

SUBLEASE

between

COUNTY OF SAN MATEO
as Sublessor

and

Cardinal Health 132, LLC,

as Sublessee

for the Sublease of
a portion of
2710 Middlefield Rd
unincorporated Redwood City, California

October 17, 2016

No. 5391

Cardinal Health 132, LLC

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LIST OF EXHIBITS:

EXHIBIT A – Legal Description
EXHIBIT B – Site Plan
EXHIBIT C – Sublessee's Signs

SUBLEASE
Lease No. 5391

This Sublease Agreement (this "Sublease") is made and entered into as of the ____ day of _____, 2017 by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Sublessor"), and CARDINAL HEALTH 132, LLC ("Sublessee").

RECITALS

This Sublease is made with regard to the following facts:

A. Sublessor is the tenant under the lease (the "Master Lease"), dated June 1, 2011, with 2700 MIDDLEFIELD ROAD LLC, a Delaware Limited Liability Company ("Master Landlord"). Under the Master Lease, Sublessor leases from Master Landlord a parcel of land, approximately 2.802 acres in size (the "Property"), as described in Exhibit A hereto, and a building constructed on the Property, containing approximately 36,000 rentable square feet of medical office space (the "Building"), located at 2710 Middlefield Road, unincorporated Redwood City, San Mateo County, California.

B. Sublessor and Sublessee entered into a certain Agreement between the County of San Mateo and Cardinal Health 132, LLC, dated _____ (the "Service Contract"), whereby Sublessee will provide pharmacy services to eligible patients in accordance with the terms and conditions of the Service Contract.

C. Sublessee desires to sublease from Sublessor a portion of the Building (the "Subleased Premises"), which Subleased Premises are depicted on the site plan that is attached to this Sublease as Exhibit B. Sublessor has agreed to sublease the Subleased Premises to Sublessee on the terms, covenants and conditions stated in this Sublease.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Sublease, and for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. BASIC SUBLEASE INFORMATION.

The following is a summary of basic information about this Sublease (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms in this Sublease pertaining to such item; however, in the event of any conflict between the information in this Section and any more specific provision of this Sublease, that more specific provision shall control.

Sublease Reference Date: October 17, 2016

Sublessor: COUNTY OF SAN MATEO

Sublessee:	Cardinal Health 132, LLC (and permitted successors and assigns as defined in Section 16 (Assignment or Subleasing))
Building (Section 3):	The three-story medical office building of approximately 36,000 square feet, and commonly known as 2710 Middlefield Road, unincorporated Redwood City, California (the "Building").
Subleased Premises (Section 3):	Space on the first floor of the Building, designated as Rooms 122 and 125; as shown on the attached <u>Exhibit B</u> hereto.
Rentable Area of Subleased Premises (Section 3):	Approximately 619 rentable square feet.
Term (Section 4):	Estimated Commencement Date: January 1, 2018 Expiration Date: December 31, 2022 (the "Initial Term")
Monthly Base Rent (Section 5):	Monthly Base Rent: The Monthly Base Rent for the term of the Sublease shall be \$1,000.00.
Use (Section 6):	Retail pharmacy and related services as defined in Exhibit C: Service Contract.
Improvements (Section 7):	Sublessor shall deliver the Subleased Premises in "As Is" condition as shown in Exhibit B. Sublessee shall perform certain finish-out work, as approved by Sublessor.
Utilities and Services (Section 8):	Sublessor shall furnish all utilities and services.
Security Deposit:	None
Sublessee's Percentage Share of Building:	1.7%
Notice Address of County:	County Manager's Office Attn: Real Property Services 555 County Center, 4 th Floor

Redwood City, California 94063
Fax No.: (650) 363-4832
Email: ncalderon@smcgov.org

with a copy to:

San Mateo Medical Center
Materials Management
Attn: Ron Keating
222 W. 39th Avenue
San Mateo, CA94403
Fax No.: (650) 573-2267
Email: rkeating@smcgov.org

and to:

Office of County Counsel
400 County Center, 6th Floor
Redwood City, California 94063
Fax No.: (650) 363-4034
Email: jmates@smcgov.org

Address for Sublessee:

Cardinal Health 132, LLC
c/o Cardinal Health, Inc.
7000 Cardinal Place
Dublin, OH 43017
Attn: Corporate Real Estate

with a copy to:
Brokers (Section 17.8)

None

2. INTENTIONALLY OMITTED.

3. SUBLEASED PREMISES; BUILDING; COMMON AREAS.

Sublessor hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor, the Subleased Premises, subject to the terms, covenants, and conditions contained in this Sublease. Sublessor and Sublessee agree that the Subleased Premises contain approximately 619 rentable square feet of floor space, as delineated in Exhibit B attached hereto. The Building is commonly known as 2710 Middlefield Road, located in unincorporated Redwood City, California, and contains a total rentable area of approximately 36,000 square feet, of which the Subleased Premises comprises 1.7% percent.

Sublessor shall endeavor to provide and maintain, or shall cause to be provided and maintained, in first class condition and repair, at all times during the Term of this Sublease: (a) an exterior common area on the Property, which shall include, a parking lot (with spaces located and marked in compliance with all applicable codes and ordinances), drive aisles and walkways for ingress to and egress from the Building, and landscaped areas; and (b) interior common areas inside the Building, including hallways, waiting areas, elevators and public restrooms. Sublessee, its employees, customers, agents and invitees are hereby granted non-exclusive rights to use, in common with the other

occupants of the Building, all such common areas, including use of at least three (3) parking spaces in the parking lot and use of the entire parking lot which shall be open and accessible to the general public at all times.

4. TERM.

Subject to the condition set forth in Section 10.2 (Obtaining Master Landlord's Consent) below, the terms and provisions of this Sublease shall be effective between Sublessor and Sublessee upon mutual execution of this Sublease, the Service Contract, and written consent from the Master Landlord. The initial term of this Sublease will commence once all of the following have been met: i) Tenant's receipt of a fully executed Service Contract; ii) Master Landlord's consent to Sublease has been obtained; and iii) delivery of possession of the Subleased Premises, and will expire, unless sooner terminated as provided in the Master Lease, on December 31, 2022 (the "Initial Term"). Notwithstanding the foregoing, this Sublease shall automatically terminate upon termination of the Service Contract between County of San Mateo and Cardinal Health 132, LLC.

5. BASE RENT.

Beginning on January 1, 2018, Sublessee will pay as Monthly Base Rent during the Term of this Sublease the sums indicated in the Basic Sublease Information in Section 1 above. Such amounts shall be payable in advance on the first day of each month during the Term. In the event that the Term of this Sublease begins on a date that is not the first day of a month, or ends on a date that is not the last day of a month, Monthly Base Rent for each such month will be prorated as of the date of commencement or expiration, as applicable.

If any payment owing by Sublessee under this Sublease is not received by Sublessor within ten (10) days after its due date, then, without any requirement for notice to Sublessee, Sublessee shall pay to Sublessor as a late charge, an additional amount equal to five percent (5%) of the overdue payment as liquidated damages in lieu of actual damages. The parties agree that this late charge represents a reasonable estimate of the costs and expenses that Sublessor will incur because of any such late payment. Such costs include, but are not limited to, processing and accounting charges and charges that may be imposed on Sublessor by Master Landlord under the Master Lease. Sublessor's acceptance of any liquidated damages shall not constitute a waiver of Sublessee's default with respect to the overdue amount or prevent Sublessor from exercising any of the rights and remedies available to Sublessor under this Sublease.

6. USE.

Sublessee agrees to use the Subleased Premises for retail pharmacy and related services, and for the provision of "Pharmacy Services" to eligible patients, as provided in Section 10 of the Service Contract, and for no other purpose without Sublessor's prior

written consent. Provided Sublessor keeps the Building open to the general public during at least the following hours, Sublessee shall operate its business in the Subleased Premises during the hours Sublessor commonly operates its retail pharmacies in San Mateo County. Sublessor agrees to keep the common areas of at least the first floor of the Building open to the general public from at least 8:00 A.M. to 9:00 P.M., Monday through Friday, and from at least 8:00 A.M. to 5:00 P.M. on Saturdays.

As long as Sublessee is operating a retail pharmacy business in the Subleased Premises, Sublessor hereby covenants and agrees not to use or to allow the use of any other portion of the Building or the Property for a retail pharmacy. In the event Sublessor violates the foregoing and fails to cure such violation to Sublessee's satisfaction within thirty (30) days following Sublessee's written notification thereof, for as long as such violation continues, Sublessee's obligations to pay Monthly Base Rent and Operating Expenses shall be reduced to one-half of what is provided in this Sublease, and Sublessee may terminate this Sublease, and of its obligations hereunder, upon thirty (30) days' prior written notice to Sublessor, and Sublessor shall have no cause of action against Sublessee as a result of such termination.

7. IMPROVEMENTS.

7.1 Delivery of Subleased Premises.

Sublessor shall deliver the Subleased Premises to Sublessee in "As Is" condition, as depicted on Exhibit B hereto. Upon acceptance of the Subleased Premises, Sublessee may perform, at Sublessee's sole expense, certain build-out work therein, in accordance with plans prepared by Sublessee's architect and submitted to Sublessor for approval, which approval Sublessor shall not unreasonably withhold or delay. Sublessee shall, at its expense, obtain all permits required for such build-out work, with Sublessor's cooperation as reasonably necessary, and shall perform such build-out work in accordance with such plans, as so approved by Sublessor, and with reasonable diligence, in a good and workmanlike manner. Any contractor or person selected by Sublessee to perform the build-out work contemplated by this paragraph shall be reasonably qualified and adequately insured for the work performed. To the extent required, Sublessor shall obtain the approval of Master Landlord for any and all work contemplated by this paragraph.

7.2 Tenant Improvements.

Sublessee shall not, without first obtaining the written consent of Sublessor, not to be unreasonably withheld or delayed, make any alterations, additions or improvements in, to or about the Subleased Premises. Any alterations, additions or improvements made by Sublessee to the Subleased Premises, including wall covering, paneling and built-in cabinet work, but excepting equipment, movable furniture and trade fixtures, shall become a part of the realty, shall belong to the Sublessor or Master Landlord, as provided in the Master Lease, and shall be surrendered with the Subleased Premises at expiration or termination of this Sublease. If Sublessor consents to any such alterations, additions or improvements by Sublessee, they shall be made by Sublessee at Sublessee's sole

cost, and any contractor or person selected by Sublessee to perform the work shall first be approved of, in writing, by Sublessor, which approval shall not be unreasonably withheld or delayed, and any such contractor or person shall be reasonably qualified and adequately insured for the work performed. To the extent required under the Master Lease, Sublessor shall obtain the approval of Master Landlord for any and all work contemplated by this paragraph.

Upon expiration or sooner termination of the Sublease, Sublessee shall, upon written demand by Sublessor, promptly remove any alterations, additions or improvements made by Sublessee and designated by Sublessor to be removed. Such removal and repair of any damage to the Subleased Premises or Building caused by such removal shall be at Sublessee's sole cost and expense.

7.3 Installation of Telecommunications and Other Equipment.

Sublessee shall be responsible for installation of security, telecommunications, data and computer cabling facilities serving the Subleased Premises. Sublessee shall be permitted to install and maintain a VSAT satellite dish (approximately 1.2 meters across) and related equipment on the roof of the Building in the location and manner reasonably approved by Sublessor. Sublessor shall furnish Sublessee and its contractors access to the main telephone service serving the Subleased Premises and all other parts of the Building for which access is needed for proper installation of all such facilities and equipment including, but not limited to, wiring. Sublessor shall have the opportunity, but not obligation, to be present during any installations. All equipment installed by or for Sublessee shall be installed solely within the Subleased Premises, or on the roof of the Building, as applicable, except as otherwise approved, in advance, by Sublessor, under the terms of this Sublease. Any contractor or person selected by Sublessee to perform the installation work contemplated by this paragraph shall be reasonably qualified and adequately insured for the work performed.

Sublessee shall have the right to enter the Subleased Premises and such other portions of the Building at reasonable times in order to install such facilities and equipment. Sublessor and Sublessee shall use good faith efforts to coordinate any such activities to allow the installation of such facilities and equipment to be completed in a timely and cost-effective manner. Sublessor shall have the option, but not the obligation, to be present during such activities. Sublessee shall remove at its sole cost all cabling and equipment installed pursuant to this Section 7.3 at the termination of this Sublease.

8. UTILITIES AND SERVICES.

8.1 Sublessor's Obligations.

Subject to the Master Lease, Sublessor shall furnish to the Subleased Premises during business hours, reasonable amounts of: electricity for normal lighting and office machine use; heat and air conditioning required for the comfortable use and occupancy of the Subleased Premises; water and sewer services necessary for the use of the Subleased Premises and Building; and janitorial and trash disposal services in the

common areas and restrooms of the Building and the Property. Sublessor shall not be liable for, and Sublessee shall not be entitled to, any reduction of rental by reason of Sublessor's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, other than financial, beyond the reasonable control of Sublessor.

8.2 Sublessee's Obligation.

Sublessee shall pay for, prior to delinquency, all telephone, communications and other services not expressly required to be paid by Sublessor, that may be furnished to or used in, on or about the Subleased Premises during the term of this Sublease. Sublessee will not, without the prior written consent of Sublessor and subject to any conditions Sublessor may impose, use any apparatus or device in the Subleased Premises that will in any way increase the amount of electricity, water or HVAC usually furnished for use of the Premises as set forth in Section 6 (Use), and Section 7.3 (Installation of Telecommunications and Other Equipment) above. If Sublessee shall require services in excess of that usually furnished or supplied for use of the Subleased Premises as described herein, Sublessee shall first procure the consent of Sublessor. Wherever heat generating machines or equipment are used in the Subleased Premises that affect the temperature otherwise maintained by the air conditioning system, Sublessor reserves the right to install supplementary air conditioning units in the Subleased Premises and the cost, including the cost of installation, operation and maintenance, shall be paid by Sublessee. Sublessor shall not be liable for Sublessor's failure to furnish any of the foregoing when such failure is caused by any cause, other than financial, beyond the reasonable control of Sublessor. To the extent reasonably beyond Sublessor's control, Sublessor shall not be liable under any circumstances for loss of or injury to property of Sublessee, however occurring, in connection with failure to furnish any of the foregoing.

9. MAINTENANCE AND REPAIRS.

9.1 By Sublessee.

By taking possession of the Subleased Premises, subject to the terms of Section 7.1 (Delivery of Subleased Premises) above, Sublessee shall be deemed to have accepted the Subleased Premises as being in good sanitary order, condition and repair. Sublessee shall, at Sublessee's cost, keep the Subleased Premises and every part thereof in good condition and repair except for damages beyond the control of Sublessee and ordinary wear and tear. Sublessee shall upon the expiration or sooner termination of this Sublease surrender the Subleased Premises to Sublessor in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Sublessee excepted. The parties hereto affirm that Sublessor has made no representations to Sublessee respecting the condition of the Subleased Premises and the Building except as specifically set forth in this Sublease.

In the event that Sublessee becomes aware of any required repairs or maintenance in the Building, Sublessee shall so notify Sublessor in writing. Any repairs or maintenance to supplemental equipment required for Sublessee's special needs, if any, are the responsibility of Sublessee. Except as specifically stated in this Sublease, there shall be no abatement of rent and no liability of Sublessor by reason of any injury to or interference with Sublessee's business arising from making of any repairs, alterations or improvements to any portion of the Building or the Subleased Premises or to fixtures, appurtenances and equipment. Sublessee waives the right to make repairs at Sublessor's expense under any law, statute or ordinance now or hereafter in effect.

9.2 By Sublessor.

Notwithstanding the provisions of Section 9.1 above, and subject to Section 10.1 below, Sublessor shall repair and maintain or cause to be repaired and maintained the common areas, parking and landscaping of the Property and all structural portions of the Building, including plumbing, air conditioning, heating and electrical systems furnished by Sublessor, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Sublessee, its agents or employees under this Sublease, in which case Sublessee shall pay to Sublessor the reasonable cost of such maintenance and repairs.

10. PERFORMANCE BY SUBLESSOR; STATUS OF MASTER LEASE.

10.1 Sublessor's Performance Conditioned on Master Landlord's Performance.

Sublessee recognizes that Sublessor is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the terms of the Master Lease. Therefore, despite anything to the contrary in this Sublease, Sublessee agrees that performance by Sublessor of its obligations under this Sublease is conditioned on performance by the Master Landlord of its corresponding obligations under the Master Lease, and Sublessor will not be liable to Sublessee for any default of the Master Landlord under the Master Lease. Notwithstanding the foregoing, Sublessor shall at all times during the Term of this Sublease, with reasonable diligence, enforce all of its rights under the Master Lease to cause Master Landlord to perform on a timely basis all of Master Landlord's obligations thereunder.

Sublessee will not have any claim against Sublessor based on Master Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless that failure or refusal is a result of Sublessor's act or failure to act. Despite Master Landlord's failure or refusal to comply with any of those provisions of the Master Lease, this Sublease will remain in full force and effect and Sublessee will pay Monthly Base Rent and all other charges provided for in this Sublease without any abatement, deduction or setoff. Except as expressly provided in this Sublease, Sublessee agrees to be subject to, and bound by, all of the covenants, agreements, terms, provisions, and conditions of the Master Lease, as though Sublessee was the Tenant under the Master Lease, to the extent the Master

Lease applies to the use and occupancy of the Subleased Premises and non-exclusive use of the common areas on the Property.

10.2 Obtaining Master Landlord's Consent.

Whenever the consent of Master Landlord is required under the Master Lease, and wherever Master Landlord fails to perform its obligations under the Master Lease, to the extent such consent and/or performance in any material way impacts Sublessee's rights under this Sublease, Sublessor agrees to use its reasonable, good faith efforts to obtain, at Sublessor's sole and reasonable cost and expense, such consent or performance on behalf of Sublessee.

10.3 No Existing Defaults.

Sublessor represents and warrants to Sublessee that the Master Lease is in full force and effect, and that Sublessor has neither given nor received a notice of default under the Master Lease.

10.4 Preservation of Master Lease.

Sublessor agrees not to voluntarily modify the Master Lease in a manner that adversely affects Sublessee's rights under this Sublease. Sublessee and Sublessor will each refrain from any act or omission that would result in the failure or breach of any of the covenants, provisions, or conditions of the Master Lease on the part of the Tenant under the Master Lease.

11. SUBLESSEE'S SIGNS.

Attached hereto as Exhibit D are renderings and specifications for the signs and vinyl graphics Sublessee shall be permitted to display on the front façade of the Building, on the monument sign for the Building, on directional signs in the first floor lobby, and on exterior glass of the Subleased Premises, all of which are hereby approved by Sublessor and, to the extent required under the Master Lease, Sublessor shall obtain the approval of Master Landlord. All such signs and graphics shall be fabricated and installed at Sublessee's expense, and Sublessee shall remove same on or before the end of the Term of this Sublease. Sublessee shall maintain in good condition and repair such signs on the Building façade, the monument sign and the interior directional signs, and Sublessee shall maintain such graphics on the exterior glass of the Subleased Premises in good condition and repair. Any contractor or person selected by Sublessee to perform the sign and graphic installation work contemplated by this paragraph shall be reasonably qualified and adequately insured for the work performed.

12. INDEMNITY.

12.1 By Sublessee.

Sublessee agrees to protect, defend (with counsel reasonably acceptable to Sublessor), indemnify and hold Sublessor harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs), that may at any time be asserted against Sublessor by (a) Master Landlord as a result of such failure causing a breach by Sublessor of its obligations under the Master Lease; or (b) any person as a result of Sublessee's use or occupancy of the Subleased Premises, except to the extent any of the foregoing is caused by the negligence or willful misconduct of Sublessor. The provisions of this Section 12.1 will survive the expiration or earlier termination of this Sublease.

12.2 By Sublessor.

Sublessor agrees to protect, defend (with counsel reasonably acceptable to Sublessee), indemnify and hold harmless Sublessee, from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs) that may be asserted against Sublessee by any person as a result of Sublessor's operation and maintenance of the Building and the exterior common areas, except to the extent the foregoing is caused by the negligence or willful misconduct of Sublessee. The provisions of this Section 12.2 will survive the expiration or earlier termination of this Sublease.

13. SURRENDER.

Upon the expiration or earlier termination of this Sublease, Sublessee shall surrender the Subleased Premises in the same condition and repair as the Subleased Premises were delivered to Sublessee pursuant to Section 7.1 above, excepting only ordinary wear and tear and damages beyond the reasonable control of Sublessee. Sublessee agrees to repair any damage to the Subleased Premises, or to the Building, caused by or related to Sublessee's removal of any articles of personal property, business or trade fixtures, machinery, equipment, cabinetwork, signs, furniture, movable partitions or permanent improvements or additions which Sublessor allows or requires Sublessee to remove, including, without limitation, repairing the floor and patching and/or painting the walls where required by Sublessor to the reasonable satisfaction of Sublessor, all at Sublessee's sole cost and expense.

14. CANCELLATION OF MASTER LEASE.

In the event the Master Lease is canceled or terminated for any reason, or is involuntarily surrendered by operation of law before the expiration date of this Sublease, this Sublease shall automatically terminate.

15. CERTIFICATES.

Each party to this Sublease will, from time to time as requested by the other party, on not less than thirty (30) days prior written notice, execute, acknowledge, and deliver to the other party a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as so modified, and stating such modifications). That statement will certify the dates to which Minimum Base Rent and any other charges due under this Sublease have been paid by Sublessee. That statement will also state whether, to the knowledge of the person signing the certificate, the other party is in default beyond any applicable grace period provided in this Sublease in the performance of any of its obligations under this Sublease. If the other party is in default beyond any applicable grace period, the statement will specify each default of which the signer then has knowledge. It is intended that this statement may be relied on by others with whom the party requesting that certificate may be dealing.

16. ASSIGNMENT OR SUBLEASING.

Sublessee is not entitled to assign this Sublease or to sublet all or any portion of the Subleased Premises without the prior written consent of Sublessor following approval of Master Landlord. That consent may be withheld by Sublessor in its sole discretion; provided, however, no merger, consolidation, corporate reorganization or transfer by assignment or otherwise to an "affiliate," as hereinafter defined, shall be an assignment requiring the consent of Sublessor. The term "affiliate" means a person or entity controlling, controlled by, or under common control with, Sublessee.

17. GENERAL PROVISIONS.

17.1 Severability.

If any provision of this Sublease or the application of any provision of this Sublease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of this Sublease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Sublease will be valid and be enforced to the fullest extent permitted by law.

17.2 Entire Agreement; Waiver.

This Sublease constitutes the final, complete and exclusive statement between the parties to this Sublease pertaining to the Subleased Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors, transferees and assigns. No party has been induced to enter into this Sublease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Sublease. Any agreement made after the date of this Sublease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Sublease, in whole or in part,

unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that that agreement modifies this Sublease.

17.3 Captions; Exhibits.

Captions to the sections in this Sublease are included for convenience only and do not modify any of the terms of this Sublease. The exhibits that are referenced in and attached to this Sublease as Exhibits A, B, C and D are also hereby incorporated into this Sublease.

17.4 Further Assurances.

Each party to this Sublease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Sublease.

17.5 Governing Law.

This Sublease will be governed by and in all respects construed in accordance with the laws of the State of California.

17.6 Consent of Master Landlord.

Master Landlord's written consent to this Sublease in accordance with the terms of Article 14 of the Master Lease is a condition to the validity of this Sublease. Sublessor hereby represents and warrants that Sublessor has made Master Landlord aware of this Sublease, and has been informed by Master Landlord that, upon execution and delivery of this Sublease by the parties, Master Landlord shall give such consent. If Master Landlord's consent has not been obtained and a copy of that consent has not been delivered to Sublessee by the thirtieth (30th) day following mutual execution of this Sublease, Sublessee shall thereafter have the ongoing right, subject to the terms of this Section 17.6, to terminate this Sublease pursuant to a notice (the "Termination Notice") so stating delivered to Sublessor. If Sublessor fails to deliver to Sublessee the consent of Master Landlord to this Sublease within ten (10) days following receipt of the Termination Notice (the "Termination Date"), this Sublease shall automatically terminate and the parties shall be released from any further obligations under this Sublease. If, however, Sublessor delivers to Sublessee the consent of Master Landlord on or before the Termination Date, the condition subsequent set forth in this Section 17.6 shall be satisfied and this Sublease shall continue in full force and effect.

17.7 Word Usage.

Unless the context clearly requires otherwise, (a) the plural and singular numbers will each be deemed to include the other; (b) the masculine, feminine, and neuter genders will each be deemed to include the others; (c) "shall," "will," "must," "agrees," and

"covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

17.8 Brokers.

The parties to this Sublease represent and warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to protect, defend, indemnify, and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Sublease. The provisions of this Section 17.8 shall survive the expiration or earlier termination of this Sublease.

17.9 Insurance and Condemnation Proceeds.

Despite anything contained in the Master Lease to the contrary, as between Sublessor and Sublessee only, in the event of damage to or condemnation of the Subleased Premises, all insurance proceeds or condemnation awards received by Sublessor under the Master Lease will be deemed to be the property of Sublessor, and Sublessor will have no obligation to rebuild or restore the Subleased Premises, but hereby covenants and agrees to make reasonably diligent efforts to enforce its rights under the Master Lease to compel Master Lessor to perform its rebuilding and restoration obligations thereunder.

17.10 Notices.

Any notice that may or must be given by either party under this Sublease will be delivered i) by certified mail, return receipt requested, or (ii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to Sublessor or Sublessee shall be sent to the respective address set forth in the Basic Sublease Information in Section 1 above, or to such other address as that party may designate in writing for service of notice by a notice given in accordance with the provisions of this Section 17.10. A notice sent pursuant to the terms of this Section 17.10 shall be deemed delivered: (A) when delivery is attempted during regular business hours, if delivered personally; (B) three (3) business days after deposit into the United States mail; or (C) the day following deposit with a nationally recognized overnight courier.

17.11 Access by Sublessor.

Sublessor reserves for itself, for Master Landlord, and their designated agents the right to enter the Subleased Premises at all reasonable times and, except in cases of emergency (in which event Sublessor shall give any reasonable notice), after giving Sublessee at least twenty-four (24) hours' advance written notice (or longer, if Sublessee reasonably determines and so notifies Sublessor in writing that more time is needed to secure any patient confidential information in compliance with all patient privacy rights under applicable law), for the purpose of (i) inspecting the Subleased Premises, (ii) supplying any service to be provided by Sublessor under this Sublease or by Master Landlord under the Master Lease; (iii) showing the Subleased Premises to any

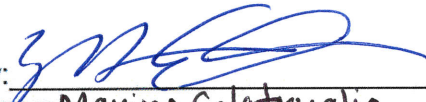
prospective purchasers, mortgagees or, prospective subtenants during the last six (6) months of the Term of this Sublease, (iv) posting notices of non-responsibility, and (v) altering, improving or repairing the Subleased Premises or the Building, provided that in no event shall any entrance to the Subleased Premises be blocked nor shall the use of the Subleased Premises by Sublessee, its employees, patients and invitees be materially interrupted. Sublessor acknowledges that Sublessee may have confidential information in the Subleased Premises including patient information that is protected health information, as defined by 45 C.F.R § 164.501 and that Sublessee is obligated to protect such information from disclosure. Sublessor's agents and representatives shall not access, use, or disclose any protected health information while accessing the Subleased Premises as permitted under this Sublease.

IN WITNESS WHEREOF, the Parties have executed this Sublease as of the date first indicated above.

SUBLESSOR: COUNTY OF SAN MATEO,
a political subdivision of the State of California

By: _____
President, Board of Supervisors

SUBLESSEE: Cardinal Health 132, LLC

By: 
Name: Marino Colatruglio
Title: Vice President, Global Work-place
& Corporate Real Estate

By: _____
Name: _____
Title: _____

ATTESTED:

Clerk of said Board


Approved as to form:
 9/13/2017
Cardinal Health

EXHIBIT A
Legal Description

The land referred to is situated in the unincorporated area of the County of San Mateo, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on the certain Map entitled "Parcel Map Lands of Ferrando, Franceschini, Riviello being a Subdivision of Parcel A as shown on that certain Parcel Map filed in Volume 49 of Parcel Maps at Page 51 Records of San Mateo County, San Mateo County, California", filed in the Office of the County Recorder of San Mateo County, California on July 24, 1987 in Volume 59 of Parcel Maps at Pages 50 and 51.

EXCEPTING THEREFROM that portion lying below a depth of 500 feet, measured vertically, from the contour of the surface of said property, as excepted by Southern Pacific Transportation Company by that certain Deed recorded on July 30, 1980 in Reel 7975 at Image 1306 (70731-AP), Records of San Mateo County.

PARCEL TWO:

A non-exclusive easement for roadway purposes upon, over, across and along that certain strip of land 45 feet wide, lying Northerly of and contiguous to the following three courses of Parcel A, according to Map thereof recorded April 21, 1980 in Volume 49 of Parcel Maps, Page 51, Records of San Mateo County.

1. South 74° 30' 00" East, 100.37 feet;
2. North 60° 20' 00" East, 98.70 feet;
3. North 30° 00' 00" East, 30.73 feet.

Said easement is appurtenant to Parcel I above and was created by that certain Deed recorded on July 30, 1980 in Reel 7975 at Image 1306 (70731-AP) Records of San Mateo County.

PARCEL THREE:

- (a) A non-exclusive easement for private utilities (P.U.E) within the Northeasterly 5 feet of said Parcel 3.
- (b) A non-exclusive easement for private utilities within the Southwesterly 5 feet and the Northeasterly 10 feet of said Parcel 4.

Said easements are appurtenant to and for the benefit of Parcel I above as created by that certain Deed which recorded September 18, 1987 as Document No. 87144820 of Official Records of San Mateo County, California.

APN: 054-113-040-7
JPN: 054-011-111-22.01 A
054-011-111-23 A
054-021-211-26 A
093-061-610-01.01 A

EXHIBIT B Site Plan

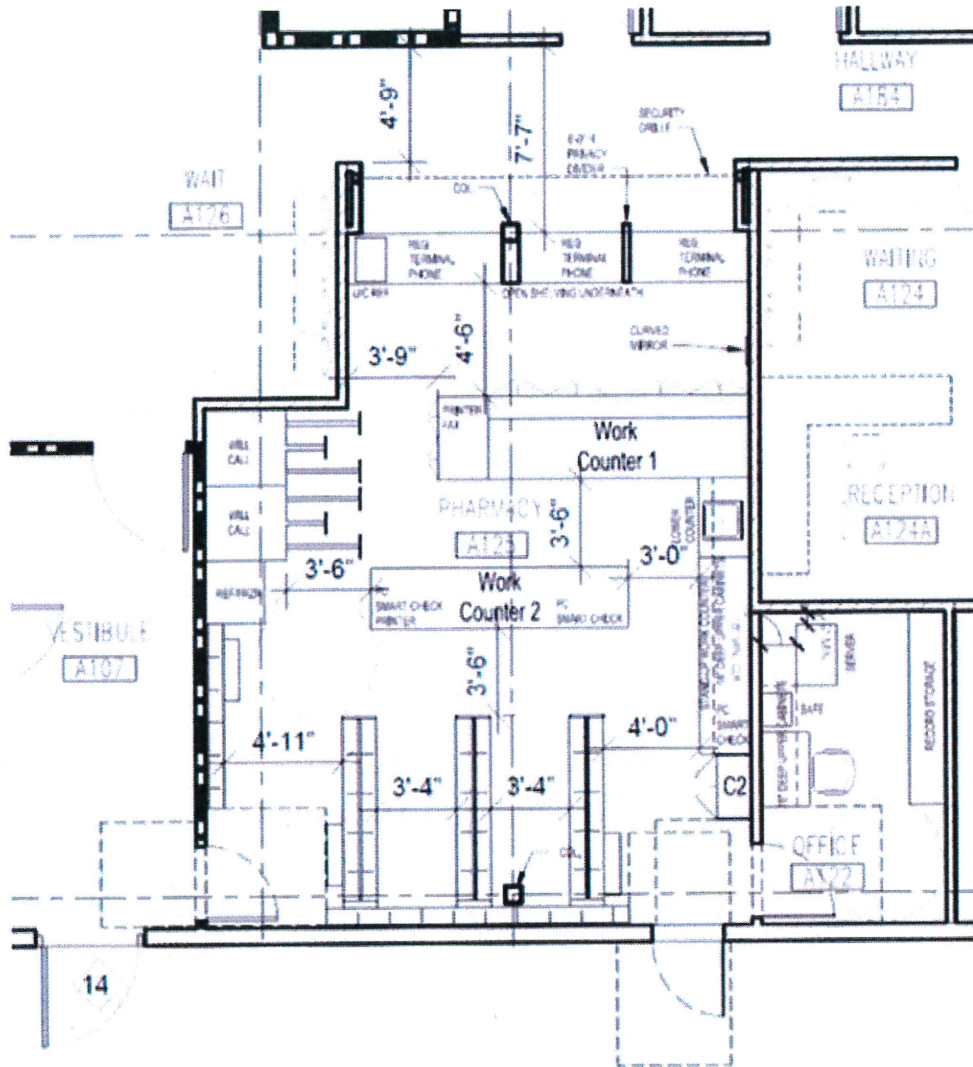


EXHIBIT C
Service Contract



Innovative Delivery Solutions On-Site Contract Pharmacy Agreement

This Cardinal Health On-site Contract Pharmacy Agreement ("Agreement"), is entered into by and between Cardinal Health 132, LLC, located at 1330 Enclave Parkway, Houston, Texas 77077 ("Cardinal Health") and County of San Mateo on behalf of San Mateo Medical Center, located at 222 West 39th Avenue, San Mateo, California 94403 ("Customer"). Cardinal Health and Customer are each a "Party" and, collectively, the "Parties."

Whereas, Customer operates a medical office building/ community health center located at Fair Oaks Health Center, 2710 Middlefield Road, Redwood City, California 94063 ("Customer Site"); and

Whereas, Customer is authorized as a Covered Entity and is eligible to purchase prescription and non-prescription medications at reduced cost through Section 340B of the Public Health Service Act for its Eligible Patients, as defined below; and to contract with a licensed pharmacy to dispense its 340B drugs; and

Whereas, Cardinal Health is duly licensed as a pharmacy in the State of California; and

Whereas, Customer desires to engage Cardinal Health to provide pharmacy services, as specified in this Agreement, to Eligible Patients and to legally qualified health care providers affiliated with Customer on behalf of Eligible Patients with respect to outpatient drugs purchased pursuant to Section 340B.

Now, therefore, the Parties agree as follows:

1. This Agreement is contingent on Customer and Cardinal Health executing a separate lease agreement for space at Customer Site on which Cardinal Health shall operate a pharmacy. Should the Parties be unable to execute the separate lease agreement, this Agreement shall be null and void. The Cardinal Health services outlined in this Agreement shall commence when Cardinal Health's pharmacy, located at Customer Site, is operationally ready and eligible to fill a 340B prescription on behalf of Customer ("Opening Date").
2. **Eligibility.** Customer is responsible for qualifying patients under the 340B program. Furthermore, Customer will provide to Cardinal Health data necessary to validate patient eligibility under the 340B discount program ("Eligible Patients"). Customer shall grant Cardinal Health access to Customer's electronic medical record (EMR) for the purpose of monitoring and validating the qualification of prescriptions as eligible for the 340B drug discount program. All individuals who are Medicaid beneficiaries and for whom claims for prescription drugs are reimbursable by a state fee-for-service and County Organized Health System (COHS) Medicaid (Medi-Cal) program are expressly excluded from the definition of Eligible Patients and will not receive Customer's 340B drugs.
3. **Exclusive Provider.** Cardinal Health shall be Customer's only contract pharmacy on-site at Customer's medical office building/community health center provided that, Cardinal Health acknowledges and agrees that the Customer's patients are free to seek pharmaceutical services from any other pharmacy or provider.
4. **Lease Agreement.** The Parties agree to execute a separate lease agreement for the space at Customer Site in which Cardinal Health will own and operate its outpatient pharmacy. In the event such lease agreement is not executed, the terms and conditions of this Agreement shall be null and void.
5. **Purchase and Shipment of Drugs.** Cardinal Health shall be responsible for purchasing the initial non-340B drug inventory ("Seed Inventory") that will be used at Customer Site and shall carry the value of the Seed Inventory as an asset on its books. Customer shall purchase Covered Drugs, and assume responsibility for establishing the price of Covered Drugs. Cardinal Health shall monitor its inventory of prescription drugs and maintain sufficient supplies of such drugs to meet the day-to-day needs of Eligible Patients. Cardinal Health will routinely provide Customer with an electronic dispensing report which lists all prescriptions filled for Eligible Patients under this Agreement, including



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the name of the Eligible Patient, drug name and strength, NDC, quantity dispensed, and date of dispensing.

Cardinal Health, by and through its 340B Administrator, shall reorder the prescription outpatient drugs provided to Eligible Patients ("Covered Drugs") on behalf of Customer when seventy percent (70%) full package size reorder quantities have been met and shall advise Customer what Covered Drugs were ordered.

Covered Drugs will be shipped to Cardinal Health's pharmacy at Customer Site and Customer will be billed directly by wholesaler/manufacturer for the purchase of the Covered Drugs.

Not less than quarterly, Customer shall reimburse Cardinal Health for less than full packages, still remaining in-stock, of drugs dispensed to Eligible Patients under the 340B program ("Partial Pkg Inventory"). Such Partial Pkg Inventory shall be reimbursed at Cardinal Health's acquisition cost.

- a. Cardinal Health will replenish Covered Drugs on an 11-digit NDC basis.
- b. Cardinal Health will determine the Customer's most cost effective method of replenishing prescriptions filled for Eligible Patients, comparing the revenue received and expenses incurred when the dispensed drugs are replenished with Customer's Covered Drugs versus Cardinal Health's non-340B drugs. Cardinal Health agrees to replenish with Covered Drugs only when it is a less costly option for Customer and Eligible Patients.
- c. Covered Drugs will be shipped to Cardinal Health's pharmacy at Customer Site and Customer will be billed directly by wholesaler/manufacturer for the purchase of the Covered Drugs.
- d. Out-of-Stock Drugs. When a replenishment order is for a drug that is out-of-stock, the out-of-stock drug will be reordered in the next inventory replenishment order. If, however, after two (2) consecutive invoice periods, the drug(s) remain out-of-stock, the Parties agree that the prescription will not be replenished with Covered Drugs and any monies collected and paid to Customer for the drugs will be returned to Cardinal Health.
- e. Slow Moving Drugs and Discontinued Drugs. Cardinal Health will identify all drugs that have been dispensed to Eligible Patients but do not qualify for a 340B replenishment order because the quantity of such drugs falls short of the NDC-11 package size necessary to trigger replenishment with Covered Drugs. If more than three (3) months have passed since the un-replenished drugs have been dispensed, the Parties agree that they will no longer seek to replenish the drugs and any monies collected and paid to Customer for the drugs will be returned to Cardinal Health.
- f. Reconciliation
 - i. Cardinal Health will conduct a monthly reconciliation ("Inventory Reconciliation") of Covered Drugs dispensed against those Covered Drugs received by Cardinal Health. If Cardinal Health uncovers a discrepancy as a result of the dispensed drugs being out-of-stock, slow-moving or discontinued, the Parties will resolve such discrepancies in accordance with Section 5(d) or 5(e) above.
 - ii. In the event Cardinal Health determines that the quantity of Covered Drugs provided to Cardinal Health exceeds the quantity of drugs dispensed to Eligible Patients hereunder, Cardinal Health will notify Customer of the overage. Customer will apply any unreplenished accumulator balance to the overage (reducing the balance by the quantity applied). If any overage remains, Cardinal Health will address the excess inventory by selecting whichever of the following options is operationally feasible, is transparent, and minimizes the time that excess inventory is held:
 1. return the excess quantity to Customer's supplier;
 2. set aside the over-purchased drugs for dispensing only to Eligible Patients;



Innovative Delivery Solutions On-Site Contract Pharmacy Agreement

3. transfer the over-purchased drugs to Customer;
 4. repurchase the drug from Customer's supplier on a non-340B account through a credit-and-rebill process; or
 5. adjust the virtual inventory so that such excess is applied against future 340B Drug prescriptions dispensed hereunder.
- iii. In the event Cardinal Health determines that the quantity of Covered Drugs provided to Cardinal Health is less than the quantity of drugs dispensed to Eligible Patients hereunder (including those awaiting replenishment), Cardinal Health will notify Customer of the shortfall and attempt to order replacement Covered Drugs sufficient to eliminate the shortfall. Cardinal Health will provide Customer with supporting documentation reflecting any discrepancies identified in accordance with the above.
 - iv. The Parties will conduct a final Inventory Reconciliation within sixty (60) days of the termination of the Agreement.
- 6. Ongoing Responsibility of Customer to Ensure Compliance.** Compliance with the 340B program shall remain Customer's responsibility and Customer shall be responsible for the payment of any financial remedies that result from any penalty for noncompliance that is not directly caused by Cardinal Health. The Parties shall identify the necessary information for the Covered Entity to meet its ongoing responsibility of ensuring compliance. The Parties agree that they will not resell or transfer drugs purchased at 340B prices to an individual who is not a patient of Customer. If Cardinal Health is found to have violated the drug diversion prohibition, it will pay Customer the amount of the discount in question so that Customer can reimburse the manufacturer. Customer understands that it may be removed from the list of covered entities because of its participation in drug diversion and no longer be eligible for 340B pricing.
- 7. Tracking System.**

Cardinal Health shall establish and maintain a tracking system suitable to prevent the diversion of Covered Drugs to individuals who are not Eligible Patients (e.g. a periodic printout of Eligible Patient's prescriptions with the dispensing records and a six-month comparison of purchasing and dispensing records). Routinely, Cardinal Health will provide to Customer a listing of all drugs dispensed to Eligible Patients including the name of the patient, name, strength and quantity of the drug(s) dispensed and date of dispensing.

Customer shall have the opportunity, upon reasonable notice and during business hours, to examine the tracking system. Cardinal Health shall permit Customer or its duly authorized representatives to have reasonable access to Cardinal Health's records specific to dispensations that qualified as 340B under Customer's provider number during the term of this Agreement in order to make periodic checks regarding the efficacy of such tracking system. Cardinal Health agrees to make any and all adjustments to the tracking system that Customer advises are reasonably necessary to prevent diversion of Covered Drugs to individuals who are not Eligible Patients.
- 8. Communication.** Customer and Cardinal Health agree to communicate on a monthly basis or as needed to discuss payment and program function.
- 9. Prescriptions.** Cardinal Health shall dispense Covered Drugs upon receipt of a prescription ordered on behalf of an Eligible Patient by a legally qualified health care provider affiliated with Customer that is subsequent to patient care provided by Customer.
 - a. Customer will furnish a list to Cardinal Health of all such qualified health care providers and will provide timely updates to such list of providers to reflect any changes.
- 10. Cardinal Health Services.** Cardinal Health shall provide the following services:
 - a. Obtain and maintain all necessary licensing and payer contracts.



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- b. Dispense prescription drugs and provide pharmacy services consistent with dispensing drugs to Eligible Patients in accordance with all applicable State and Federal statutes and regulations.
- c. On behalf of Customer, be responsible for adjudicating patient claims with third party payers.
- d. Submit claims to third party payers in accordance with payer requirements, including any applicable requirements specific to the 340B program.
- e. Collect payment from patients and/or third party payers for drugs dispensed by the Pharmacy pursuant to eligible 340B prescriptions (collectively, "Collections") and deposit Collections into a Cardinal Health account. Once a month, Cardinal Health shall make a payment to Customer in an amount equal to the prior month's Collections minus the prior month's Prescription Fees as set forth in Section 12. In the event the Prescription Fees exceed Collections, Customer shall be invoiced the remaining balance due and payment terms shall be as set forth in Section 13. Cardinal Health shall perform a quarterly reconciliation of Collections ("Collections Reconciliation") and the resulting true-up shall be included in the next monthly payment.
- f. Implement Customer defined sliding-scale fee schedule for patients who do not have prescription drug coverage through a third-party payer.
- g. Perform formulary maintenance related to 340B pricing to Customer on the purchases of Covered Drugs.
- h. Maintain and review Eligible Patient prescription drug profiles.
- i. Counsel and advise Eligible Patients consistent with the rules, limitations and privileges incident to the pharmacy-patient relationship.

11. Independent Contractor. Cardinal Health is an independent contractor and shall be solely responsible for its acts and omissions regarding advice and services it is required to provide to Eligible Patients and Customer. Cardinal Health agrees to render all services provided under this Agreement in accordance with professional standards applicable to pharmacy services and in accordance with all applicable state and federal rules and regulations. Cardinal Health shall have the right to refuse to serve any Eligible Patient where such service would violate any statute, regulation, or professional standard applicable to pharmacy services. Cardinal Health shall notify Customer of any refusal of service within twenty-four (24) hours of such refusal.

12. Fees for Services. Customer agrees to pay Cardinal Health in accordance with the terms below. Customer and Cardinal Health have freely negotiated the payment terms provided herein and neither has offered or received any inducement or other consideration from the other party for entering into this Agreement. The compensation to be paid to Cardinal Health is consistent with fair market value in arms-length transactions for Pharmacy Services and is not determined in a manner that takes into account the volume or value of any referral or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a State health care program. In no event shall total payment for services under this Agreement exceed Ten Million Dollars (\$10,000,000).

- a. **Base Prescription Fee.** Customer agrees to pay Cardinal Health on a monthly basis an amount equal to sixteen dollars and fifty cents (\$16.50) for each 340B eligible Sliding Scale, ACE, cash and immunization administration prescription dispensed during that month.
- b. **Managed Care Prescription Fee.** Customer agrees to pay Cardinal Health on a monthly basis an amount equal to eighteen dollars and zero cents (\$18.00) for each Managed Care prescription (exclusive of all Medicaid prescriptions) dispensed during that month.
- c. **Minimum Monthly Prescription Volume.** If the combined actual volume of the Base and Managed Care Prescriptions, above, is less than the Minimum Monthly Prescription Volume as set forth below, the Customer agrees to pay Cardinal Health at the Base



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Prescription Fee for the balance. The Minimum Monthly Prescription Volume is set forth below:

Month Following Pharmacy Opening	Minimum Monthly Prescription Volume
Month 1	120
Month 2	240
Month 3	480
Month 4	720
Month 5	960
Month 6	1,200
Month 7	1,440
Month 8	1,680
Month 9	1,920
Month 10	2,160
Month 11	2,400
Month 12	2,582
Month 13 and thereafter	3,500

- d. **Annual Index.** The Base Prescription Fee and Managed Care Prescription Fee shall be indexed on the anniversary date of the Agreement Effective Date and annually thereafter using the annual percentage change in the index for the month three months prior (the most current month available at the time) for the Hospital and Related Services category of the Consumer Price Index for all Urban Consumers (CPI-U) as released by the U.S. Department of Labor's Bureau of Labor Statistics ("CPI"). Notwithstanding the foregoing, any such annual CPI increase to the Prescription Fee shall not exceed three percent (3%).

13. Payment. Customer shall pay Cardinal Health the fees set forth above in U.S. dollars. All fees are non-refundable.

- Fees shall be due and payable twenty (20) days after receipt of invoice. ("Payment Due Date")
- Customer shall pay to Cardinal Health interest on any amount not paid by the Payment Due Date at a rate equal to the lower of (a) one percent (1.0%) per month or (b) the maximum rate of interest allowable under applicable law.
- Customer shall make all payments to Cardinal Health under this Agreement by wire transfer of funds or (ACH) initiated by Customer to the appropriate Cardinal Health bank account provided below:

Wells Fargo
401 South Tryon Street
Charlotte, North Carolina 28288
ABA number: 1210 0024 8
Account name: Cardinal Health, Inc.
Account number: 2000002932064
Ref: Cardinal Health 132, LLC

or, alternatively, by mail, to the following address:

Cardinal Health 132, LLC
21377 Network Place
Chicago, Illinois 60673-1213

14. Taxes. Each Party shall be responsible for paying any sales, use, property or other taxes or



Innovative Delivery Solutions On-Site Contract Pharmacy Agreement

assessments of any kind as they might individually incur as a result of their participation in this Agreement.

15. **Patient Choice.** The Parties understand and agree that Eligible Patients of Customer may elect not to use Cardinal Health for pharmacy services. In the event that an Eligible Patient elects not to use Cardinal Health for such service, the patient may obtain the prescription from the pharmacy provider of his or her choice.
16. **Quarterly Financial Reports.** Cardinal Health shall provide Customer with quarterly financial statements relating to 340B eligible prescriptions, a detailed status report of collections and a summary of receiving and dispensing records in a form satisfactory to Customer. Such reporting shall include a reconciliation of 340B and retail drugs received and dispensed in order to verify no diversion has occurred.
17. **Prohibition of Resale or Transfer.** Cardinal Health agrees that it will not sell or transfer a Covered Drug to an individual who is not an Eligible Patient.
18. **Audits.**
 - a. The Parties understand and agree that both Cardinal Health and Customer are subject to audit by HRSA and/or OPA and by drug manufacturers who have signed a drug purchasing agreement with DHHS. These audits may pertain to Customer's compliance with the prohibition on drug resale or transfer and the prohibition on duplicate Medicaid rebates and discounts. The Parties further understand that HRSA and/or OPA have published proposed guidelines for such audits. Cardinal Health agrees to reasonably cooperate with such audits and to comply with applicable provisions of the audit guidelines and amendments thereto that may be published from time to time.
 - b. Cardinal Health acknowledges that Customer is expected to conduct annual independent audits of its contract pharmacy arrangements. Customer shall maintain sole discretion over the selection of an independent auditor. Customer shall determine the methodology to be utilized in performing the audit consistent with industry practice. Cardinal Health agrees to reasonably cooperate with such audits.
19. **Copy of Agreement.** Upon written request to Customer by Office of Pharmacy Affairs ("OPA"), a copy of this Agreement will be provided to OPA.
20. **Insurance and Related Matters.** Each Party agrees that upon execution of this Agreement and through its entire effective period, to obtain and maintain insurance coverage with limits and conditions as specified below.
 - a. Commercial General Liability insurance with a per occurrence limit of two million dollars (\$2,000,000);
 - b. Professional Liability insurance with a per occurrence limit of five million dollars (\$5,000,000);
 - c. Workers' Compensation and Employer's Liability insurance, with statutory limits for Workers' Compensation and Employer's Liability limits of one million dollars (\$1,000,000) per accident; Each Party shall waive subrogation rights against the other for Workers' Compensation benefits and will obtain a waiver from any insurance carriers with whom each carries Workers' Compensation insurance, releasing their subrogation rights against the other.
 - d. Cardinal Health acknowledges that Customer is self-insured for commercial general liability and medical malpractice up to \$1,000,000, with excess coverage policies in place above that amount. Cardinal Health agrees that this coverage is sufficient to meet Customer's obligations under this section.

In the event that any of the above described insurance policies are written on a claims made basis, then such policy(ies) shall be maintained during the entire period of this Agreement and for a period of not less than three (3) years following the termination or expiration of this Agreement.



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The Parties hereby acknowledge and agree that each may self-insure and self-administer all or any portion of the required insurance, and to the extent that each does self-insure, such insurance will not be deemed to exceed the scope of coverage and/or limits that would have been provided in an actual policy of insurance that satisfies the insurance requirements set forth in this Section 20. Further, no insurance coverage maintained by either Party, whether self-insurance or otherwise, will be construed to expand any indemnification obligations that may be contained in this Agreement.

Upon execution of this agreement and upon renewal of the required insurance policies, each Party agrees to provide evidence of the required insurance. A Memorandum of Insurance evidencing Cardinal Health insurance can be found at <https://aonline.aon.com> (user name: EOCCardinal; password: Card-299). Customer shall be an additionally insured on Cardinal Health's insurance.

21. Non-Assignment. Neither Party may assign any rights or obligations under the Agreement without the other Party's prior written consent, which shall not be unreasonably withheld, provided that either Party may with notice assign all of such Party's rights and obligations under the Agreement without the other Party's consent. (i) to an affiliate; or (ii) incident to the transfer of all or substantially all of such Party's business assets.

22. Term of Agreement. The term of this Agreement shall be for a period beginning on October 1, 2017 ("Effective Date") and ending on December 31, 2022 unless subject to earlier termination as set forth below ("Termination Date"). At the end of the term, Customer has the right to purchase the pharmacy for a fee mutually agreed upon by the Parties. Upon termination of this Agreement, the separate lease agreement between the Parties would also terminate.

a. Default

i. Default by Customer. If Customer (i) loses its lease to operate at Customer Site, (ii) becomes insolvent or bankrupt, (iii) fails to make payment to Cardinal Health or (iv) loses federal, state, or local license, permit, or approval, including 340B eligibility, or in any way violates federal or state law regulating the services and operations contemplated by this Agreement, then Cardinal Health may by notice declare Customer to be in material breach and may elect to the extent permitted by applicable law in addition to and without prejudice to any other remedy available at law or equity to cancel the then-remaining performance of this Agreement.

ii. Default by Cardinal Health. If Cardinal Health (i) loses its lease for pharmacy space at Customer Site, (ii) becomes insolvent or bankrupt, (iii) fails to transfer revenues collected on behalf of Customer to Customer, or (iv) should lose federal, state, or local license, permit, or approval, or in any way violates federal or state law regulating the services and operations contemplated by this Agreement, then Customer may by notice declare Cardinal Health to be in material breach and may elect to the extent permitted by applicable law in addition to and without prejudice to any other remedy available at law or equity to cancel the then-remaining performance of this Agreement.

b. Termination of Lease Agreement. This Agreement shall be coterminous with Cardinal Health's lease agreement with Customer for the space at Customer Site in which Cardinal Health is operating its pharmacy.

c. Changes in 340B Program. Should there be changes in 340B program laws, regulations, guidance, or pharmacy reimbursement that alter the business conditions under which this Agreement was executed, the Parties agree to renegotiate the terms of this Agreement. Should the Parties be unable to mutually agree on terms, either Party may terminate this Agreement effective upon thirty (30) days' written notice.

d. Loss of Customer's 340B Eligibility. Should Customer lose its eligibility to participate in the 340B program or federally qualified health center status, Cardinal Health may elect to the



Innovative Delivery Solutions On-Site Contract Pharmacy Agreement

extent permitted by applicable law in addition to and without prejudice to any other remedy available at law or equity to cancel the then-remaining performance of this Agreement.

- e. Financial Viability. After the Opening Date of the Contract Pharmacy, the Parties agree to meet quarterly to evaluate and discuss the financial viability of the Services under this Agreement. Either Party may request, in good faith, a renegotiation of the terms of this Agreement or a mutual agreement to terminate the Agreement if that party deems the arrangement economically infeasible.
- f. Limitation of Liability. EXCEPT FOR CUSTOMER'S (i) INDEMNITY OBLIGATIONS IN SECTION 28 (ii) MATERIAL BREACH OF CONFIDENTIALITY OBLIGATIONS IN SECTION 23 AND (iii) VIOLATIONS OF APPLICABLE LAW, NEITHER PARTY SHALL BE LIABLE UNDER THIS AGREEMENT FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- g. Build-out Expense Repayment. Build-out Expenses, as defined below, shall be amortized over the sixty (60) month period following the Opening of the pharmacy ("Initial Term"). In the event this Agreement is terminated, for any reason except for termination by Customer pursuant to Section 22 (a)(ii), during the Initial Term, Customer agrees to pay Cardinal Health the unamortized balance of the "Build-out Expenses." The Build-out Expenses include but are not limited to those expenses associated with the build-out of the physical space, pharmacy computer system and pharmacy 340B split billing software subscription. The final dollar amount of the Build-out Expenses shall be mutually agreed upon by the Parties and set forth by written Letter of Agreement to this Agreement on or around the Opening of the Pharmacy.

23. Confidentiality.

- a. In the performance of this Agreement, each Party may have access to proprietary and/or confidential information, owned, controlled or licensed by one of the Parties. As used in this Agreement, the term proprietary and/or confidential ("Proprietary and/or Confidential") information of a Party shall include this Agreement and all information, including, but not limited to, market information, prices and pricing structure, in-depth Product and process knowledge, trade secrets, customer information, patient records, and intellectual property rights, including trademarks, patents and copyrights which are not generally available or disclosed to the public or which are marked or labeled Proprietary and/or Confidential. Each Party acknowledges that all such information constitutes Proprietary and/or Confidential information and agrees on behalf of itself and its employees, officers, affiliates and subcontractors that it shall keep such information and data confidential and that it shall not copy, publish or disclose the information or data to anyone without the express written consent of the other Party. Each Party shall use such information solely for the purpose of performing its obligations under this Agreement. Such information shall only be disclosed to those employees, agents or staff who require such information to perform their obligations under this Agreement, and subject to a confidentiality agreement with terms at least as restrictive as the terms contained herein.
- b. All manuals, procedures, documents and computer software, owned by Cardinal Health and utilized in Cardinal Health, are Proprietary and/or Confidential to Cardinal Health and constitute valuable intellectual property of Cardinal Health. All rights in and to such materials are exclusively reserved to Cardinal Health.
- c. The terms of this Confidentiality Paragraph shall survive termination of this Agreement.
- d. Notwithstanding anything else in this Section 23, Cardinal Health acknowledges that Customer is subject to the California Public Records Act ("CPRA"). Neither this agreement (and any amendments hereto) nor any other material that is subject to disclosure under the



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CPRA is Confidential under this section. In the event that any information is requested from Customer other than this agreement or any amendments hereto (all of which are not confidential), Customer shall give Cardinal Health notice of such request. Cardinal Health shall have ten (10) days in which to seek a protective order or other order of a court in California prohibiting disclosure of such information. If such order is denied or Customer's counsel advises Customer they are required to disclose such information, Customer shall be free to disclose the requested information without any penalty or other legal consequence.

- 24. Discounts.** If any discount, credit, rebate or other Product incentive is paid or applied by Cardinal Health regarding the Products, then it is a "discount or other reduction in price" pursuant to the Medicare/Medicaid Anti-Kickback Statute. Each Party shall comply with the "safe harbor" regulations stated in 42 C.F.R. § 1001.952(h).
- 25. Access to Records.** All pertinent reimbursement accounts and dispensing records maintained by Cardinal Health shall be accessible separately from Cardinal Health's own operations and will be made available to Customer, HRSA, and the manufacturer in the case of an audit. For a period of four (4) years after Cardinal Health has performed the Agreement, Cardinal Health shall make available, upon written request of the Secretary of the Department of Health and Human Services ("Secretary"), or upon request of the Comptroller General of the United States ("Comptroller"), or any of their duly authorized representatives (collectively, the "Requesting Party"), the Agreement and any books, documents, and records necessary to certify the nature and extent of the costs paid by Customer to Cardinal Health pursuant to the Product Agreement ("Access"). If Cardinal Health pays a subcontractor more than \$10,000 over a twelve (12) month period to perform the Agreement, then Cardinal Health shall obligate the subcontractor to permit Access to the Requesting Party.
- 26. Press Release or Public Announcements.** No press release or other public announcement, verbally or in writing, referring to the other Party or the Party's parent company or any of its subsidiaries, shall be made without prior written consent from the other Party. Any press release or other public announcement shall require giving the other Party at least seventy-two (72) hours written notice of such release prior to its publication or announcement for approval.
- 27. Data.** Customer grants Cardinal Health the right to access and use data for research, benchmarking, and aggregate analysis (i.e., more than one health center). If such data contains Protected Health Information as defined by 45 CFR §164.501, then Cardinal Health shall use such data in conformance with the Privacy Rule and, before disclosing that data, de-identify that data pursuant to 45 CFR §164.514 and dissociate that data from Customer.
- 28. Indemnification.**
- a. To the extent permitted by law, the Parties agree to protect, indemnify, defend, and hold each other harmless from and against all liability imposed upon or incurred by the one Party, including judgments, court costs, penalties, interest incurred in the defense of same caused by the acts or omissions of the other Party, or their agents, servants, employees, or staff in the performance of the terms of this Agreement.
 - b. The terms of this Indemnification Paragraph shall survive the termination of this Agreement.
- 29. Force Majeure.** If a Party is reasonably prevented from performing an obligation of the Agreement because of fire, flood, wind, earthquake, explosion or other disaster, acts of military authorities, acts of civil authorities unrelated to any violation of law by the Party, war, riot, insurrection, act of terrorism or other cause beyond the Party's reasonable control (collectively, a "Force Majeure Event"), then that Party shall not be in breach of the Agreement during the period that Party is prevented from performing that obligation, provided that the Party: (i) promptly delivers notice to the other Party identifying the Force Majeure Event; and (ii) immediately uses best efforts to perform the obligation notwithstanding the Force Majeure Event.
- 30. Notices.** Any notice from one Party to the other Party shall be in writing and shall be deemed to be given: (i) upon delivery if by hand or by overnight courier; or (ii) three days after mailing, if by certified



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or registered mail to the receiving Party's Notice Address below. Either Party may change its Notice Address upon delivery of notice to the other Party.

Cardinal Health 132, LLC
Attn: Product Leader, Outpatient Solutions & Central Fill
1330 Enclave Parkway
Houston, Texas 77077

San Mateo Medical Center
Attn: Chief Executive Officer
222 West 39th Avenue
San Mateo, California 94403

31. **Severability; Non-Waiver.** If a court or other body of competent jurisdiction declares any term of the Agreement invalid or unenforceable, then the remaining terms shall continue in full force and effect. No right created by the Agreement shall be deemed waived unless specifically and expressly waived in a writing signed by the Party possessing the right.
32. **Governing Law.** The Agreement shall be governed by the laws of the state identified in Customer's Notice Address above, without regard to that state's conflicts of law provisions.
 - a. Equal Benefits Ordinance. Cardinal Health shall comply with all laws relating to the provision of benefits to its employees and their spouses or domestic partners, including, but not limited to, such laws prohibiting discrimination in the provision of such benefits on the basis that the spouse or domestic partner of the Cardinal Health's employee is of the same or opposite sex as the employee.
 - b. Employee Jury Service. If required by law, Cardinal Health shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Cardinal Health shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Cardinal Health, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Cardinal Health or that the Cardinal Health may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Cardinal Health certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Cardinal Health has no employees in San Mateo County, it is sufficient for Cardinal Health to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Cardinal Health certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Cardinal Health shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed in the Section titled "Payments", is less than one-hundred thousand dollars (\$100,000), but Cardinal Health acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.
33. **Entire Agreement; Amendment.** The Agreement constitutes the entire agreement and understanding of the Parties regarding the subject matter of the Agreement and supersedes all prior written and oral agreements, proposals, and understandings between the Parties regarding the subject matter of the Agreement. No changes to the Agreement shall be effective unless signed by each Party.
34. **Agreement Signatures.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which together shall constitute one instrument. Signatures to this Agreement may be delivered by facsimile, by electronic mail (e.g., a ".pdf" file) or by any other



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electronic means that is intended to preserve the original appearance of the document, and such delivery will have the same effect as the delivery of the paper document bearing the actual, handwritten signatures.

- 35. Business Associate Agreement.** Customer and Cardinal Health recognize that each may be a healthcare provider and a covered entity within the meaning of the Health Insurance Portability and Accountability Act of 1998 ("HIPAA"). Therefore, the Parties agree to execute a separate business associate agreement as it relates to the provisions set forth herein to protect confidential patient information under the Health Insurance Portability and Accountability Act of 1998 ("HIPAA"), the Privacy and Security Rules, 45 C.F.R. parts 160, 162 and 164 and the Health Information Technology for Economic and Clinical Health Act, included in Division A, Title XIII, Subtitle D of The American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 15 (February 17, 2009), and any regulations or agency guidance issued pursuant thereto ("HITECH").
- 36. History of Discrimination.** Cardinal Health certifies that no finding of discrimination has been issued in the past 365 days against Cardinal Health by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other investigative entity. If any finding(s) of discrimination have been issued against Cardinal Health within the past 365 days by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other investigative entity, Cardinal Health shall provide County with a written explanation of the outcome(s) or remedy for the discrimination prior to execution of this Agreement. Failure to comply with this Section shall constitute a material breach of this Agreement and subjects the Agreement to immediate termination at the sole option of the County

Each person signing this Agreement represents that he/she intends to and has the authority to bind his/her Party to this Agreement.

For Cardinal Health: Cardinal Health 132, LLC

Michael D. Brown
Michael D. Brown (Aug 10, 2017)

Signature

Aug 10, 2017

Date

Michael D. Brown
Name (please print)

COUNTY OF SAN MATEO

By: _____

President, Board of Supervisors, San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

EXHIBIT D
Sublessee's Signs