

ADDENDUM TO OPTION

This Addendum (this "Addendum"), dated February 19, 2019, is executed in connection with the Option to Purchase Agreement (the "Option"), dated February 19, 2019, by and between COALINGA REGIONAL MEDICAL CENTER, a California health care district ("**Optionor**"), and COALINGA MEDICAL CENTER LLC, a California limited liability company ("**Optionee**") for the purpose of setting forth additional terms and provisions to the Option.

1. **Voter Approval.** This Option and the related lease of the Property is subject to a ballot measure being voted upon by the citizens of the Optionor, and the effectiveness of this Option is subject to approval of the voters in that ballot measure. In the event that the voters fail to approve the ballot measure, then this Option shall be of no force and effect.

2. **Bankruptcy Court Approval.** The Optionor is presently in a Chapter 9 bankruptcy proceeding and this Option and the related lease of the Property is subject to approval by the bankruptcy court in such Chapter 9 proceeding. In the event that the bankruptcy court does not enter an order authorizing Optionor to proceed with this Option and the related option to purchase the Property, then this Option shall be of no force and effect.

3. **Transfer of Property As-Is.** Optionee acknowledges that Optionee has been advised of significant deferred maintenance at the Property and acknowledges that there may be other defects or deficiencies at the Property of which the parties are unaware. Optionee acknowledges that the existence of such deferred maintenance and such other potential deficiencies has been or will be considered in making any fair market valuation in connection with this Option and the potential purchase option. Optionee shall purchase the Property AS-IS in its present condition and with all faults based solely upon Optionee's own investigation and due diligence with respect to the Property and not based upon any representations or warranties of Optionor. Optionee further acknowledges that the Property is leased on a triple net basis and that Optionee shall be responsible for the costs and expenses of maintenance of the Property during the term of the lease, including, without limitation any extra costs incurred by Optionee in connection with addressing deferred maintenance items, and that Optionee shall have no claims against Optionor arising from on in connection with such deferred maintenance.

4. **Certificates of Participation.** Optionee acknowledges that the Property was improved or constructed in part with funds from Optionor's \$11,000,000.00 Series A (Tax Exempt) \$2,645,000 Series B (Federally Taxable) Certificates of Participation (the "COPs") and that until the COP's are paid in full that the Property is subject to certain restrictions and covenants set forth in the COP documents. Optionee further acknowledges that the COPs are secured in part by the Deed of Trust which encumbers a portion of the Property and that the Deed of Trust will remain in place during the term of the Option (provided that Optionee is not agreeing to pay the COPs or any portion thereof and that it shall continue to be the obligation of Optionor to pay the COPs, including that portion of the COPs secured by the Deed of Trust). Optionee acknowledges that it shall be a condition to the effectiveness of this Option that Optionor obtains an opinion of bond counsel or similar assurances that the transactions contemplated hereby and by the lease do not constitute a taxable event or an event of default under the COPs (or that

Optionor enter into a settlement with the trustee for the COPs satisfactory to Optionor). Optionee further covenants and agrees that so long as the COPs remain outstanding that Optionee will not use the Property or transfer, assign or sublease the Property in any manner that breaches the COPs covenants (or the terms of any settlement with the trustee).

5. Board Meetings. Optionee acknowledges that Optionor is a public agency and is required to hold board meetings open to the public on a regular basis. Optionee grants to Optionor a license to use the board room at the medical office building located at the Property for Optionor's board meetings at no cost to Optionor from and after the date of exercise of the Option. Optionee further grants to Optionor the right to use of an office for Optionor's ongoing business operations at no cost to Optionor for a period of five years from the date of commencement of the lease. Optionee may designate the location of such office in any reasonable office location at the Property and may change such location from time to time but no more frequently than annually.

6. Deed of Trust. In the event that the Deed of Trust remains of record on the date that Optionee exercises the Option, then Optionee, at its option may exclude the property subject to the Deed of Trust (the "Excluded Property") and exercise the Option only with respect to that portion of the Property which is not subject to the Deed of Trust. In that event the Purchase Price for the remaining property shall be reduced by an amount equal to 20% of the Purchase Price determined pursuant to Section 1 of the Option (the "Price Reduction") and the Excluded Property shall continue to be leased by Optionee for a fair market value rental rate in accordance with the terms of the Lease. Optionee shall have the further option to purchase the Excluded Property for the amount of the Price Reduction, which supplemental option may be exercised by Optionee at any time within six months after reconveyance of the Deed of Trust. In the event that the term of the Lease expires prior to reconveyance of the Deed of Trust (and provided that Optionee has previously exercised its option to purchase the Property not subject to the Deed of Trust) then the term of the Lease with respect to the Excluded Property shall be extended to a date six months after the date of reconveyance of the Deed of Trust.

IN WITNESS WHEREOF, the parties have executed this Addendum on the day and year set forth above.

Optionor:

COALINGA REGIONAL MEDICAL
CENTER,
a local health care district of the State of
California

By:

Its: President Board of Trustees

Optionee:

COALINGA MEDICAL CENTER LLC,
a California limited liability company

By: _____

Its: manager