (\$3,000,000) in the aggregate. If such insurance is written on a "claims made" rather than an "occurrence" form, coverage shall commence proceeding or coinciding with the commencement date of this Lease, and continue in full force and effect for the maximum reporting period available from insurance sources; at a minimum three (3) years after the expiration of the Term

(iii) Workers' Compensation Insurance. Workers' Compensation and employer's liability insurance providing statutory Workers' Compensation benefits and employer's liability limits as required under applicable state and federal law in an amount not less than \$1,000,000 per occurrence.

(iv) Automobile liability Insurance. Automobile liability insurance (including owned, non owned and rented automobiles) with a combined single limit no less than One Million Dollars (\$1,000,000) per accident.

(v) Insurance Policy Terms. The insurance coverages and minimum policy amounts set forth above shall in no event limit Hospital's liability under this Lease. All such insurance further shall be effected and carried under valid and enforceable policies issued by insurers which are authorized to do business in the State of California and which have a Best's Rating of B+ or higher (B+, B++, A-, A, A+ or A++), or a Best's Financial Performance Rating (FPR) of 6 or higher (6, 7, 8 or 9) according to the current Best's Key Rating Guide, or shall be issued by insurers otherwise reasonably acceptable to the other party. Each such policy shall be primary insurance as to all claims thereunder and not-contributory with any insurance or program of self-insurance maintained by County or its affiliates. Prior to the Commencement Date and thereafter not less than thirty (30) days prior to the expiration date of the expiring policies previously furnished pursuant to this Lease, Hospital shall furnish to County certificates of insurance evidencing such insurance. Hospital shall provide or require its insurer to provide at least thirty (30) days' prior written notice to County of cancellation or non-renewal of any policy required to be carried by Hospital under this Lease. County shall have the right, exercisable by giving written notice to Hospital, to increase the required coverage limits of any such required insurance policies if, in County's reasonable judgment, the then applicable required coverage amount is insufficient to protect County against the claims, losses, demands or actions insured thereby. Nothing in this Lease shall be construed at any time as constituting a representation or

warranty by County as to the sufficiency of any insurance from time to time obtained or maintained by Hospital.

(c) Ability to Utilize Blanket Policy; Self-Insurance. County's and Hospital's respective obligations to insure under the foregoing provisions may be provided by appropriate amendment, rider, or endorsement on any blanket policy or policies. At the option of the insured party, the insured party may provide the required limits of liability insurance under a program of self-insurance, provided such program includes appropriate loss reserves which are actuarially derived in accordance with accepted standards of the insurance industry and are accrued or otherwise funded.

(d) Failure to Provide and Maintain Insurance. Failure by either party to provide and maintain the insurance policies (including Best's ratings) required by this Lease shall constitute, and for all purposes be, a default hereunder and a material breach hereof, if not cured within thirty (30) days of written notice thereof to the defaulting party. Additionally, if either party fails to carry or maintain any policy required to be maintained under this Lease, the other party, at its option, upon seven (7) days' prior written notice to the defaulting party, may, but shall not be obligated to, make such payment or carry such policy. The amounts paid by the non-defaulting party shall become due and payable by the defaulting party upon demand. Payment of any such premiums or the carrying of any such policy by the non-defaulting party shall not be deemed to be a waiver or release of said default.

(e) Waiver of Subrogation. Notwithstanding any provision of this Lease to the contrary, Hospital and County each hereby agrees that the other shall not be liable for, and each hereby releases and relieves the other from, and waives its entire right of recovery against the other for, loss or damage arising out of or incident to the perils insured against and covered under property insurance policies required to be maintained under this Lease, whether or not such policies are actually in force at the time of any such damage, injury or loss, to the extent of any amount recovered by reason of such insurance (or which could have been recovered had such insurance been in place) plus any applicable deductible. Hospital and County further agree that the policies of property insurance required to be obtained and maintained pursuant to this Lease shall contain an acknowledgment of the waiver of any subrogation rights against the party released pursuant to the foregoing by the insurer providing such insurance policy, which waiver shall be effective regardless of the cause (including negligence of the released party) of any damage triggering recovery under such policy.

16. Non-Smoking Campus. The Hospital campus is a non-smoking campus. County shall not permit any of its employees, agents, or invitees to smoke or use any tobacco product, including, without limitation, electronic cigarettes or medical marijuana, anywhere on the Hospital grounds or any/all of its property, buildings, or other facilities owned, leased, or rented by the Hospital or its affiliates, including but not limited to: the cafeteria; personal vehicles on Hospital property; Hospital-owned vehicles; private offices; lounges; restrooms; main buildings; roofs; medical office buildings; sidewalks; outdoor areas; stairwells; parking lots; and walkways.

17. Indemnity.

(a) Except as otherwise provided in this Lease (including, without limitation, Section 15(e) above), County shall indemnify and hold harmless Hospital, its members,

directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs arising out of, resulting from, or relating to: (i) the breach of this Lease by County; (ii) the negligent acts or omissions or willful misconduct of County or any employee or agent of County relating to this Lease or the use of the Property; and (iii) any subsurface conditions (e.g., environmental contamination) beneath the Property to the extent caused by the County, any person or entity using or occupying the Property through County, or the employees, agents, or invitees of the County or any such person or entity using or occupying the Property through County.

(b) Except as otherwise provided in this Lease (including, without limitation, Section 15(e) above), Hospital shall indemnify and hold harmless County and its officers, employees or agents from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs arising out of, resulting from, or relating to: (i) the breach of this Lease by Hospital; or (ii) the negligent acts or omissions or willful misconduct of Hospital or any employee or agent of Hospital relating to this Lease or the Hospital's use or operation of the Hospital campus.

18. Default. The occurrence of any one or more of the following events is a default hereunder and constitutes a material breach of this Lease:

(a) The abandonment of the Lease by County.

(b) The failure by County to promptly commence, diligently pursue to completion the construction of the Improvements, and cause to be filed a notice of completion.

(c) The failure by County to carry and maintain, or to require each Sub-Lessee to carry and maintain, any policy of insurance as required hereunder.

(d) The failure by County to operate a mental health CSU at the Property for a period of one hundred twenty (120) or more consecutive days, subject to Section 14 above.

(e) The failure of either party to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by said party, where the failure continues for a period of thirty (30) days after written notice thereof from the non-defaulting party to the defaulting party; provided, however, that if the nature of the default is such that more than thirty (30) days are responsibly required for its cure, then the defaulting party shall not be deemed to be in default if said party commences such cure within the thirty (30) day period and thereafter diligently completes the cure.

(f) The failure by either party to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by said party, where such failure may not be cured.

(g) In the event of any such default or other material breach of this Lease by County, the Hospital may, after giving such notice as provided above, or if not provided, as required by law, pursue those remedies set forth in Civil Codes Sections 1951.2 (including, without limitation, the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the tenant

proves could be reasonably avoided) and/or 1951.4, as applicable, and/or any other remedy now or hereafter permitted by law or under this Lease, which remedies shall not be exclusive; **provided, however, (i) except with respect to a default under Section 18(d) above, in no event shall Hospital have the right to terminate or cancel this Lease, retake the Property, or evict the County, and (ii) with respect to a default under Section 18(d) above, Landlord shall not have the right to exercise the remedy available under Civil Code Section 1951.4.**

(h) If either party fails to promptly perform any of its obligations under this Lease, the non-defaulting party may, at its option and following any applicable notice and cure periods, immediately or at any later time, perform those obligations for the account of the defaulting party without waiving the default. Any amount paid or expense, penalty or other liability incurred by the non-defaulting party in that performance shall be payable by the defaulting party upon demand.

(i) A waiver by either party of a default shall not be deemed a waiver of any term, condition, or covenant hereunder, and shall not be deemed a waiver of the other party's right to enforce any remedy upon any future default.

19. Notice. All acceptances, approvals, consents, notices, demands or other communications required or permitted to be given or sent by either party to the other shall be given in writing and shall be delivered to the party to whom notice is to be given either (a) by personal delivery (in which cases such notice shall be deemed given on the date of delivery), (b) by next business day courier service (e.g., Federal Express, UPS or other similar service) (in which case such notice shall be deemed given on the business day following date of deposit with the courier service), or (c) by United States mail, first class, postage prepaid, registered or certified, return receipt requested (in which case such notice shall be deemed given on the third (3rd) day following the date of deposit with the United States Postal Service). In each case, notice shall be delivered or sent to the address indicated below, or to such other address as provided by a party to the other party, from time to time, pursuant to this Section.

Hospital: Katherine A. Medeiros, President and CEO
Sierra Nevada Memorial-Miners Hospital
155 Glasson Way
Grass Valley, CA 95945
(530) 274-6700

With copies to:

Dignity Health
3400 Data Drive
Rancho Cordova, CA 95670
Attn: Corporate Real Estate

And:

Dignity Health
3033 North Third Avenue
Phoenix, Arizona 85013
Attn: Legal Department

County: Tom Coburn, Facilities Manager
County of Nevada
10014 North Bloomfield Road
Nevada City, CA 95959
(530) 470-2637
tom.coburn@co.nevada.ca.us

20. Title. Hospital represents and warrants to County, that to the Hospital's knowledge, and except as otherwise disclosed in any title report obtained by or provided to County prior to the Effective Date hereof, there are no liens, judgments, covenants, easements, or restrictions affecting the Hospital's title to the Property and that would materially and adversely affect the use or occupancy of the Property by County as set forth in this Lease. For purposes of this Section, the phrase "to the Hospital's knowledge" shall mean the actual knowledge of Carry Canady as of the date of the execution of this Lease by the Hospital, excluding any constructive, imputed, or implied knowledge and/or duty of investigation or inquiry.

21. Encumbrances. Hospital represents that, as of the date this Lease is executed by Hospital, the Property is not encumbered by a ground lease, mortgage, or deed of trust. With respect to any future master lease, ground lease, mortgage, deed of trust or other security interest (a "Mortgage") entered into by Hospital which from time to time may encumber all or part of the Property (i) such Mortgage shall be subject to this Lease, (ii) County's right to quiet possession of the Premises shall not be disturbed by a Mortgage holder if County is not in default and so long as County observes and performs all of the provisions of this Lease, and (iii) the remedies of any such Mortgage holder with respect to a default by County shall be limited as set forth in Section 18(g) above.

22. Estoppel Certificate. Either Party shall, upon not less than thirty (30) days prior written notice from the other Party, execute and deliver to the requesting Party a statement in writing: (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect); (b) acknowledging that there are not, to the knowledge of the Party giving the certificate, any uncured defaults on the part of the other Party hereunder, or specifying such defaults if any are claimed; and (d) stating other matters as may be reasonably requested.

23. Miscellaneous.

(a) Partial Validity; Governing Law; Venue. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof. This Lease shall be governed by the laws of the State of California. Venue for purposes of litigation shall be in the County of Nevada. The language in all parts of this Lease shall be construed as a whole according to the fair meaning, and not strictly for or against either Hospital or County; this Lease has been prepared and revised by attorneys for both parties, so any rule of law or construction that ambiguities are to be construed against the responsible party shall not apply.

(b) No Other Agreements. All preliminary and contemporaneous agreements and understanding are merged and incorporated into this Lease that contains the entire agreement between the parties. This Lease may not be modified or amended in any manner except by an instrument in writing excluded by the parties hereto.

(c) Successors to Hospital. Should Hospital at any time during the term of this Lease or any extension hereof, decide to sell all or any part of the Property to a purchaser other than County, such sale shall be under and subject to this Lease and County's rights hereunder, and any successor to Hospital as owner of the portion of the subject property underlying any rights of way herein granted shall be subject to the right of the County in and to such right of way.

(d) No Agency. This Lease does not create a relationship of principal and agent, or partnership, or joint venture, or any association other than that of Lessor and Lessee.

(e) Binding on Successors and Assigns. This Lease shall extend to and bind the parties hereto, their representatives, successors and assigns.

(f) Attorney Fees. In the event either of the Parties initiates legal action to enforce the provisions of this Lease, the prevailing party shall be entitled to recover actual attorney's fees incurred and costs, including the reasonable direct costs of in-house counsel, fees incurred in post judgment motions, contempt proceedings, garnishment, levy, debtor and third party examinations, discovery, bankruptcy litigation, arbitration, at trial, on appeal and on any review therefrom, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered shall contain a provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. The prevailing party shall be the party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or the arbitrator), whether or not the action or proceeding proceeds to final judgment or award.

(g) Force Majeure. Notwithstanding anything in this Lease, if either party is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder (other than the payment of money) by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God, or other reason whether of a like nature or not which is beyond the reasonable control of the party obligated to perform the work or acts required under the terms of this Lease, then the performance of that term, covenant or act is excused for the period of the delay and the party will be entitled to perform that term, covenant or act within the appropriate time period after the expiration of the period of the delay.

(h) Hospital's Liability. Hospital and its successors in interest shall be liable for breaches of covenants occurring during their respective ownership of Hospital's interest. Hospital and any such successors shall in no event be personally liable to County for any judgment exceeding the value of their interest in the Property.

(i) Waiver of Consequential Damages. County hereby waives any claims for any indirect or consequential damages or for any injuries, damages or inconvenience to, or

interference with, County's business, including, but not limited to lost profits, any loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

(j) Quiet Possession. So long as County is not in default hereunder and observes and performs all of the provisions of this Lease, County shall have quiet possession of the Property for the term hereof without hindrance or ejection by any person lawfully claiming under Hospital, subject to the provisions of this Lease and to the provisions of any rules and regulations governing the use of the Hospital campus.

(k) No Third-Party Beneficiary Rights. This Lease shall not confer or be construed to confer any rights or benefits to any person or entity other than the parties hereto.

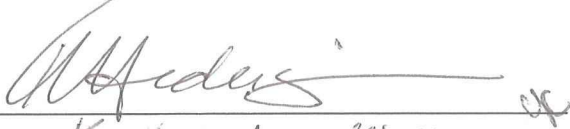
(l) Authority. Each party hereto represents and warrants to the other party that such representing party has the full power and authority to execute, deliver and perform the terms of this Lease and has taken or caused to be taken all necessary action required by law or any governing documents to authorize the execution, delivery and performance of this Lease.

(m) Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed to be an original (and when executed in pen ink, may be delivered between the Parties by facsimile transmission or scanned email attachment), but all of which together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Execution Date.

**SIERRA NEVADA MEMORIAL-MINERS
HOSPITAL**, a California nonprofit public
benefit corporation


Name: Katherine A. medeiros
Title: President/CEO
Dated: 2/10/15

COUNTY OF NEVADA, a political
subdivision of the State of California


Honorable ~~Nathan H. Beason~~ Edward C. Scofield
Chair Board of Supervisors

Dated: 2/10/15

Attest: 
Donna Landi
Clerk of the Board

Approved as to form:


County Counsel

EXHIBIT A TO GROUND LEASE

Description of the Property

The real property referred to in this Lease as the "Property" is described as follows:

A portion of that land as described in that certain Deed to Sierra Nevada Memorial-Miners Hospital, Inc. recorded December 13, 2005 as Document No. 2005-0049568, Nevada County Recorder's Office, and located within the incorporated area of the City of Grass Valley, County of Nevada, State of California, within Section 23, Township 16 North, Range 8 East, M.D.B.&M., and being more particularly described as follows:

Beginning at a point from which the northwest corner of said Sierra Nevada Memorial-Miners Hospital, Inc. property bears North 42° 10' 00" West, 60.00 feet and North 33° 38' 00" West, 200.00 feet; thence from said Point of Beginning the following four consecutive courses: 1) North 75° 10' 00" East, 54.32 feet, 2) South 15° 15' 00" West, 118.00 feet, 3) North 74° 45' 00" West, 47.00 feet, and 4) North 15° 15' 00" East, 90.77 feet to the point of beginning.

The herein described property contains an area of 4,906 square feet, more or less.

The herein described property is shown on Exhibit "B" attached hereto and made a part hereof.

The herein described property affects a portion of APN 35-380-14.

This description has been prepared by me, or under my direct supervision, in conformance with the Professional Land Surveyors Act, on January 28, 2015



Kevin J. Nelson

Kevin J. Nelson, P.L.S. 8423
Expires 12-31-16

EXHIBIT B TO GROUND LEASE

Depiction of the Property

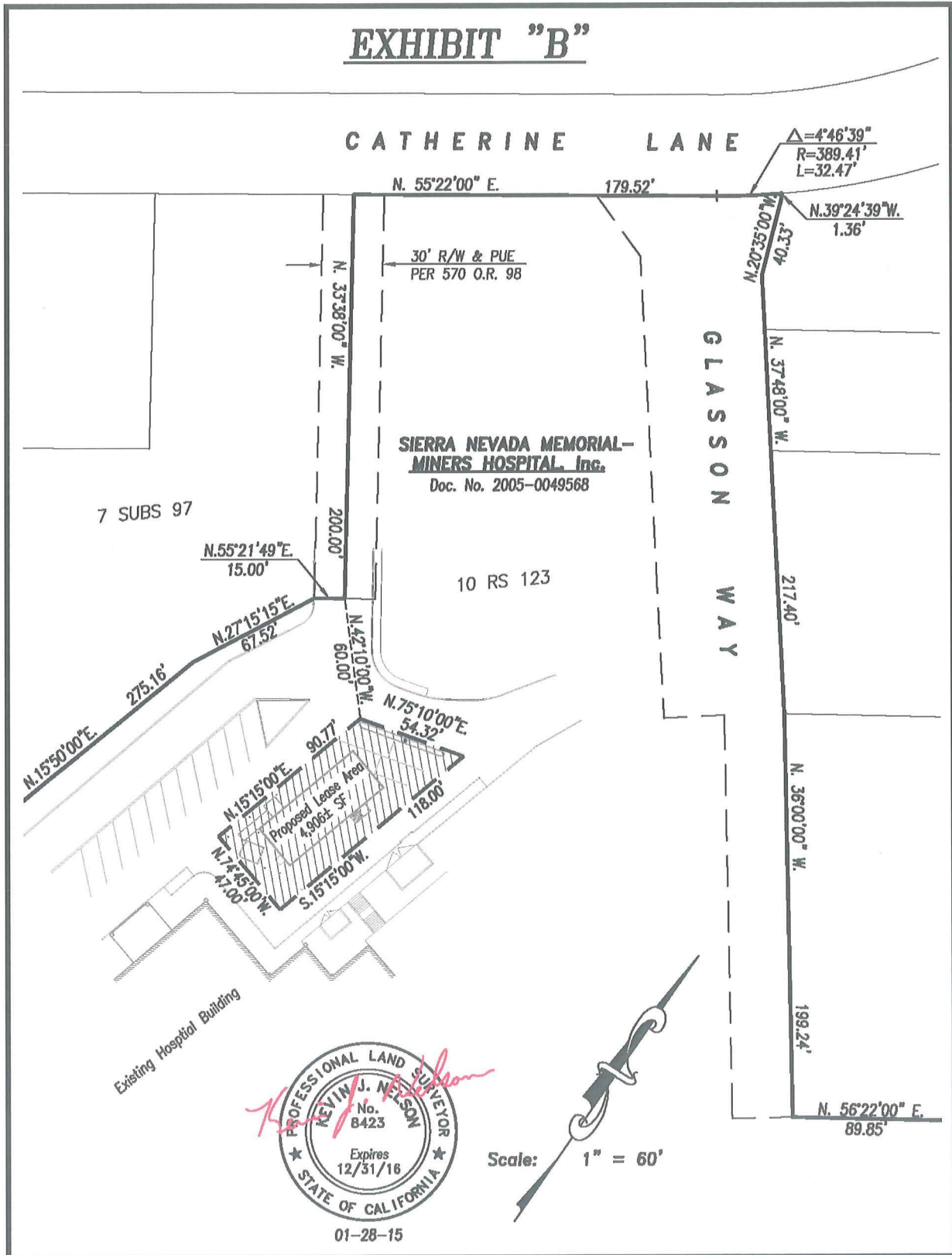


EXHIBIT C TO GROUND LEASE

Form of Memorandum of Lease

(See Attached)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Above Space for Recorder's Use Only

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this "*Memorandum*") dated as of _____, 2015, by and between Sierra Nevada Memorial-Miners Hospital, a California nonprofit public benefit corporation ("*Hospital*"), and the County of Nevada, a political subdivision of the State of California ("*County*").

1. **Lease Terms and Premises.** The Hospital is located on that certain real property located in Grass Valley, California and more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "*Hospital Site*"). Hospital and County have entered into a Ground Lease dated _____, 20__ (the "*Ground Lease*") whereby Hospital leases to County, and County leases from Hospital, a portion of the Hospital Site for purposes of locating a modular building and operating a mental health crisis stabilization unit ("*CSU*") therein. Such portion of the Hospital Site that is leased to the County pursuant to the Ground Lease is more particularly described in Exhibit B attached hereto and incorporated herein by reference (the "*Property*"). The provisions of the Ground Lease are incorporated herein.

2. **Term.** The term of the Ground Lease is for twenty (20) years and commenced on _____.

3. **Use Restrictions.** The Ground Lease provides that the Property can only be used for the purpose of operating the CSU during the term of the Ground Lease; such use restriction does not apply, however, to the balance of the Hospital Site. The Ground Lease also includes certain ethical restrictions on the use of the Property during the term of the Lease.

4. **Defined Terms.** All capitalized terms used in this Memorandum but not expressly defined in this Memorandum shall have the meanings ascribed to them in the Ground Lease.

5. **Purpose of Memorandum of Ground Lease.** This Memorandum is prepared solely for purposes of recordation, and in no way modifies the provisions of the Ground Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6. **Counterparts.** This Memorandum may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Hospital and County have executed this Memorandum as set forth below.

SIERRA NEVADA MEMORIAL-MINERS HOSPITAL, a California nonprofit public benefit corporation



Name: Katherine A. Medeiros
Title: Pres/CEO

Dated: 2/10/15

COUNTY OF NEVADA, a political subdivision of the State of California

~~Nathan H. Beason~~ Edward C. Scofield
Chair Board of Supervisors

Dated: _____

Attest: _____

Donna Landi
Clerk of the Board

Approved as to form:

County Counsel

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.

State of California)
)
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 California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

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.

State of California)
)
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 California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A TO MEMORANDUM OF GROUND LEASE

Description of the Hospital Site

[Legal description to be obtained from Preliminary Title Report for Hospital to be obtained by County, a copy of which shall be provided to Hospital]

EXHIBIT B TO MEMORANDUM OF GROUND LEASE

Description of the Property

The real property referred to in this Memorandum as the "Property" is described as follows:

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The herein described property contains an area of 4,906 square feet, more or less.

The herein described property is shown on Exhibit "B" attached hereto and made a part hereof.

The herein described property affects a portion of APN 35-380-14.

This description has been prepared by me, or under my direct supervision, in conformance with the Professional Land Surveyors Act, on January 28, 2015



Kevin J. Nelson

Kevin J. Nelson, P.L.S. 8423
Expires 12-31-16

EXHIBIT B TO MEMORANDUM OF GROUND LEASE (continued)

Depiction of the Property

