

COPY

THE CITY OF SAN DIEGO

BEACH AREA COMMUNITY CLINIC

Flat Rate Lease

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SAN DIEGO, CALIFORNIA

LEASE OUTLINE

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**CITY OF SAN DIEGO
FLAT RATE LEASE**

THIS LEASE AGREEMENT is executed between THE CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY," and BEACH AREA COMMUNITY CLINIC, a California nonprofit Corporation, hereinafter called "LESSEE."

SECTION 1: USES

1.01 Demised Premises. CITY hereby leases to LESSEE and LESSEE leases from CITY all of that certain real property situated in the City of San Diego, County of San Diego, State of California, described as: Lots "P," "Q" and "R," Block 176 of Mission Beach, aka 3705 Mission Boulevard and 812 Santa Clara Place. Said real property is hereinafter called the "premises."

1.02 Permitted Use. Said premises are leased to LESSEE only for the purposes of operation of a medical and social service facility serving the public, maintaining accessibility for the elderly and low-income residents in need of such services and a retail pharmacy, and for such other related or incidental purposes as may first be approved in writing by the CITY and for no other purpose.

LESSEE covenants and agrees to use the premises for the above-specified purposes and to diligently pursue said purposes' throughout the term hereof. Failure to continuously use the premises for said purposes, or the use thereof for purposes not expressly authorized herein, shall be grounds for termination by CITY.

1.03 Related Council Actions. By the granting of this lease, neither CITY nor the Council of CITY is obligating itself to any other governmental agent, board, commission, or agency with regard to any other discretionary action relating to development or operation of the premises. Discretionary action includes, but is not limited to rezonings, variances, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the leased premises.

1.04 Quiet Possession. LESSEE, paying the rent and performing the covenants and agreements herein, shall at all times during the term peaceably and quietly have, hold and enjoy the premises. If CITY for any reason cannot deliver possession of the premises to LESSEE at the commencement of the term, or if during the lease term LESSEE is temporarily dispossessed through action or claim of a title superior to CITY'S, then and in either of such events, this lease shall not be voidable nor shall CITY be liable to LESSEE for any loss or damage resulting therefrom, but there

shall be determined and stated in writing by the City Manager of CITY a proportionate reduction of the minimum or flat rate rent for the period or periods during which LESSEE is prevented from having the quiet possession of all or a portion of the premises.

1.05 Easements and Reservations.

- a. CITY hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the premises.
- b. CITY reserves the right to grant and use easements or to establish and use rights-of-way over, under, along and across the leased premises for utilities, thoroughfares, or access as it deems advisable for the public good.
- c. CITY has the right to enter the premises for the purpose of making repairs to or developing municipal resources and services.

However, CITY shall not unreasonably or substantially interfere with LESSEE'S use of the premises and will reimburse LESSEE for physical damages, if any, to the permanent improvements located on the leased premises resulting from CITY exercising the rights reserved in this section. Such reimbursement may include a reduction in the rent proportionate to the amount of physical damage as determined by CITY. CITY will pay the costs of maintenance and repair of all CITY installations made pursuant to these reserved rights.

- 1.06 Competent Management. Throughout the term of this Lease Agreement, LESSEE shall provide competent management of the leased premises to the satisfaction of the City Manager. For the purposes of this paragraph, "competent management" shall mean demonstrated ability in the management and operation of a (fishing bait) concession and related activities in a fiscally responsible manner.

- 1.07 Political Activities. The leased premises shall be used exclusively for the purposes specified in Section 1, USES, hereof. The premises shall not be used for working or campaigning for the nomination or election of any individual to any public office, be it partisan or nonpartisan. Provided, however, that LESSEE shall not be precluded from providing a forum for open public debate by candidates such as occurs at a "candidate forum" and similar events.

SECTION 2: TERM

- 2.01 Commencement and Termination. The term of this agreement shall be ten (10) years commencing on the first day of the calendar month following execution by the City Manager. Provided, however, that this agreement may be terminated at any time, without cause, by either party by giving 90 days prior written notice of intent to so terminate to the other party. "Lease year" as used in this lease shall mean the 12-month period commencing on the first day of the calendar month following the execution of this lease by the City Manager.
- 2.02 Holdover. Any holding over by LESSEE after expiration or termination shall not be considered as a renewal or extension of this lease. The occupancy of the premises after the expiration or termination of this agreement constitutes a month-to-month tenancy, and all other terms and conditions of this agreement shall continue in full force and effect; provided, however, CITY shall have the right to apply a reasonable increase in rent to bring the rent to fair market value and to terminate the holdover tenancy at will.
- 2.03 Quitclaim and Surrender of LESSEE'S Interest. Prior to the expiration or termination of this lease, LESSEE shall deliver to CITY a quitclaim deed in recordable form quitclaiming all its rights in and to the premises. CITY may record such deed only on the expiration or earlier termination of this lease. In the event that CITY requires any subsequent quitclaim deed, LESSEE or its successor in interest shall deliver the same within five (5) days after receiving written demand therefor.

{ At the expiration or earlier termination of this lease, LESSEE shall surrender the premises to CITY free and clear of all liens and encumbrances, except those liens and encumbrances which existed on the date of execution hereof, and in a decent, safe and sanitary condition. In the case of termination of this lease by CITY prior to the end of the specified lease term, any liens and encumbrances must be approved in writing by the City Manager.

SECTION 3: RENT

- 3.01 Rent. The rent during the entire term of this agreement is One Dollar (\$1.00) payable to the Office of the City Treasurer, City Operations Building, 1222 First Avenue, San Diego, California 92101, receipt acknowledged.
- 3.02 Inspection of Records. LESSEE agrees to make any and all records and accounts available to CITY for inspection at all reasonable times. These records and accounts will be made available by

John
4/18/88

LESSEE at the leased premises. LESSEE'S failure to keep and maintain such records and make them available for inspection by CITY is a breach of this lease and cause for termination. LESSEE shall maintain all such records and accounts for a minimum period of five (5) years.

- 3.03 Unauthorized Use Charge. LESSEE shall pay CITY twenty percent (20%) of the gross receipts for any service or use that is not permitted by this lease. This payment is subject to the due date provided in this lease for rental payments, and the provision for delinquent rent. The existence of the twenty percent (20%) charge in this clause and the payment of this charge or any part of it, does not constitute an authorization for a particular service or use, and does not waive any CITY rights to terminate a service or use or to default LESSEE for participating in or allowing any unauthorized use of the leased premises.

SECTION 4: ASSIGNMENT

- 4.01 Time is of Essence; Provisions Binding on Successors. Time is of the essence of all of the terms, covenants and conditions of this lease and, except as otherwise provided herein, all of the terms, covenants and conditions of this lease shall apply to, benefit and bind the successors and assigns of the respective parties, jointly and individually.
- 4.02 Assignment and Subletting. LESSEE shall not assign this lease, or any interest therein, and shall not sublet the premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person, except employees, agents and guests of LESSEE, to use or occupy the premises or any part thereof, without the prior written consent of the City Manager in each instance. A consent to assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of CITY, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of LESSEE, by operation of law, without the written consent of the City Manager.

"Assignment," for the purposes of this clause shall include any transfer of any ownership interest in this lease by LESSEE or by any partners, principals, or stockholders, as the case may be, from the original LESSEE, its general partners or principals.

Law
4/18/98

Approval of any assignment or sublease shall be conditioned upon the assignee or sublessee agreeing in writing that it will assume the rights and obligations thereby assigned or subleased and that it will keep and perform all covenants, conditions and provisions of this agreement which are applicable to the rights acquired. The City Manager may require, as a condition to approval of any sublease or assignment, that the proposed sublessee or assignee pay additional rent to CITY to equal the full fair market rent justifiable at the date of such proposed sublease or assignment and that this lease or the requested sublease otherwise be revised to comply with standard CITY lease requirements that are then current.

4.03 Defaults and Remedies.

a. Default. In the event that:

- 1) LESSEE shall default in the performance of any covenant or condition required by this lease to be performed by LESSEE and shall fail to cure said default within thirty (30) days following the service on LESSEE of a written notice thereof from CITY; or if any such default is not curable within thirty (30) days, shall fail to commence to cure the default(s) within said thirty-day period and diligently pursue such cure to completion; or
- 2) LESSEE shall voluntarily file or have involuntarily filed against it any petition under any bankruptcy or insolvency act or law; or
- 3) LESSEE shall be adjudicated a bankrupt; or
- 4) LESSEE shall make a general assignment for the benefit of creditors;

then CITY may, at its option, without further notice or demand upon LESSEE or upon any person claiming rights through LESSEE, immediately terminate this lease and all rights of LESSEE and of all persons claiming rights through LESSEE to the premises or to possession thereof; and CITY may enter and take possession of the premises. Provided, however, in the event that any default described in Section 4.03 Defaults and Remedies, hereof, is not curable within thirty (30) days after service of written notice to LESSEE, CITY shall not terminate this lease pursuant to the default if LESSEE immediately commences to cure the default and diligently pursues such cure to completion.

In the event that there is a deed of trust or mortgage on the leasehold interest, CITY shall give the mortgagee or

beneficiary written notice of the default(s) complained of, and the same mortgagee or beneficiary shall have thirty (30) days from service of such notice to cure the default(s) or, if any such default is not curable within thirty (30) days, to commence to cure the default(s) and diligently pursue such cure to completion. The thirty-day period may be extended during such time as mortgagee or beneficiary pursues said cure with reasonable diligence.

b. Remedies. If the mortgagee or beneficiary shall be required to exercise its right to cure said default(s) through litigation or through foreclosure, then CITY shall have the option of the following courses of action in order that the default(s) may be expeditiously corrected:

- 1) CITY may correct said default(s) and charge the costs thereof to the account of LESSEE, which charge shall be due and payable on the date that the rent is next due after presentation by CITY to LESSEE and mortgagee or beneficiary of a statement of said costs.
- 2) CITY may correct said default(s) and may pay the costs thereof from the proceeds of any insurance fund held by CITY, CITY and LESSEE or by CITY and mortgagee or beneficiary, or CITY may use the funds of any faithful performance or cash bond on deposit with CITY, or CITY may call on the bonding agent to correct the default(s) or to pay the costs of correction performed by or at the direction of CITY.
- 3) CITY may terminate this lease as to the rights of LESSEE by assuming or causing the assumption of liability for any trust deed or mortgage. LESSEE agrees to assume and pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition for early payoff of the related obligations by CITY. CITY may, as an alternative, substitute for the terminated LESSEE a new LESSEE reasonably satisfactory to the mortgagee or beneficiary. Any reasonable costs incurred by CITY in releasing to a new tenant shall be the responsibility of the terminated LESSEE, and LESSEE hereby agrees to reimburse CITY for any such costs.

Should the default(s) be noncurable by LESSEE, then any lender holding a beneficial interest in the leasehold, whose qualifications as an assignee have been approved by CITY, shall have the absolute right to substitute itself to the estate of LESSEE hereunder and to commence performance of this lease. If such mortgagee or beneficiary shall give notice in writing of its election to so substitute itself

within the thirty-day period after receiving written notice by CITY of the default, and the default, if curable, is cured by such mortgagee or beneficiary, then this lease shall not terminate pursuant to the default. In that event, CITY expressly consents to the substitution and authorizes the mortgagee or beneficiary to perform under this lease with all the rights, privileges, and obligations of LESSEE, subject to cure of the default, if possible, by mortgagee or beneficiary. LESSEE expressly agrees to assign all its interest in and to its leasehold estate to mortgagee or beneficiary in that event.

- c. Abandonment by LESSEE. Even though LESSEE has breached the lease and abandoned the property, this lease shall continue in effect for so long as CITY does not terminate this lease, and CITY may enforce all its rights and remedies hereunder, including but not limited to the right to recover the rent as it becomes due, plus damages.
- d. Waiver. Any CITY waiver of a default is not a waiver of any other default. Any waiver of a default must be in writing and be executed by the City Manager in order to constitute a valid and binding waiver. CITY delay or failure to exercise a remedy or right is not a waiver of that or any other remedy or right under this lease. The use of one remedy or right for any default does not waive the use of another remedy or right for the same default or for another or later default. CITY'S acceptance of any rents is not a waiver of any default preceding the rent payment. CITY and LESSEE specifically agree that the property constituting the premises is CITY-owned and held in trust for the benefit of the citizens of the City of San Diego and that any failure by the City Manager or CITY staff to discover a default or take prompt action to require the cure of any default shall not result in an equitable estoppel, but CITY shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City Manager or by any concerned citizen.

4.04 Eminent Domain. If all or part of the premises are taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of CITY and LESSEE (or beneficiary or mortgagee) will be as follows:

- a. In the event the entire premises are taken, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

- b. In the event of a partial taking, if, in the opinion of CITY, the remaining part of the premises is unsuitable for the lease operation, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
- c. In the event of a partial taking, if, in the opinion of CITY, the remainder of the premises is suitable for continued lease operation, this lease shall terminate in regard to the portion taken on the date of the transfer of title or possession to the condemning authority, whichever first occurs, but shall continue for the portion not taken. The minimum rent shall be equitably reduced to reflect the portion of the premises taken.
- d. Award. All monies awarded in any such taking shall belong to CITY, whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, LESSEE shall be entitled to any award attributable to the taking of or damages to LESSEE'S then remaining leasehold interest in installations or improvements of LESSEE. CITY shall have no liability to LESSEE for any award not provided by the condemning authority.
- e. Transfer. CITY has the right to transfer CITY'S interests in the premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain. If a transfer occurs, LESSEE shall retain whatever interest it may have in the fair market value of any improvements placed by it on the premises in accordance with this lease:
- f. No Inverse Condemnation. The exercise of any CITY right under this lease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon CITY for inverse condemnation.

SECTION 5: INSURANCE RISKS/SECURITY

- 5.01 Indemnity. LESSEE shall at all times relieve, indemnify, protect, and save CITY and any and all of its boards, officers, agents, and employees harmless from any and all claims and demands, actions, proceedings, losses, liens, costs, judgments, civil fines, and penalties of any nature whatsoever in regard to or resulting from the use of the premises, including but not limited to expenses incurred in legal actions, death, injury, or damage that may be caused directly or indirectly by:
- a. any unsafe or defective condition in or on the premises of any nature whatsoever which may exist by reason of any act, omission, neglect, or any use or occupation of the premises;

- b. any operation, use, or occupation conducted on the premises;
- c. any act, omission, or negligence on the part of LESSEE, its employees, agents, sublessees, invitees, licensees; or
- d. any failure by LESSEE to comply or secure compliance with any of the lease terms or conditions.

5.02 Insurance. LESSEE shall take out and maintain at all times during the term of this lease the following insurance at its sole expense:

- a. Public liability and property damage insurance in the amount of not less than ONE MILLION DOLLARS (\$1,000,000) Combined Single Limit Liability with an occurrence claims form. This policy shall cover all injury or damage, including death, suffered by any party or parties from acts or failures to act by CITY or LESSEE or by authorized representatives of CITY or LESSEE on or in connection with the use or operation of the premises.
- b. Conditions. All insurance policies will name CITY as an additional insured, protect CITY against any legal costs in defending claims, and will not terminate without thirty (30) days' prior written notice to CITY. All insurance companies must be satisfactory to CITY and licensed to do business in California. All policies will be in effect on or before the first day of the lease, except "course of construction fire insurance" shall be in force on commencement of all authorized construction on the premises, and full applicable fire insurance coverage shall be effective upon completion of each insurable improvement. A copy of the insurance policy will remain on file with CITY during the entire term of the lease. At least thirty (30) days prior to the expiration of each policy, LESSEE shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the terms of this lease.
- c. Modification. CITY, at its discretion, may require the revision of amounts and coverages at any time during the term by giving LESSEE sixty (60) days' prior written notice. CITY'S requirements shall be designed to assure protection from and against the kind and extent of risk existing on the premises. LESSEE also agrees to obtain any additional insurance required by CITY for new improvements, in order to meet the requirements of this lease.
- d. Accident Reports. LESSEE shall report to CITY any accident causing more than TEN THOUSAND DOLLARS (\$10,000) worth of property damage or any serious injury to persons on the

premises. This report shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses and other pertinent information.

- e. Failure to Comply. If LESSEE fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, CITY has the right to obtain the insurance. LESSEE shall reimburse CITY for the premiums paid with interest at the maximum allowable legal rate then in effect in California. CITY shall give notice of the payment of premiums within thirty (30) days of payment stating the amount paid, names of the insurer(s) and rate of interest. Said reimbursement and interest shall be paid by LESSEE on the first (1st) day of the month following the notice of payment by CITY.

Notwithstanding the preceding provisions of this Subsection f., if LESSEE fails or refuses to take out or maintain insurance as required in this lease, or fails to provide the proof of insurance, CITY has the right to declare this lease in default without further notice to LESSEE and CITY shall be entitled to exercise all legal remedies in the event of such default.

- 5.03 Waste, Damage, or Destruction. LESSEE agrees to give notice to CITY of any fire or other damage that may occur on the leased premises within ten (10) days of such fire or damage. LESSEE agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash, and rubbish in a manner satisfactory to CITY. If the leased premises shall be damaged by any cause which puts the premises into a condition which is not decent, safe, healthy and sanitary, LESSEE agrees to make or cause to be made full repair of said damage and to restore the premises to the condition which existed prior to said damage; or, at CITY'S option, LESSEE agrees to clear and remove from the leased premises all debris resulting from said damage and rebuild the premises in accordance with plans and specifications previously submitted to CITY and approved in writing in order to replace in kind and scope the operation which existed prior to such damage, using for either purpose the insurance proceeds as set forth in Section 5.02 Insurance, hereof.

LESSEE agrees that preliminary steps toward performing repairs, restoration, or replacement of the premises shall be commenced by LESSEE within thirty (30) days, and the required repairs, restoration, or replacement shall be completed within a reasonable time thereafter. CITY may determine an equitable deduction in

the minimum annual rent requirement for such period or periods that said premises are untenable by reason of such damage.

SECTION 6: IMPROVEMENTS/ALTERATIONS/REPAIRS

- 6.01 Acceptance of Premises. By signing this lease, LESSEE represents and warrants that it has independently inspected the premises and made all tests, investigations, and observations necessary to satisfy itself of the condition of the premises. LESSEE agrees it is relying solely on such independent inspection, tests, investigations, and observations in making this lease. LESSEE further acknowledges that the premises are in the condition called for by this lease, that CITY has performed all work with respect to the premises, and that LESSEE does not hold CITY responsible for any defects in the premises.
- 6.02 Entry and Inspection. CITY reserves and shall always have the right to enter said premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the premises, or to inspect the operations conducted thereon. In the event that such entry or inspection by CITY discloses that said premises are not in a decent, safe, healthy, and sanitary condition, CITY shall have the right, after ten (10) days written notice to LESSEE, to have any necessary maintenance work done at the expense of LESSEE, and LESSEE hereby agrees to pay promptly any and all costs incurred by CITY in having such necessary maintenance work done, in order to keep said premises in a decent, safe, healthy, and sanitary condition. Further, if at any time CITY determines that said premises are not in a decent, safe, healthy, and sanitary condition, CITY may at its sole option, without additional notice, require LESSEE to file with CITY a faithful performance bond to assure prompt correction of any condition which is not decent, safe, healthy, and sanitary. Said bond shall be in an amount adequate in the opinion of CITY to correct the said unsatisfactory condition. LESSEE shall pay the cost of said bond. The rights reserved in this section shall not create any obligations on CITY or increase obligations elsewhere in this lease imposed on CITY. It is expressly understood that any entry and inspection of the pharmacy portion of the premises will be in the accompaniment of a licensed pharmacist.
- 6.03 Maintenance. Except as hereinafter provided, LESSEE agrees to assume full responsibility and cost for the operation and maintenance of the premises throughout the term. LESSEE will perform all such repairs and replacements necessary to maintain and preserve the premises in a decent, safe, healthy and sanitary condition satisfactory to CITY and in compliance with all applicable laws. Appropriate codes and standards of CITY, state and federal agencies shall be observed in all maintenance, repairs and replacements on the premises.

- 6.04 Improvements/Alterations. No improvements, structures, or installations shall be constructed on the premises, and the premises may not be altered by LESSEE without prior written approval by the City Manager. Further, LESSEE agrees that major structural or architectural design alterations to approved improvements, structures, or installations may not be made on the premises without prior written approval by the City Manager and that such approval shall not be unreasonably withheld. This provision shall not relieve LESSEE of any obligation under this lease to maintain the premises in a decent, safe, healthy, and sanitary condition, including structural repair and restoration of damaged or worn improvements. CITY shall not be obligated by this lease to make or assume any expense for any improvements or alterations.
- 6.05 Utilities. LESSEE agrees to order, obtain, and pay for all utilities and service and installation charges in connection with the development and operation of the leased premises. All utilities will be installed underground or under water, where applicable.
- 6.06 Construction Bond. Whenever there is any construction to be performed on the premises, LESSEE shall deposit with CITY, prior to commencement of said construction, a faithful performance bond in the amount of 100 percent of the estimated construction cost of the work to be performed. The bond may be in cash or may be a corporate surety bond or other security satisfactory to CITY. The bond shall insure that the construction commenced by LESSEE shall be completed in accordance with the plans approved by CITY or, at the option of CITY, that the uncompleted construction shall be removed and the premises restored to a condition satisfactory to CITY. The bond or cash will be held in trust by CITY for the purpose specified above or at CITY'S option it may be placed in an escrow or other trust approved by CITY.
- 6.07 Liens. LESSEE shall at all times save CITY free and harmless and indemnify CITY against all claims for labor or materials in connection with operations, improvements, alterations, or repairs on or to the premises and the costs of defending against such claims, including reasonable attorney's fees.

If improvements, alterations, or repairs are made to the premises by LESSEE or by any party other than CITY, and a lien or notice of lien is filed, LESSEE shall within five (5) days of such filing either:

- a. take all actions necessary to record a valid release of lien,
or

- b. file with CITY a bond, cash, or other security acceptable to CITY sufficient to pay in full all claims of all persons seeking relief under the lien.
- 6.08 Taxes. LESSEE agrees to pay, before delinquency, all taxes, assessments, and fees assessed or levied upon LESSEE or the premises, including the land, any buildings, structures, machines, equipment, appliances, or other improvements or property of any nature whatsoever erected, installed, or maintained by LESSEE or levied by reason of the business or other LESSEE activities related to the leased premises, including any licenses or permits. LESSEE recognizes and agrees that this lease may create a possessory interest subject to property taxation, and that LESSEE may be subject to the payment of taxes levied on such interest, and that LESSEE shall pay all such possessory interest taxes. LESSEE further agrees that payment for such taxes, fees and assessments will not reduce any rent due CITY.
- 6.09 Signs. The type, color, size and design of all exterior signs installed on the leased premises shall be subject to the prior written approval by City Manager.
- 6.10 Ownership of Improvements and Personal Property.
 - a. LESSEE-owned movable shelves, equipment, fixtures, and other items of personal property shall be removed by LESSEE by the date of the expiration or termination of this lease. Any said items which LESSEE fails to remove will be considered abandoned and become CITY'S property free of all claims and liens, or CITY may, at its option, remove said items at LESSEE'S expense.
 - b. If any removal of such personal property by LESSEE results in damage to the remaining improvements on the premises, LESSEE agrees to repair all such damage.
 - c. Any necessary removal by either CITY or LESSEE which takes place beyond said expiration or termination hereof shall require LESSEE to pay rent to CITY at the rate in effect immediately prior to said expiration or termination.

SECTION 7: GENERAL PROVISIONS

7.01 Notices

- a. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by United States mail, postage prepaid, addressed to LESSEE at the leased premises or at such other address designated in writing by LESSEE; and to CITY as follows:

City Manager
Attention Property Director
City Administration Building
202 "C" Street, M.S. 9B
San Diego, CA 92101-4155

or to any mortgagee, trustee, or beneficiary as applicable, at such appropriate address designated in writing by the respective party.

- b. Any party entitled or required to receive notice under this lease may by like notice designate a different address to which notices shall be sent.
- 7.02 Compliance with Law. LESSEE shall at all times in the construction, maintenance, occupancy, and operation of the premises comply with all applicable laws, statutes, ordinances, and regulations of CITY, County, State, and Federal Governments, including the applicable pharmacy licensing agencies, at LESSEE'S sole cost and expense. In addition, LESSEE shall comply with any and all notices issued by the City Manager or his authorized representative under the authority of any such law, statute, ordinance, or regulation.
- 7.03 CITY Approval. The approval or consent of CITY, wherever required in this lease, shall mean the written approval or consent of the City Manager unless otherwise specified, without need for further resolution by the City Council.
- 7.04 Nondiscrimination. LESSEE agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, age, or physical handicap in LESSEE'S use of the premises, including, but not limited to the providing of goods, services, facilities, privileges, advantages, and accommodations, and the obtaining and holding of employment.
- 7.05 Equal Opportunity. LESSEE agrees to abide by CITY'S Affirmative Action Program for LESSEES as it exists or is amended to the extent that the program is applicable to this lease. A copy of the program effective as of the date of this lease is on file in the City Clerk's Office and by this reference is part hereof. The program's goal is the attainment of employment for minorities and women in all areas of employment, in a total percentage as established by CITY for its Affirmative Action Program each year.
- 7.06 Partial Invalidity. If any term, covenant, condition, or provision of this lease is found invalid, void, or unenforceable by a court of competent jurisdiction, the remaining provisions will remain in full force and effect.

7.07 Legal Fees. In the event of any litigation regarding this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney's fees.

7.08 Number and Gender. Words of any gender used in this lease shall include any other gender, and words in the singular number shall include the plural, when the tense requires.

7.09 Captions. The Lease Outline, section headings, and captions for various articles and paragraphs shall not be held to define, limit, augment, or describe the scope, content, or intent of any or all parts of this lease. The numbers of the paragraphs and pages of this lease may not be consecutive. Such lack of consecutive numbers is intentional and shall have no effect on the enforceability of this lease.

7.10 Entire Understanding. This lease contains the entire understanding of the parties. LESSEE, by signing this agreement, agrees that there is no other written or oral understanding between the parties with respect to the leased premises. Each party has relied on its own examination of the premises, advice from its own attorneys, and the warranties, representations, and covenants of the lease itself. Each of the parties in this lease agrees that no other party, agent, or attorney of any other party has made any promise, representation, or warranty whatsoever which is not contained in this lease.

The failure or refusal of any party to read the lease or other documents, inspect the premises, and obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on these actions. No modification, amendment, or alteration of this lease will be valid unless it is in writing and signed by all parties.

7.11 CITY Employee Participation Policy. It is the policy of CITY that all CITY contracts, agreements or leases with consultants, vendors or LESSEES shall include a condition that the contract, agreement or lease shall be unilaterally and immediately terminated by CITY if the contractor or LESSEE employs an individual who within the twelve months immediately preceding such employment did in his/her capacity as a CITY officer or employee participate in negotiations with or otherwise have an influence on the recommendation made to the City Council in connection with the selection of the contractor or LESSEE. It is not the intent of this policy that these provisions apply to members of the City Council.

7.12 Corporate Authority. Each individual executing this lease on behalf of LESSEE represents and warrants that he/she is duly authorized to execute and deliver this lease on behalf of said

corporation, in accordance with a duly adopted resolution of the Board of Directors of the corporation or in accordance with the bylaws of the corporation, and that this lease is binding upon the corporation in accordance with its terms and that LESSEE is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify LESSEE to do business in the state where the premises are situated.

- 7.13 Standard of Employees. LESSEE and its employees shall at all times conduct themselves and the operations on the leased premises in a creditable manner.
- 7.14 Supersedure. It is mutually agreed that this lease, upon execution, supersedes and annuls that certain lease executed on the 26th day of April, 1977, with Beach Area Community Clinic as Document 760595, which is hereafter void and of no effect except as to any rentals and fees which may have accrued or any rights and remedies accrued or granted to CITY under such agreement.

SECTION 8: SIGNATURES

8.01 Signature Page

IN WITNESS WHEREOF, this Lease Agreement is executed by CITY, acting by and through its City Manager, and by LESSEE, acting by and through its lawfully authorized officers.

THE CITY OF SAN DIEGO

Date May 9, 1988

By *Deborah Van Wansiele*
ASSISTANT TO THE Deputy City Manager

LESSEE:

Date 8-26-87

By *Kevin A. Hance*

By *Barbara J. Gruber*

APPROVED as to form and legality this 19 day of May, 19 88.

JOHN W. WITT, City Attorney

By *John W. Witt*
Deputy City Attorney

LDL:st(61-2)
8-7-87

Passed and adopted by the Council of The City of San Diego on

MAY 9 1988 by the following vote:

YEAS: Wolfsheimer, Roberts, McColl, Pratt, Struiksma, Henderson,
McCarty, Filner, Mayor O'Connor.

NAYS: None.

NOT PRESENT: None.

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: RHONDA R. BARNES, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true
and correct copy of RESOLUTION NO. R- 270907, passed
and adopted by the Council of The City of San Diego, California
on MAY 9 1988.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: Rhonda R. Barnes, Deputy

(R-88-2113)

RESOLUTION NUMBER R- 270907

ADOPTED ON MAY 9 1988

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of The City of San Diego, a 10-year lease agreement with BEACH AREA COMMUNITY CLINIC, a California nonporfit corporation, for 7,200 square feet of property located at Mission Boulevard and Santa Clara Place in Mission Beach, at a rental of \$1 for the term, for the operation of a public medical and social service facility which primarily serves elderly and low-income residents, under the terms and conditions set forth in that lease agreement on file in the office of the City Clerk as Document No. RR- 270907.

APPROVED: JOHN W. WITT, City Attorney

By


Harold O. Valderhaug
Deputy City Attorney

HOV:ps
04/21/88
Or.Dept:Prop.
Job:219483
R-88-2113
Form=r.none

09

423-591-594

SHT. 2

PACIFIC BEACH

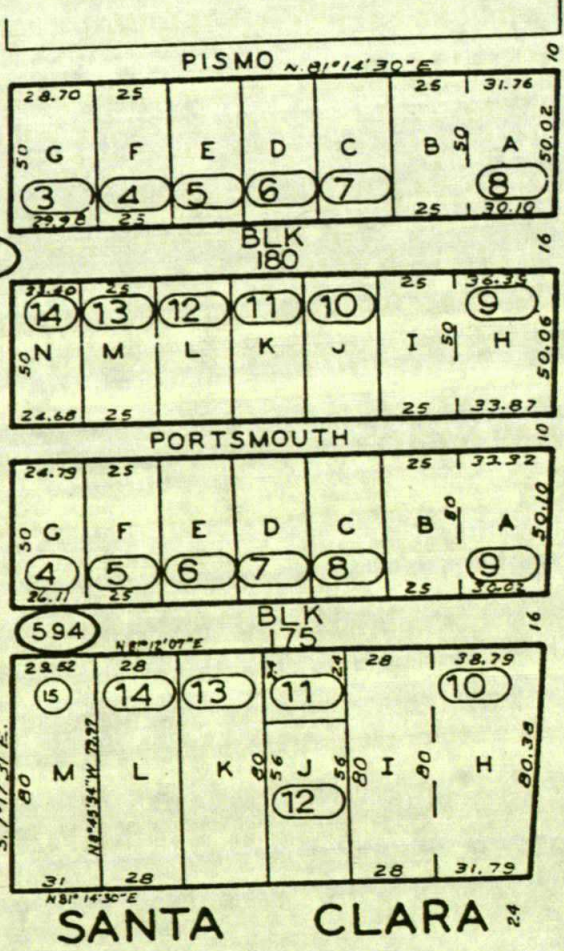
PARK

ST. OP. OCEAN FRONT WALK

2* CONDM: OCEAN FRONT WALK
DOC 76-239179
NOTE: EACH SUB I.D. INCLUDES
AN UND. 1/2 INT IN
COMMON AREA

CHANGES

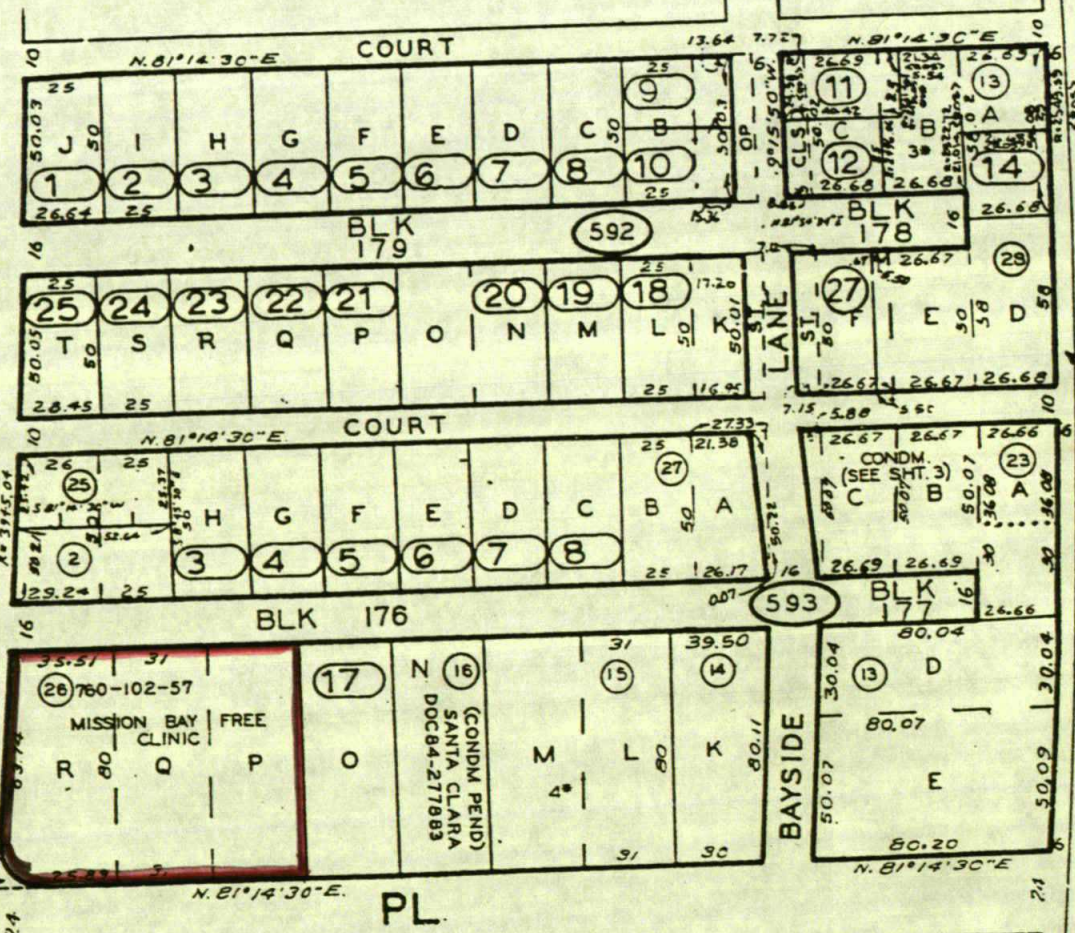
BLK	OLD	NEW	CUT
592	1817	26-27	61 4257
593	1112	23	74 375
594	22	22	75 1913
593	9, 20	24	75 3860
593	22	25	310 2884
591	15, 16	17	76 1389
591	17	SAME	77 5508
591	17	CHANGED	77 400
593	1819	26	78 512
593	2124	27	78 2885
592	15126	28	82 2115
592	13	CONDM	89 553 C.C.
593	15	CONDM	91 554 C.C.



SANTA CLARA

MISSION BLVD.

SHT. 2



4* CONDM
SEABURST SANTA CLARA
DOC 90-442022
(SEE SHT 5)

3* CONDM
BAYSIDE WALK
DOC 87-619908
(SEE SHT. 5)

* 1 CONDM: MISSION SHORES
DOC 73-68272

NOTE: EACH SUB I.D. INCLUDES AN
UND 1/6 INT IN COMMON AREA.

423-59.
SHT. 1 OF 5

1"=50'

ASSESSED ON 423-830-01 (SEE INDEX SHT.1) POR. PL. 1803

MISSION

BAY

correct 10/93

ORIGINAL

**SECRETARY OF STATE**

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 12 1999

Bill Jones

Secretary of State

**CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION**

ENDORSED-FILED
In the office of the Secretary of State
of the State of California

MAR 22 1999

Alberto Hayek, M.D. and Paula Rotenberg Certify that:

BILL JONES, Secretary of State

1. They are the **chairman** and the **secretary**, respectively, of Logan Heights Family Health Center, Inc., a California corporation.
2. Article One of the Articles of Incorporation of this corporation is amended to read as follows:

The name of this corporation shall be Family Health Centers of San Diego, Inc.
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The corporation has no members.

—We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 3/12/99

Alberto Hayek
Alberto Hayek, M.D., Chairman

DATE: 3/17/99

Paula Rotenberg
Paula Rotenberg, Secretary



Services offered by Family Health Centers of San Diego at the Beach Area Family Health Center located at 3705 and 3690 Mission Boulevard are as follows:

Pediatric care including acute and urgent care, well child care, CHDP and immunizations; Women's Health including family planning, gynecological services, obstetrics, pregnancy testing, breast and cervical screening and case management; Adult Medicine including acute and urgent care, physical exams, health maintenance, chronic disease management, immunizations, HIV antibody testing and case management; and Laboratory services.

FAMILY HEALTH CENTERS OF SAN DIEGO
SLIDING FEE SCALE
EFFECTIVE MARCH 27, 2000

	PAY FAMILY SIZE	0%		25%		50%		75%		100%	
		ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY
FROM	1	0	0	8,351	697	11,132	929	13,920	1,164	16,701	1,393
TO		8,350	696	11,131	928	13,919	1,160	16,700	1,392	& ABOVE	& ABOVE
FROM	2	0	0	11,251	939	14,997	1,251	18,755	1,486	22,501	1,876
TO		11,250	938	14,996	1,250	18,754	1,563	22,500	1,875	& ABOVE	& ABOVE
FROM	3	0	0	14,151	1,180	18,863	1,573	23,589	1,808	28,301	2,359
TO		14,150	1,179	18,862	1,572	23,588	1,966	28,300	2,358	& ABOVE	& ABOVE
FROM	4	0	0	17,051	1,422	22,729	1,895	28,423	2,130	34,101	2,843
TO		17,050	1,421	22,728	1,894	28,422	2,369	34,100	2,842	& ABOVE	& ABOVE
FROM	5	0	0	19,951	1,664	26,594	2,217	33,258	2,452	39,901	3,326
TO		19,950	1,663	26,593	2,216	33,257	2,771	39,900	3,325	& ABOVE	& ABOVE
FROM	6	0	0	22,851	1,905	30,460	2,539	38,092	2,774	45,701	3,809
TO		22,850	1,904	30,459	2,538	38,091	3,174	45,700	3,808	& ABOVE	& ABOVE
FROM	7	0	0	25,751	2,147	34,326	2,861	42,926	3,096	51,501	4,293
TO		25,750	2,146	34,325	2,860	42,925	3,577	51,500	4,292	& ABOVE	& ABOVE
FROM	8	0	0	28,651	2,389	38,191	3,184	47,761	3,419	57,301	4,776
TO		28,650	2,388	38,190	3,183	47,760	3,980	57,300	4,775	& ABOVE	& ABOVE
FROM	9	0	0	31,551	2,630	42,057	3,506	52,595	3,741	63,101	5,259
TO		31,550	2,629	42,056	3,505	52,594	4,383	63,100	5,258	& ABOVE	& ABOVE
FROM	10	0	0	34,451	2,872	45,923	3,828	57,429	4,063	68,901	5,743
TO		34,450	2,871	45,922	3,827	57,428	4,786	68,900	5,742	& ABOVE	& ABOVE

For family units with more than 10 members, add \$241.67 monthly or \$2,900.00 annually.

Discounts cannot go below the minimum fee for a procedure.

**Schedule of days and hours of operation at
3705 and 3690 Mission Boulevard:**

**Monday, Tuesday, Wednesday and Friday:
Thursday:**

**8:30 AM – 5:30 PM
10:00 AM – 7:00 PM**



THE CITY OF **SAN DIEGO**
EQUAL OPPORTUNITY CONTRACTING PROGRAM
1010 SECOND AVENUE • SUITE 500 • SAN DIEGO, CA 92101
(619) 533-4464 • FAX: 533-4474

WORK FORCE REPORT

The objective of the Equal Employment Opportunity Program is to ensure that contractors doing business with the City, or receiving funds from the City, will not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship.

NO OTHER FORMS WILL BE ACCEPTED

CONTRACTOR IDENTIFICATION

Type of Contractor: ☐ Construction ☐ Vendor/Supplier ☐ Financial Institution ☐ Lessee/Lessor
☐ Consultant ☐ Grant Recipient ☐ Insurance Company ☒ Other

Name of Company: Family Health Centers of San Diego, Inc.
AKA/DBA: Beach Area Family Health Center
Address (Corporate Headquarters, where applicable): 1809 National Avenue
City San Diego County San Diego State CA Zip 92113
Telephone Number: (619) 515-2300 FAX Number: (619) 237-1856
Name of Company CEO: Fran Butler-Cohen
Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):
Address: SEE ATTACHED LIST
City _____ County _____ State _____ Zip _____
Telephone Number: () _____ FAX Number: () _____
Type of Business: Community Clinic Type of License: Clinic License State of CA
The Company has appointed: Patricia E. Besaw
as its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate, and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:
Address: 1809 National Avenue, San Diego CA 92113
Telephone Number: (619) 515-2300 FAX Number: (619) 237-1856

For Firm's: ☒ San Diego Work Force and/or ☐ Managing Office Work Force

I, the undersigned representative of Family Health Centers of San Diego, Inc.
(Firm Name)
San Diego California
(County) (State)
hereby certify that information provided herein is true and correct. This document was executed on this day of
August 24, 2000 ~~XXX~~
Patricia E. Besaw Patricia E. Besaw
(Authorized Signature) (Print Authorized Signature Name)

Mailing address for all locations:

Family Health Centers of San Diego, Inc.
1809 National Avenue
San Diego CA 92113

Ph: 619-515-2300
Fax: 619-237-1856

Name & Location

Logan Heights Family Health Center
1809 National Avenue
San Diego CA 92113

Ph: 619-515-2300
Fax: 619-237-1856

Teen Health Center
1643 Logan Avenue
San Diego Ca 92113

Ph: 619-515-2333
Fax: 619-239-5178

KidCare Express
Mobile Medical Unit
1809 National Avenue
San Diego CA 92113

Ph: 619-895-8121
Fax: 619-895-8121

Beach Area Family Health Center
3690 Mission Boulevard
San Diego Ca 92109

3705 Mission Boulevard
San Diego CA 92109

Ph: 858-515-2444
Fax: 858-488-0331

North Park Family Health Center
3544 30th Street
San Diego CA 92104

Ph: 619-515-2424
Fax: 619-683-7570

Downtown Family Health Center
1145 Broadway
San Diego Ca 92101

Ph: 619-515-2499
Fax: 619-593-9164

Grossmont Spring Valley Family Health
Center
8788 Jamacha Road
Spring Valley CA 91977

Ph: 619-515-2555
Fax: 619-462-5584

Hillcrest Dental Clinic
2850 Sixth Avenue, Ste. 205
San Diego Ca 92103

Ph: 619-683-7595
Fax: 619-683-7590

Sherman Heights Family Health Center
450 24th Street
San Diego CA 92102

Ph: 619-515-2435
Fax: 619-230-0473

Logan Heights Family Counseling Center
2204 National Avenue
San Diego CA 92113

Ph: 619-515-2355
Fax: 619-232-7011

Chase Avenue Family Health Center
1111 W. Chase Avenue
El Cajon CA 92020

Ph: 619-515-2499
Fax: 619-593-9164

NAME OF FIRM: Family Health Centers of San Diego, Inc.

DATE: 8/24/00

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force.

Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- | | |
|--|--|
| (1) African-American, Black | (5) Filipino |
| (2) Latino, Hispanic, Mexican-American, Puerto Rican | (6) Caucasian |
| (3) Asian, Pacific Islander | (7) Other Ethnicities; not falling into other groups |
| (4) American Indian, Eskimo | |

OCCUPATIONAL CATEGORY	(1) African-American		(2) Latino		(3) Asian		(4) American Indian		(5) Filipino		(6) Caucasian		(7) Other Ethnicities	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Executive, Administrative, Managerial		1	1	4		1					8	7		
Professional Specialty	1	2	6	41	6	6		4			16	27		
Engineers/Architects														
Technicians and Related Support	1	1	6	62	1	4					3	3		
Sales														
Administrative Support/Clerical	1	3	5	92		4						5		
Services	3	1	19	21							2	1		
Precision Production, Craft and Repair														
Machine Operators, Assemblers, Inspectors	1		1								1			
Transportation and Material Moving														
Handlers, Equipment Cleaners, Helpers and Nonconstruction Laborers*			2								2			

*Construction labors and other field employees are not to be included on this page

TOTALS EACH COLUMN	7	8	40	220	7	15		4			34	43		
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GRAND TOTAL ALL EMPLOYEES	378
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INDICATE BY GENDER AND ETHNICITY THE NUMBER OF ABOVE EMPLOYEES WHO ARE DISABLED:

DISABLED			1								1			
----------	--	--	---	--	--	--	--	--	--	--	---	--	--	--

NON-PROFIT ORGANIZATIONS ONLY:

BOARD OF DIRECTORS	1	1	13	4							1	5		
VOLUNTEERS		4	7	11		1		1				1		
ARTISTS														

EQUAL OPPORTUNITY AGREEMENT

NON-DISCRIMINATION CLAUSE: Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Contractor shall ensure that its subcontractors comply with the City of San Diego's Equal Employment Opportunity Program.

EQUAL EMPLOYMENT OPPORTUNITY (EEO): Contractor has received, read, understands and agrees to be bound by the City of San Diego *Municipal Code*, Chapter II, Article 2, Division 27 (Equal Employment Opportunity Program) provided with the proposal package.

Contractor has submitted either a *Work Force Report* or an *Equal Employment Opportunity Plan* as required by Section 22.2705 of the City of San Diego *Municipal Code*.

City and Contractor agree that compliance with EEO provisions will be implemented, monitored, and reviewed by the City's Equal Opportunity Contracting Program (EOCP) staff.

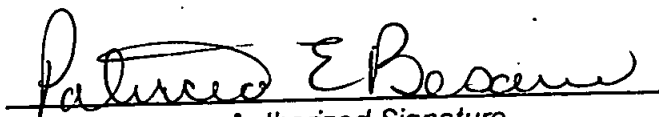
EQUAL OPPORTUNITY CONTRACTING: Contractor has received, read, understands and agrees to be bound by the Equal Opportunity Contracting Program requirements described in the proposal package.

If requested, Contractor shall submit the *Outreach and Teaming Survey*. Contractor agrees to provide updated reports as requested by the City.

Contractor agrees to insert equal opportunity compliance language in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each subcontractor.

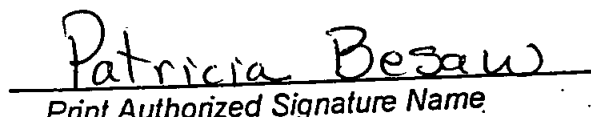
Project Name: _____ Bid No.: _____

Company Name: Family Health Centers of San Diego, Inc. Date: 8/24/00



Authorized Signature

Patricia E. Besaw



Print Authorized Signature Name

FRANCHISE TAX BOARD

SAN DIEGO, CALIFORNIA 92113

June 27, 1973

In reply refer to
EO:JCS:clw

Family Health Services Center, Inc.
1100 National Ave
San Diego, CA 92113

Purpose: Charitable/educational
Form of Organization: Corporation
Accounting Period Ending: June 30
Organization Number: 681324

Gentlemen:

Based on the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from State franchise or income tax under Section 2370ld, Revenue and Taxation Code. Any change in operation, character or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address also must be reported.

You are required to file Form 199 (Exempt Organization Annual Information Return) or Form 199B (Exempt Organization Annual Information Statement) on or before the 15th day of the 5th month (4-1/2 months) after the close of your accounting period. See annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 3rd month (2-1/2 months) after the close of your annual accounting period.

Contributions made to you are deductible by donors as provided by Sections 17214 through 17216.2 and 24357 through 24359 of the Code, unless your purpose is testing for Public Safety.

If the organization is incorporating or is a foreign corporation qualifying to do business in California, this approval will expire unless incorporation or qualification is completed within 30 days.

Exemption from federal income or other taxes and other state taxes requires separate applications.

James C. Stewart
James C. Stewart
Counsel

☐ Secretary of State (Coro)
☐ Registrar of Charitable T
☐ Martin Domrique

Refund of the franchise tax paid upon incorporation has been requested. A refund warrant will be received in course. (Allow 60 days for processing.)

AMENDED AND RESTATED BYLAWS

OF

FAMILY HEALTH CENTERS OF SAN DIEGO, INC. (A California Non-Profit Public Benefit Corporation)

MISSION STATEMENT

Family Health Centers of San Diego, Inc. ("Health Centers") provides comprehensive, accessible, quality health care services to residents and businesses of San Diego and the surrounding region. Health Centers offers affordable services to all income levels, with a special commitment to low income/medically underserved individuals.

In order to execute the Mission Statement of the Corporation, the following Amended and Restated Bylaws have been adopted by the Board of Directors of Health Centers.

ARTICLE 1.

Purposes

- 1.1 To marshal resources from the overall population and apply them to providing easily accessible health care services to socially and economically depressed sectors of the community.
- 1.2 To develop and encourage programs of early disease detection, diagnosis, and prevention through periodic physical examinations and family health education.
- 1.3 To train residents from the target communities in paraprofessional family health care and preventive health education.
- 1.4 To provide these family care services in a manner that is acceptable and accountable to the target population and that develops and upgrades the administrative, technical, and management capabilities of the staff and the Governing Board (the "Board").
- 1.5 To serve as a primary source in all health facility education activities relating to rendering care to the sick and injured, or to promotion of health, that in the opinion of the Board may be justified by the facilities, personnel, funds, and other requirements that are, or can be made, available.
- 1.6 To participate, as far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.
- 1.7 To care for the sick and afflicted without regard to race, sex, physical limitation, or political or religious beliefs.

ARTICLE 2.

Offices

2.1 **Principal Office**: The principal office for the transaction of the business of Health Centers ("Principal Office") is located at 1809 National Avenue, City of San Diego, County of San Diego, State of California. The Directors may change the Principal Office from one location to another in the same county. Any change of this location shall be noted by the secretary on these Bylaws opposite this section, or this section may be amended to state the new location.

2.2 **Other Offices**: The Board may at any time establish branch or subordinate offices at any place or places where Health Centers is qualified to do business.

ARTICLE 3.

Non-Partisan Activities

No substantial part of the activities of Health Centers shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

ARTICLE 4.

Dedication of Assets

4.1 The property of Health Centers is irrevocably dedicated to charitable purposes, and no part of its net income or assets shall ever inure to the benefit of any Director or officer thereof, or to the benefit of any private persons.

4.2 Upon the dissolution of Health Centers, its assets shall be disposed of in accordance with the regulations of the Public Health Service of the United States Department of Health and Human Services, and with the laws governing California Nonprofit Public Benefit Corporations, and all assets remaining after payment of all debts and liabilities of Health Centers shall be distributed to a non-profit fund, foundation, or Corporation that is organized and operated exclusively for charitable purposes, and that has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. If Health Centers holds any assets in trust, such assets shall be disposed of in such a manner as may be directed by decree of the Superior Court of the county in which Health Centers has its Principal Office, upon petition therefor by the Attorney General, or by any person concerned in the liquidation, in a proceeding to which the Attorney General is a party.

ARTICLE 5.

Governing Board

5.1 Number of Directors: The authorized number of Directors shall be fifteen (15), each of whom shall be designated by the Board to serve for a term of three (3) years. At the discretion of the Board, a member's term may be extended in order to fully serve an elected term as an Officer. Laura Rodriguez and Otto Hirr, founders of Health Centers, are hereby designated as non-voting, honorary Directors to serve, *ex officio*, for a lifetime term.

5.2 Composition of the Board: At least fifty-one percent (51%) of the Directors shall be individuals who are or will be served by Health Centers or who, as a group, represent the individuals being or to be served in terms of demographic factors such as race, ethnicity, and sex (the "Consumer Directors"). At least twenty-five percent (25%) of the Directors shall be representatives of the community that is served by Health Centers (the "Community"), and shall be elected for their expertise in Community affairs, education, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social service agencies within the Community (the "Community Directors"). The remaining Directors shall be individuals with extensive experience in the health care industry, or health care providers who derive more than ten percent (10%) of their annual income from the health care industry (the "Provider Directors"). No employee of Health Centers or spouse, child, parent, brother, or sister, by blood or by marriage, of such an employee shall be a member of the Board, except that the Directors may, in their discretion, and by a two-thirds (2/3) vote of the Board, extend Board membership to the President/ Chief Executive Officer of the Corporation.

5.3 Selection of Directors: The Board shall designate all of the Directors of Health Centers, including those designated to fill a vacancy created by the death, resignation, or removal of a Director. Every year the Board shall designate a minimum of five (5) Directors to serve a three (3) year term each. The Board shall make its appointments from a list of nominees that the Board Development/Nominating Committee will provide to the Board prior to the expiration of a Director's term, or within a reasonable time of a Director's death, resignation, or removal. The Directors will elect their successors at the annual meeting, or at the first Board meeting after receiving a nomination from the Board Development/Nominating Committee, whichever is first. Each candidate must be approved by a two-thirds (2/3) vote of the Board in order to become a Director.

5.4 Removal of Directors: A Director may be removed by a declaration or resolution of the Board after that Director has been declared of unsound mind by an order of court, or convicted of a felony, or has been found by final order or judgment of any court to have breached a duty under Chapter 1, Article 3, Section 5230, et seq., of the California Corporations Code. A Director also may be removed by the vote of at least two-thirds (2/3) of the authorized Directors to remove him or her.

5.5 Resignation: A Director may resign effective upon giving notice to the Chair, unless the notice specifies a later time for the effectiveness of such resignation.

5.6 Powers of Directors: Subject to the provisions and limitations of California law governing Nonprofit Public Benefit Corporations, and any other applicable laws, the activities and affairs of Health Centers shall be conducted and all corporate powers shall be exercised by, or under the direction of, the Board. Without limiting the generality of the foregoing, and in addition to powers enumerated elsewhere herein and conferred by law, the Board shall have the following specific powers:

5.6.1 To appoint and remove the President/Chief Executive Officer of Health Centers, prescribe such powers for him/her as may not be inconsistent with law, the Articles of Incorporation, or these Bylaws, fix his/her compensation, and require from him/her faithful performance of his/her duties.

5.6.2 To change the Principal Office for the transaction of the business of Health Centers from one location to another within the same county; to fix and locate from time to time one or more subsidiary offices of Health Centers within the County of San Diego; to designate any place within or without the State of California for the holding of any Directors' meetings.

5.6.3 To adopt, amend, and repeal bylaws.

5.6.4 To adopt, make, and use a corporate seal, and to alter the form thereof from time to time as in their judgment they may deem best, provided such seal shall at all times comply with the provisions of law.

5.6.5 To borrow money and incur indebtedness for the purpose of Health Centers, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and security therefor.

5.6.6 To adopt a policy for financial management practices, including a system to assure the President/Chief Executive Officer's accountability for Health Centers' financial resources, approval of the annual proposed budget, realistic setting of funding priorities, eligibility for services, including criteria for partial payment schedules, and long-range financial planning.

5.6.7 To adopt a long-range health care plan consistent with the Mission Statement of Health Centers (including, but not limited to, scope of services, location of services, and quality of care audit procedures).

5.6.8 To pay pensions, establish and carry out pension, deferred compensation, -- -- saving, thrift, and other retirement, incentive, and benefit plans, trusts, and provisions for any or all of its Officers, employees, and persons providing services to it or any of its subsidiary or related or associated corporations, and to indemnify and purchase and maintain insurance on behalf of any fiduciary of such plans, trusts, or provisions.

5.6.9 To participate with others in any partnership, joint venture, or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others.

5.7 Annual Meetings: Each year the Board shall hold a scheduled Annual Meeting for the purpose of selecting Directors and Officers of the Board, and identifying goals for the new operational year. In the absence of a designation of a meeting place, the Annual Meeting shall be held at Health Centers' Principal Office.

5.8 Regular Meetings: The Board shall hold regular meetings at such time and place as it shall determine. Minutes shall be recorded of each meeting of the Board of Directors, and copies of those minutes maintained at the corporate offices and distributed to the Board.

5.9 Special Meetings: Special Board meetings may be called by a majority of the Board or by the Chair or, in the absence of the Chair, by the Vice Chair, or by any two (2) Directors.

5.10 Notice of Meetings: Written notice of the Annual Meeting and of regular meetings shall be sent to all Directors at least fifteen (15) days prior to such meeting. Personally delivered, written, telefaxed, or oral notice of special meetings shall be given four (4) days prior to the meeting. Written notices shall be addressed to the Director at his or her address as it is shown upon the records of Health Centers, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. The notice need not specify the purpose of any regular or special meeting. Notice need not be given to any Director who attends any meeting without protesting the lack of notice prior to the meeting or at its commencement.

5.11 Validation of Meetings: The transactions of any meeting of the Board, however called and noticed, and wherever held, shall be as valid as though made at a meeting duly held after regular call and notice and presence of a quorum if, either before or after the meeting, each of the Directors not present signed a written Waiver of Notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the Corporate Records or made a part of the minutes of the meeting.

5.12 Participation by Telephone: Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting pursuant to this section constitutes presence in person at such meeting.

5.13 Quorum: A majority of the authorized Directors shall constitute a quorum of the Board for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

5.14 Action Without Meeting: Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes

of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors.

5.15 Adjournment: A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Such notice need not comply with the time in which notice must be given prior to a meeting as required by Section 5.10 of this Article, but should be given as far in advance as is reasonably practicable under all the circumstances existing at the time of adjournment.

5.16 Compensation and Reimbursement of Expenses: The Directors shall receive no compensation for their services. Directors may be reimbursed for expenses reasonably necessary to the business of the Health Centers that are approved by the Board.

ARTICLE 6.

Committees of the Governing Board

6.1 Executive Committee: The Executive Committee shall be composed of the Chair, Vice Chair, Secretary, and the immediate past Chair. This Committee shall meet upon the call of the Chair and shall have the authority to act in the place of the Board on routine matters of Health Centers (such as reviewing employee benefits, employee health and welfare services, retirement, personnel relations, and administration). The Executive Committee shall have the responsibility of making appropriate reports and recommendations to the Board. The Executive Committee shall have such additional authority as may be granted to it by the Board. Notwithstanding the foregoing, the Executive Committee shall not have the power to enter into any contract or agreement to purchase, acquire, or provide or render goods or services. Minutes of the meeting of the Executive Committee shall be on record at the Corporate Offices and may be distributed to any member of the Board on request.

6.2 Finance Committee: The Finance Committee shall be composed of at least three (3) Directors appointed by the Chair, subject to Board approval. The President/Chief Executive Officer and Treasurer/Chief Financial Officer of the Corporation shall be *ex officio* members of the Finance Committee. In addition to other duties delegated to it by the Board, the Finance Committee shall have the duty of preparing and presenting to the Board a proposed budget for the next fiscal year, and of acting as financial advisor to the Board.

6.3 Board Development/Nominating Committee: The Board Development/Nominating Committee shall be composed of at least one but no more than three (3) Directors appointed by the Chair, subject to Board approval. This Committee shall select nominees to be presented to the Board to replace or succeed Directors, as provided in Article 5 of these Bylaws, and shall also select nominees to be presented to the Board to replace or succeed members of the Executive Committee.

6.4 Market Planning Committee: The Chair shall appoint, subject to Board approval, at

least two (2) Directors to serve on this Committee. In addition to its two (2) Director members, other individuals who are not members of the Board may be appointed to serve, at the pleasure of the Board, on the Committee in an advisory or consultative capacity. These individuals must possess special skills and knowledge that would contribute to the evaluation and expansion of existing programs and facilities of Health Centers. The Committee shall relate to the Community and collaborate with other health care facilities in providing comprehensive planning designed to assist in meeting the total health care needs of the Community, both for the present and the future. The Committee shall make appropriate reports and recommendations to the Board.

6.5 Other Committees:

6.5.1 In addition to those specified in Sections 6.1 through 6.4 hereof, the Board may, by resolution adopted by a majority of Directors then in office, create one or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. In addition to two (2) Director members, other individuals who are not members of the Board may be appointed to serve at the pleasure of the Board on any such committee in an advisory or consultative capacity. Appointments to such committees shall be by a majority vote of the Directors then in office.

6.5.2 In addition to Board committees, there may be standing and special committees of Health Centers as designated by Board resolution. The Chair shall appoint the chair of such committees and the members thereof, and shall designate a member of the Board to serve as liaison between the committee and the Board. All such appointments shall be subject to the approval of the Board and shall be for a period of time deemed necessary to accomplish the purpose of any such committee, but in no event to exceed a term period of more than one (1) year.

6.6 Limitation on Committee Members: No committee member shall make any public statement on behalf of Health Centers without the previous authorization of the Board or the Chair of Health Centers. In no event shall any committee be authorized to bind, or act on behalf of, Health Centers without authorization of the Board.

6.7 Meetings and Actions of Committees: Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these Bylaws concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of such committees of the Board. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the Corporate Records. The Board may adopt rules for the government of any committee, provided they are consistent with these Bylaws. In the absence of rules adopted by the Board, the committee may adopt such rules.

ARTICLE 7.

Advisory Board Members

7.1 Eligibility: Board members who have served their term, or are not able to finish their current term, and wish to continue to serve in a limited capacity may elect to serve as non-voting advisory Board members, upon approval annually by a majority of the Board.

7.2 Participation in Meetings: Non-voting advisory Board members may be invited to attend Board meetings and/or be appointed to serve on Board committees. At such Board or committee meetings, non-voting advisory Board members may participate fully in the discussions and make presentations, whether or not requested or invited to do so.

7.3 Removal: Non-voting advisory Board members may be removed in the same manner as active, voting Board members.

ARTICLE 8.

Board of Trustees

8.1 Eligibility and Scope of Responsibilities: A Board of Trustees may be established to advise and assist Health Centers' Board of Directors and the Foundation Board. The Board of Trustees will be composed of past Health Centers Board Members or Community representatives who have knowledge of Health Centers and a sensitivity to the needs and cultural requirements of the communities served by Health Centers. Scope of responsibilities shall include:

8.1.1 Legislative advocacy (*e.g.*, writing letters of support; speaking on behalf of Health Centers at public hearings);

8.1.2 Public relations (*e.g.*, make recommendations regarding patient satisfaction, public awareness of Health Centers, community leader opinions);

8.1.3 Strategic planning; and

8.1.4 Providing assistance to Health Centers' Foundation Board with respect to capital fundraising and recommendation of expenditures.

8.2 Independent Function: The Board of Trustees shall determine its own size (with a minimum of five (5) members), qualifications for membership, terms of office, and method of operation. The Board of Trustees shall function independently but within the purposes and limitations set forth in Health Centers' Bylaws.

8.3 Liaison with Governing Board: The President/Chief Executive Officer of Health Centers will serve as staff liaison to the Board of Trustees. The Chair of the Board during his/her term will serve as *ex officio* member of the Board of Trustees.

8.4 Meetings: Meetings will be held a minimum of once per quarter and on additional occasions as needed.

ARTICLE 9.

Officers

9.1 Officers of the Board: The Officers of the Board shall be a Chair, a Vice Chair, a Secretary, and other such Officers as determined by the Board.

9.2 Officers of the Corporation: The Officers of the Corporation shall be a President/Chief Executive Officer, a Treasurer/Chief Financial Officer, and such other Officers as determined by the Board.

9.3 Election of Officers: The Officers, except those appointed under Section 5.6.1 of Article 5 and Section 8.8.5 of Article 8 of these Bylaws, shall be chosen annually by the Board, and shall serve at the pleasure of the Board, subject to the rights, if any, of any Officer under any contract of employment.

9.4 Other Officers: The Board may appoint and may authorize the Chair of the Board, the President/Chief Executive Officer, or other Officer, to appoint any other Officers that the Corporation may require. Each Officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

9.5 Removal of Officers: Without prejudice to any rights of an Officer under any contract of employment, any Officer may be removed with or without cause by the Board and also, if the Officer was not chosen by the Board, by any Officer on whom the Board may confer that power of removal.

9.6 Resignation of Officers: Any Officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the Officer is a party.

9.7 Vacancies in Office: A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

9.8 Responsibilities of Officers:

9.8.1 Chair: The Chair shall be selected from the Board and shall preside over all meetings of the Board. He or she shall be kept advised of the general affairs of Health Centers and ensure that all orders, resolutions, and policies of the Board are carried into

effect. He or she shall serve as Chair of the Executive Committee and as *ex officio* member of all other committees. He or she shall have the usual powers and duties customarily vested in the office of Chair of the Board and shall perform other duties as may be assigned him or her by the Board.

9.8.2 Vice Chair: The Vice Chair shall be selected from the Board and, in the absence of the Chair, he or she shall perform the duties of the Chair and be subject to all restrictions placed upon the Chair. The Vice Chair shall also perform such other duties as may be assigned to him or her by the Board.

9.8.3 Secretary: The Secretary shall be selected from the Board. He or she shall attend all meetings of the Board and shall have the responsibility to sign instruments and execute documents as required of the Secretary of the Corporation and shall perform other duties as may be delegated to him or her by the Board. In addition, the Secretary shall have the following duties:

(a) Keep or cause to be kept, at the Corporation's Principal Office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of meetings shall include: the time and place that the meeting was held; whether the meeting was annual, regular, or special and, if special, how authorized; the notice given; and the names of those present at Board and Committee meetings. The Secretary shall keep or cause to be kept, at the Principal Office, a copy of the Articles of Incorporation and Bylaws, as amended to date.

(b) Give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these Bylaws to be given.

9.8.4 President/Chief Executive Officer: Subject to such supervisory powers as the Board may give to the Chair, if any, and subject to the control of the Board, the President/Chief Executive Officer shall be the General Manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and Officers. The President/Chief Executive Officer is authorized to appoint and remove the Treasurer/Chief Financial Officer, and any other Officer that the Corporation may require. The President/Chief Executive Officer shall have such other powers and duties as the Board or the Bylaws may prescribe.

9.8.5 Treasurer/Chief Financial Officer: The Treasurer/Chief Financial Officer shall be appointed and may be removed by the President/Chief Executive Officer. The Treasurer/Chief Financial Officer shall have the following duties:

(a) The Treasurer/Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer/Chief Financial Officer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.

(b) The Treasurer/Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the President/Chief Executive Officer, Chair of the Board, if any, and the Board, when requested, an account of all transactions as Treasurer/Chief Financial Officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(c) If required by the Board, the Treasurer/Chief Financial Officer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer/Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

9.9 Nomination of Officers of the Board: The Board Development/Nominating Committee shall be responsible for submitting to the Board at a regularly scheduled Board meeting at least one month prior to the annual meeting a proposed slate of Officers of the Board. Any nominations submitted must be with the consent of the nominee. Additional nominations may be made by the Board with the consent of the nominee.

9.10 Election of Officers: Officers of the Board shall be elected at the annual meeting of the Board every other year. The term of all Officers shall be two (2) years.

9.11 Officer Vacancies: Should an Officer leave office, a successor shall be elected by the Board at the next regular meeting of the Board or at a time specified by the Board.

ARTICLE 10.

Self-Dealing Transactions

10.1 Definitions: For the purpose of this Article 10, self-dealing transaction means a transaction to which Health Centers is a party and in which one or more of the Directors ("Interested Directors") has a material financial interest. The provision of health services by Health Centers to any Director shall not be deemed a self-dealing transaction. All procurement transactions shall be conducted in accordance with the requirements of the applicable regulations of the Public Health Service of the United States Department of Health and Human Services.

10.2 Approval of self-dealing transactions by the Board: Self-dealing transactions may be approved by the Board as set forth in this section if Health Centers entered into the transaction for its own benefit and the transaction was fair and reasonable as to Health Centers at the time Health Centers entered into the transaction. Whenever it is reasonably practicable, all self-dealing transactions must be approved prior to the consummation by a majority of the Directors then in office without counting the vote of the interested Director or Directors. The voting Directors must have knowledge of the material facts concerning the transaction and of the Director's interest in the transaction, and must have concluded that Health Centers could not have obtained a more

advantageous arrangement with reasonable effort under the circumstances.

10.3 Approval by Committee: A self-dealing transaction may be approved by a committee or person authorized by the Board to approve such transaction if it is not reasonably practicable to obtain approval of the Board and if approval would be consistent with the standards of Section 9.2. Self-dealing transactions approved by a committee of the Board are valid only if the Board, after determining in good faith that the conditions of Section 9.2 were satisfied, ratified the transaction by a vote of the majority of the Directors then in office, not counting the interested Director(s), at the first meeting of the Board following committee approval.

ARTICLE 11.

Indemnification

11.1 Right of Indemnity: To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses", as used in this bylaw, shall have the same meaning as in section 5238(a) of the California Corporations Code.

11.2 Approval of Indemnity: On written request to the Board by any person seeking indemnification under section 5238(b) or section 5238(c) of the California Corporations Code, the Board shall promptly determine under section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in section 5238(b) or section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the issue of whether indemnification is proper in the circumstances shall be made by the court in which such proceeding is or was pending, upon application made by the Corporation, the agent, or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

11.3 Advancement of Expenses: To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 10.1 and 10.2 of these Bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

ARTICLE 12.

Insurance

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any Officer, Director, employee, or agent in such capacity or arising out of the officer's, director's, employee's, or agent's status as such.

ARTICLE 13.

Records and Reports

13.1 **Maintenance of Corporate Records:** The Corporation shall keep:

12.1.1 Adequate and correct books and records of account; and

12.1.2 Written minutes of the proceedings of its Board and committees of the Board.

13.2 **Inspection by Directors:** Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

13.3 **Annual Report:** The Board shall cause an annual report to be sent to the Directors within 120 days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

13.3.1 The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.

13.3.2 The principal changes in assets and liabilities, including trust funds.

13.3.3 The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes.

13.3.4 The expenses or disbursements of the Corporation for both general and restricted purposes.

13.3.5 Any information required by Section 6322 of the California Corporations Code respecting transactions with interested persons and indemnifications.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized Officer of the Corporation that such statements were prepared without audit from the Corporation's books and records. This requirement of an

annual report shall not apply if the Corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors.

ARTICLE 14.

Construction and Definitions

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Corporations Code respecting California Nonprofit Corporations shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE 15.

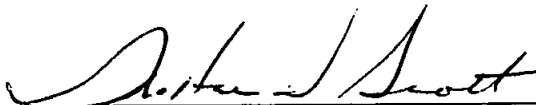
Amendments

These Bylaws may be amended by a majority vote of the Board at any duly noticed regular or special meeting of the Board at which a quorum is present.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Family Health Centers of San Diego, Inc., a California Nonprofit Public Benefit Corporation, that the above Bylaws, consisting of fourteen (14) pages, are the Amended and Restated Bylaws of this Corporation as adopted by the Board of Directors on January 19, 2000, and that they have not been amended or modified since that date.

Executed on June 5, 2000, at San Diego, California.


_____, Secretary

681324

ENDORSED
FILEDIn the office of the Secretary of State
of the State of California

MAY 23 1973

EDMUND G. GROWN, Secretary of State
By JAMES E. HARRIS
Deputy

ARTICLES OF INCORPORATION

of

FAMILY HEALTH SERVICES CENTER, INC."

FILED
JUN 5 1973JESSE OSUNA, Clerk
SAN DIEGO COUNTY

ARTICLE ONE

DEPUTY

Exhibit "B"

The name of this corporation shall be "FAMILY HEALTH SERVICES CENTER, INC."

ARTICLE TWO

The purposes for which this corporation is formed are:

- a) To engage specifically and primarily in marshalling resources from the overall population and applying them to providing health care services to socially and economically depressed sectors of the community.
- b) To develop programs of family health education and encouragement of the performance of periodic physical examinations for the prevention, early detection and diagnosis of disease.
- c) To train people from the target community in paraprofessional family health care and preventive health education roles.
- d) To receive property by devise or bequest, subject to the laws regulating transfer of property by will, and otherwise acquire and hold all property, real or personal, including shares of stock, bonds, and securities of other corporations.
- e) To act as trustee under any trust incidental to the principal objects of the corporation, and to receive, hold, administer, and expend funds and property subject to such trust.
- f) To have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, including the power to contract, rent, buy or sell personal or real property; provided, however, that the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this corporation.

X

1 ARTICLE THREE

2 a) This corporation is organized pursuant to the General Nonprofit Corpora-
3 tion Law of the State of California and does not contemplate pecuniary gain or pro-
4 fit to the members thereof and it is organized for nonprofit purposes.

5 b) No substantial part of the activities of this corporation shall consist
6 of carrying on propaganda, or otherwise attempting to influence legislation, and
7 the corporation shall not participate or intervene in any political campaign (in-
8 cluding the publishing or distribution of statements) on behalf of any candidate
9 for public office.

10 ARTICLE FOUR

11 a) The property of this corporation is irrevocably dedicated to charitable
12 purposes and no part of the net income or assets of this organization shall ever
13 inure to the benefit of any director, officer or member thereof or to the benefit
14 of any private persons.

15 b) Upon the dissolution or winding up of the corporation, its assets remain-
16 ing after payment of, or provision for payment of, all debts and liabilities of
17 this corporation, shall be distributed to a nonprofit fund, foundation, or corpo-
18 ration which is organized and operated exclusively for charitable purposes and
19 which has established its tax exempt status under Section 501(c)(3) of the Inter-
20 nal Revenue Code. If this corporation holds any assets in trust, such assets shall
21 be disposed of in such manner as may be directed by decree of the superior court
22 of the county in which the corporation has its principal office, upon petition
23 therefor by the Attorney General or by any person concerned in the liquidation, in
24 a proceeding to which the Attorney General is a party.

25 ARTICLE FIVE

26 The county in the state where the principal office for the transaction of
27 the business of this corporation is located is San Diego County.
28

X

ARTICLE SIX

1 The names and addresses of the persons who are to act in the capacity of di-
2 rectors until the selection of their successors are:

3	Nick S. Ataa	5494 Reservoir Drive	San Diego, California
4	Oscar Borrego	3722 C Street	San Diego, California
5	Laura Rodriguez	1861 Kerton Avenue	San Diego, California

6 ARTICLE SEVEN

7 Except as otherwise provided by law, or these articles, the authorized num-
8 ber and qualifications of members of the corporation, the different classes of
9 membership, if any, the property, voting and other rights and privileges of mem-
10 bers, and their liability to dues and assessments and the method of collection
11 thereof, shall be as set forth in the bylaws.

12 IN WITNESS WHEREOF, we have hereunto set our signatures and executed these
13 articles of incorporation this 26th day of April, 1973.

14
15 Nick S. Ataa Oscar Borrego Laura Rodriguez
16 Nick S. Ataa Oscar Borrego Laura Rodriguez

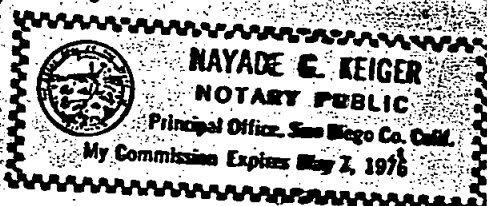
17 STATE OF CALIFORNIA)

18) SS

19 COUNTY OF SAN DIEGO)

20 On this 26th day of April, 1973, before the undersigned Notary Public in and
21 for said County and State, personally appeared Nick S. Ataa, Oscar Borrego, and
22 Laura Rodriguez, known to me to be the persons whose names are subscribed to the
23 within Articles of Incorporation, and acknowledged to me that they executed the
24 same.

25 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
26 on the day and year first above written.



Nayade E. Keiger

SEAL OF THE STATE OF CALIFORNIA



OFFICE OF THE SECRETARY OF STATE

I, **EDMUND G. BROWN JR.**, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the RECORD on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

MAY 23 1973



Edmund G. Brown Jr.
Secretary of State

32347

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

X

**ENDORSED
FILED**
In the office of the Secretary of State
of the State of California
AUG 15 1979
MARCH FONG EU, Secretary of State
By JAMES E. HARRIS
Deputy

OTTO A. HIRR and MANNY CASTILLO certify:

1. That they are the president and secretary, respectively, of Family Health Services Center, Inc. (the "Clinic"), a California nonprofit corporation.

2. That at a meeting of the Board of Directors of the Clinic duly held at the offices of the Clinic in San Diego, California, on April 16, 1979, the following resolution was duly adopted.

RESOLVED that Article One of the Articles of Incorporation of Family Health Services Center, Inc., is hereby amended in full to read as follows:

ARTICLE ONE

The name of this corporation shall be Logan Heights Family Health Center, Inc.

3. That the members of the Association adopted the foregoing resolution by written consent of a majority of the 120 voting members as required by Sections 3632 and 3672 of the California Corporations Code.

The undersigned hereby declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at San Diego, California, this

6th day of August, 1979

Otto A. Hirr
PRESIDENT

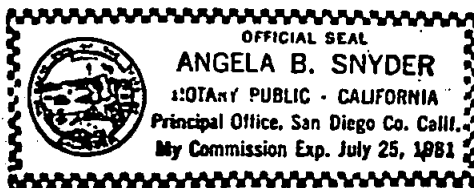
Manny Castillo
SECRETARY

*

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On August 6, 1979, before me, the undersigned,
a Notary Public in and for said County and State, personally
appeared Otto A. Hirr, known to me to be the President,
and Manny Castillo, known to me to be the Secretary of _____
Family Health Services Center, INC.
and acknowledged to me that they executed the within instrument.

WITNESS my hand and official seal.



Angela B. Snyder
NOTARY PUBLIC IN AND FOR SAID
COUNTY AND STATE

AMENDING ARTICLE ONE OF THE ARTICLES OF INCORPORATION

Resolution adopted April 16, 1979, by the Board of
Directors of the Family Health Services Center, Inc.

WHEREAS, the Corporation has been made aware of a
tradename conflict existing between Family Health Services, Inc.
(hereinafter FHSI) and this Corporation;

WHEREAS, the Directors wish to avoid any conflict
resulting from the similarities in the respective corporate
names;

RESOLVED, that the Board unanimously approves the
amendment of Article One (I) of the Articles of Incorporation.
The amended Article shall read as follows:

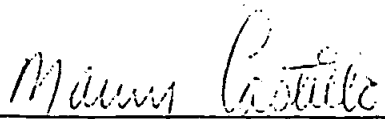
ARTICLE ONE

The name of this corporation shall be "LOGAN HEIGHTS
FAMILY HEALTH CENTER, INC."

FURTHER RESOLVED, that the officers of this Corporation
are hereby authorized to execute any and all documents and to
take any action which they deem necessary and desirable in order
to carry out the intent and purpose of this resolution.

The undersigned, Manny Castillo, Secretary of the Family Health Services Center, Inc., a corporation duly created, organized and existing under and by virtue of the laws of the state of California, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the Board of Directors of said corporation, acting pursuant to the authority granted to it by Article IV, Section 1, of the Bylaws of the Family Health Services Center, Inc., at a meeting of said Board duly and regularly held on April 16, 1979, and does hereby further certify that said resolution is now in full force and effect and has not been rescinded, vacated or modified in any way.

IN WITNESS WHEREOF, the undersigned has set his hand on June 14, 1979.



MANNY CASTILLO, Secretary
Family Health Services
Center, Inc.

**CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION**

ENDORSED-FILED
In the office of the Secretary of State
of the State of California

MAR 22 1999

Alberto Hayek, M.D. and Paula Rotenberg Certify that:

BILL JONES, Secretary of State

1. They are the **chairman** and the **secretary**, respectively, of Logan Heights Family Health Center, Inc., a California corporation.
2. Article One of the Articles of Incorporation of this corporation is amended to read as follows:

The name of this corporation shall be Family Health Centers of San Diego, Inc.
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 3/12/99

Alberto Hayek
Alberto Hayek, M.D., Chairman

DATE: 3/17/99

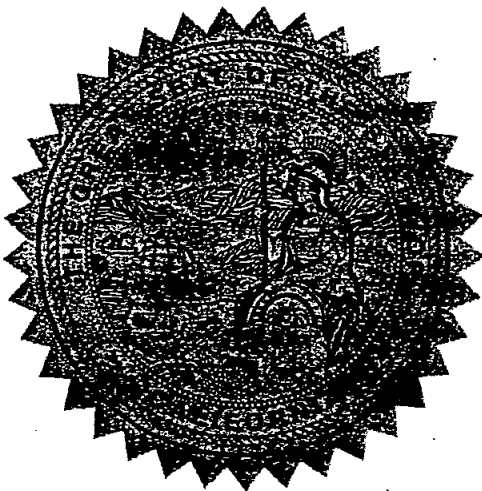
Paula Rotenberg
Paula Rotenberg, Secretary



**SECRETARY OF STATE**

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 12 1999

Bill Jones

Secretary of State