

STAFF REPORT



ITEM NO. 9
CITY OF OCEANSIDE

DATE: May 1, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Fire Department

SUBJECT: APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT AND PROPERTY LEASE AGREEMENT BETWEEN THE CITY OF OCEANSIDE AND REACH AIR MEDICAL SERVICES TO PROVIDE AIR MEDICAL TRANSPORTATION AND OTHER EMERGENCY SERVICES TO THE RESIDENTS OF THE CITY AND SURROUNDING COMMUNITIES

SYNOPSIS

Staff recommends that the City Council approve a professional services agreement and property lease agreement with REACH Air Medical Services of Santa Rosa at no cost to the City for aeromedical services; in the amount of \$ 772,000 annually to utilize a portion of the Fire Training Center at 110 Jones Road; approve five new positions under the program and authorize the City Manager to execute the lease and the Professional Services Agreement upon receipt of all supporting documentation from REACH.

BACKGROUND

In November 2012, REACH Air Medical Services contacted the Oceanside Fire Department to discuss the possibility of a public-private partnership between the City of Oceanside and REACH Air Medical Services.

REACH Air Medical Services, headquartered in Santa Rosa provides aeromedical transportation via helicopter and airplane for critically ill or injured patients to local hospitals. REACH has bases in Concord, Imperial, Lakeport, Marysville, Redding, Sacramento, Santa Rosa, Stockton, Thermal, and Upland, California, as well as Corvallis, Oregon.

REACH was founded in 1987 by Dr. John McDonald who was searching for ways to better serve his community. The firm completed 25 years of service in 2012. Since their inception, REACH has safely transported more than 55,000 patients. The goal Dr. McDonald set out to achieve remains their mission to this day: "We will always be available and prepared to provide customer-oriented, high-quality patient care, in a safe and efficient manner. In every situation, we will do what is right for the patient." This

mission statement is in line with the Oceanside Fire Department's commitment to provide the best service to our community.

ANALYSIS

The Oceanside Fire Department responded to 17,991 emergency incidents during calendar year 2012. Of those incidents, 269 were transported by an aeromedical resource to local trauma centers.

Trauma patients are those individuals who suffer significant injuries as a result of motor vehicle accidents, shootings, stabbings, burns and other events that result in traumatic injuries. These patients are first evaluated by our Firefighter/Paramedics to determine the best level of care available.

The objective of the initial evaluation of trauma patients is as follows: (1) to stabilize the trauma patient, (2) to identify life-threatening injuries and to initiate adequate supportive therapy, and (3) to efficiently and rapidly organize transfer to a facility that provides definitive therapy. Due to the geographic location of our local trauma centers, Scripps La Jolla and Palomar Hospital, patients requiring a trauma facility are oftentimes sent by helicopter to ensure they receive the most expedient and appropriate medical care possible.

San Diego County aeromedical resources respond in accordance with closest available unit concept. An aeromedical services helicopter based in Oceanside would provide our community faster, more expedient service and will result in shorter turn around times. This will provide first responders the ability to return to service more rapidly, therefore reducing response times for other emergency incidents. Additionally, our neighboring communities will also benefit by an addition of another helicopter in North San Diego County. The addition of a second air transport company will provide competition into what is now a market monopoly.

REACH will provide the helicopter, pilots, mechanics, medical director, flight nurses, billing, and facilities - at no cost to the City. The Firefighter/Paramedics assigned to the helicopter will be provided by the City of Oceanside, but fully funded by REACH. Additionally, REACH will pay the City of Oceanside an administrative fee to cover the entire cost of managing the program.

REACH will lease a portion of the Fire Training Center at 110 Jones Road for the purpose of creating a helipad and will improve the property by constructing a helipad and installing asphalt.

Benefits of the REACH program include:

- Improved Service Delivery
 - Reduced scene times
 - Reduced response times
- Establish Helipad at the Fire Training Center
 - \$150,000 in improvements provided by REACH
 - Direct access to our aeromedical staff
 - More robust element of local control
- Aerial and Command Support
 - Lost children
 - 4th of July
 - Brush fires
 - Ocean rescues
- Provide free Clinical Education for our Personnel
- Provide Funding for Firefighter-Paramedic and Management Analyst Position
- Provide Administrative Management Funding
- Provide Medical Director
- Lease agreement for Helipad
- Membership Program Sharing

FISCAL IMPACT

The operating agreement with REACH provides for full reimbursement of the City's costs including 4 Firefighter/Paramedic positions, an Administrative Analyst position and management/administrative/oversight costs. REACH will also pay \$30,000 annually for the lease of City property.

POLICE AND FIRE COMMISSION REPORT

Recommend for approval by the Police and Fire Commission at the April 28, 2013 meeting.

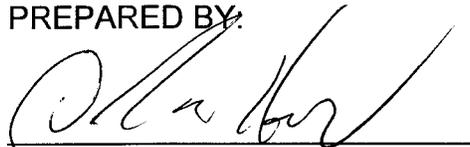
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

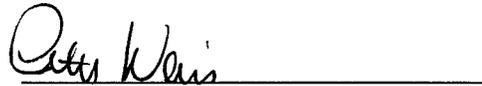
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PREPARED BY:



Darryl Hebert
Fire Chief

SUBMITTED BY:



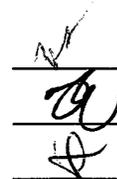
Peter Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Doug Eddow, Real Estate Manager

Teri Ferro, Director of Financial Services



ATTACHMENTS:

Exhibit A – Professional Services Agreement

Exhibit B – Property Lease Agreement

Exhibit C – Detailed Budget Worksheet

INTEGRATED FIRE DEPARTMENT AIR AMBULANCE AGREEMENT

THIS INTEGRATED FIRE DEPARTMENT AIR AMBULANCE AGREEMENT (the “**Agreement**”) is entered into as of April __, 2013, by and between REACH Air Medical Services, LLC, a California limited liability company (“**REACH**”), and City of Oceanside, a California General Charter City and municipal corporation (“**Oceanside**”).

Preliminary Statement

A. The City of Oceanside Fire Department has identified an opportunity to improve service delivery, patient access and customer service to its constituents with air ambulance Transport Services (as defined below).

B. REACH is in the business of providing specially-equipped helicopters to provide emergency medical transport services to critically-ill and injured patients.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Air Ambulance Transport Services.** REACH will provide emergency air ambulance services (both scene response and hospital to hospital transfers) to critically-ill and injured patients in the City of Oceanside, CA, and surrounding geographical area (the “**Service Area**”), as more fully described herein (the “**Transport Services**”). In connection with the Transport Services, Oceanside will provide to REACH certain paramedic services as more fully described herein. REACH will hold, and be responsible for, all licenses necessary to operate the Branded Flight Program (as hereinafter defined). There may be a transition time period necessary to establish the Base (as hereinafter defined) between the date this Agreement is signed and the date Transport Services are actually provided under this Agreement. The parties anticipate that Transport Services will commence on or before July 31, 2013. The date on which the Transport Services actually commence shall be the “**Effective Date.**”

(a) **Standards of Performance of Transport Services.** REACH shall ensure that Transport Services are at all times rendered in compliance with all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States or any state, county, city or other political subdivision thereof or of any federal, state or local governmental regulatory agency, commission, bureau, authority, court or arbitration tribunal (“**Laws**”). REACH will immediately notify Oceanside if the Branded Flight Program becomes the subject of any investigation or enforcement action (e.g. FAA) which notice shall describe the nature of the investigation or enforcement action. REACH will update Oceanside on the status and outcome of any such investigation or enforcement action.

(b) **Operational Control of Helicopter.** REACH shall retain operational control and shall have sole responsibility for all Helicopters (as defined below) and all Transport Services provided under this Agreement. The name of the Branded Flight Program will be a “**DBA**” for REACH, an FAA Part 135 certificate holder and operator. Accordingly, all transportation by air that is done by the Branded Flight Program will be, in fact, done by REACH. All Branded Flight Program aircraft and flights will be under the sole operational control of REACH, and all Branded Flight Program operations will be conducted under REACH operations specifications (OpSpecs). REACH will have sole responsibility for ensuring all Branded Flight Program aircraft are airworthy and are in compliance with their FAA-

approved inspection/maintenance programs. REACH will specify the conditions under which flights may be operated. All Branded Flight Program flight crewmembers (and medical crew members) assigned to a flight by REACH must be qualified, and trained under REACH's approved training program. Oceanside will not have any control over the operations of the Helicopters.

(c) Helicopter. REACH will provide an EC135 helicopter for the Branded (Oceanside Fire Department) Flight Program. Any helicopter that is provided by REACH for the Branded Flight Program (individually, a "**Helicopter**" and collectively, the "**Helicopters**") shall be maintained with an emergency medical service configuration capable of transporting at least one (1) patient and a crew of up to three (3), including one (1) pilot. REACH shall maintain the Helicopters in compliance with all Laws that are applicable to the ownership or operation of the Helicopters. REACH shall provide all fuel and lubricants for the Helicopters for all activities required under this Agreement. REACH will use reasonable commercial efforts to have the Helicopters available for use for Transport Services twenty-four (24) hours a day, seven (7) days a week.

(d) Pilots. REACH will provide the services of FAA qualified pilots to the Branded Flight Program, and will use its best efforts to provide such services on a twenty four (24) hours a day, seven (7) days a week basis.

(e) Mechanics. REACH shall provide the services of certified Airframe and Power Plant mechanics to perform all required maintenance of Helicopters provided hereunder.

(f) Medical Direction. REACH shall provide the medical director for the Branded Flight Program, subject to approval by Oceanside not to be unreasonably withheld or delayed. All decisions concerning medical care and treatment of patients transported by the Branded Flight Program shall be made under the direction of, and protocols approved by, the Branded Flight Program Medical Director. This Medical Director will function as an associate Medical Director for REACH.

(g) Registered Nurses. REACH shall provide all registered nurses for the Branded Flight Program.

(h) Flight Safety Equipment. REACH will furnish all crew members with two standard issues flight suits and one helmet each.

(i) General Manager. REACH shall provide a "General Manager" for the Branded Flight Program. The General Manager will be responsible for coordination between REACH and Oceanside and for the marketing of the Branded Flight Program.

(j) Billings and Records. REACH shall be solely responsible for all billing and collections with respect to the Branded Flight Program and shall be entitled to all proceeds therefrom. REACH shall receive all income from Transport Services provided hereunder and such income shall be the sole property of REACH. REACH shall cause records to be maintained which adequately reflect the provision of Transport Services hereunder and shall comply with all applicable Laws in preparing its billings, reports and other records in connection with the performance of services hereunder.

2. **Branded Flight Program Base Location; Facilities.**

(a) Crew Quarters Land Lease. The Branded Flight Program crew quarters will be located at 110 Jones Road, Oceanside, CA. REACH will lease from Oceanside the land for the crew quarters and for an exclusive use helipad. REACH will pay Oceanside fair market value rent for the land lease (agreed to be \$30,000 annually) to be paid in equal monthly payments of \$2500/mo. as provided in

the lease., REACH will provide and maintain the crew quarters (i.e., mobile home or modular unit), which will be removed upon termination of the Agreement. REACH will construct an exclusive use helipad at the location subject to all applicable permit requirements of Oceanside.

(b) Other Facilities. REACH will provide all offsite facilities necessary for the Branded Flight Program (e.g., hangar and fuel facilities).

(c) Additional Bases. From time to time, REACH and Oceanside may agree to add additional bases of which, Oceanside shall have preferred choice of location. The bases shall operate and display similar branding and terms agreed to by both parties.

3. **Paramedic Services for Branded Flight Program.** Oceanside shall provide all EMT-paramedics for the Branded Flight Program (the "Paramedics"), subject to reimbursement from REACH as provided below.

(a) Oceanside Responsibilities. Oceanside shall be responsible for the hiring, compensation (including all benefits) and scheduling / staffing of the Paramedics. Four (4) full time Paramedics will be fully dedicated to the Branded Flight Program. Oceanside shall consult with REACH from time to time on the selection of the Paramedics. REACH shall have the right to refuse to fly any Paramedic who, in the sole opinion of the pilot in command of a particular flight, presents a reasonable concern regarding safety of such flight. REACH shall have the right to refuse to use the services of any Paramedic who, in the sole opinion of the medical director or REACH, is not qualified to provide such services. Oceanside shall provide all licensing and registration expenses to meet the scope of practice and services provided by Paramedics to include academy attendance of the selected Paramedics. Oceanside shall provide all other miscellaneous items for the Paramedics. REACH shall provide all medical training and education for the Paramedics, as required by the medical director.

(b) Paramedic Qualifications and Responsibilities. A Paramedic will be available on a 24 hour per day / 7 days a week basis and will be ready to respond immediately to a call for Transport Services. Any Paramedic can refuse to fly on any mission that presents a reasonable concern regarding safety of such flight. Paramedics will be duly licensed or certified, as applicable under California law, will meet all CAMTS (as defined below) standards, and will perform medical services under the direction of the Branded Flight Program's medical director. Paramedics will be available for any appropriate Branded Flight Program activities, such as Transport Services, patient flight follow-up, patient care charting and submission of information necessary for billing purposes, restocking / cleaning the Helicopter, relocation of the Helicopter to and from the hangar for safe movement and maximized response time when away from their respective Base facilities, basing with the Helicopter (including if it is positioned at an airport/hangar for extended periods of time for yellow/red weather conditions), assisting communications center personnel to coordinate rollover of patient flight requests, clinical skill and didactic training, aviation safety training, any training required by CAMTS or by the medical director, attending shift change and post flight briefings, participation in safety committee and meetings, participation in quality committee and activities for process improvement, marketing, educational outreach and public relations events (without charge for personnel not currently on duty for mutually acceptable events). Paramedics will use computers and software provided by REACH to document patient transports before the end of their shift, and will provide such other information and documents required by REACH for billing purposes. Paramedics will take reasonable care of REACH provided equipment, and will follow REACH information services policies and procedures.

(c) REACH Payment for Paramedic Services. REACH shall pay Oceanside for Paramedic services by reimbursing Oceanside for the fair market value cost of the Paramedic personnel (which is agreed to be \$48,000/month, and includes all overtime and orientation for the utilization of the

Paramedics), not to exceed actual cost. The total monthly Paramedic reimbursement amount paid by REACH to Oceanside may be changed by mutual agreement, but may not increase in any year by more than 3% over the prior year reimbursement level. Oceanside retains the right to determine individual Paramedic compensation levels and increases. Payments will be made in equal monthly installments by the Fifth of each month via wire.

4. **Co-ordination of Integrated Program.**

(a) **Branded Flight Program Name; Branding License Fee.** REACH and Oceanside will jointly select a unique name for the flight program (which will include the Oceanside Fire Department name) to be operated pursuant to this Agreement (the “**Branded Flight Program**”). The Helicopter will be painted with the Branded Flight Program name and logo and in a color scheme that is agreed to by REACH and Oceanside; provided, REACH will be clearly identified as the owner and operator of the Helicopters. The Oceanside Fire Department mark will continue to be owned by Oceanside. Oceanside hereby exclusively licenses to REACH the use of such mark for air ambulance services. Because of the significant mark recognition value, REACH will pay Oceanside \$10,000 per year as a license fee to use the mark as REACH performs Transport Services. Such amount will be paid in equal monthly installment of \$833.33 each on the Fifth of each Month via wire. The parties believe such license fee amount represents the fair market value royalty for its use. Oceanside may terminate the mark license granted to REACH for use of the mark upon 90 days’ written notice to REACH, after which the license fee will no longer be due or payable, and during which notice period the parties will jointly select a new name for the Branded Flight Program. If the name is changed at Oceanside’s behest, Oceanside shall bear the cost of changing the names on the helicopter.

(b) **Program Management.** Oceanside will designate one or more individuals to act as the supervisor for the Branded Flight Program as provided for herein. In addition, the Oceanside Fire Department on duty Battalion Chief or designee will work with REACH in an advisory capacity to oversee the daily operations of the Branded Flight Program. Such onsite supervisory, advisory and administrative program management services will include day-to-day personnel scheduling, ordering medical supplies, oversight for the preparation of daily reports, etc. Such personnel provided by Oceanside shall be either employees or contractors of Oceanside and under the control of Oceanside. REACH will reimburse Oceanside \$13,000 per month payable by the Fifth of the month via wire for the cost of providing these base management, supervision and administrative duties. This rate will be reassessed, and adjusted accordingly by agreement of the parties.

(c) **Marketing Flights.** REACH will provide a minimum of 25 hours for the first year and 20 hours of flight time annually thereafter for Branded Flight Program marketing and public relations. Unused hours may not be carried over from one year to the next. At the request of Oceanside, REACH will provide additional hours of flight time for Oceanside marketing and public relations at a rate of \$1,000 per hour. For the avoidance of doubt, flight time shall not include any period of time during which a Helicopter is static at a Branded Flight Program base or public relations location, but shall include repositioning time; *i.e.*, when flying a Helicopter from a Branded Flight Program base to remote location and return.

(d) **Command ICS Platform Use.** REACH will provide a minimum of 10 hours of flight time annually for Fire Department Incident Command platform use for aerial reconnaissance in connection with widespread natural disasters; however, the pilot in command will retain full authority to accept or decline any such flights due to safety concerns. Unused hours may not be carried over from one year to the next. At the request of Oceanside, REACH will provide additional hours of flight time for Incident Command platform use at a rate of \$1,000 per hour. For the avoidance of doubt, flight time shall not include any period of time during which a Helicopter is static at a Branded Flight Program base or

other location, but shall include repositioning time; i.e., when flying a Helicopter from a Branded Flight Program base to remote location and return.

(e) CAMTS Accreditation. The parties will reasonably cooperate to have the Branded Flight Program be, and remain, CAMTS accredited.

(f) Membership. Oceanside provides traditional water utility services to its citizens, and bills residential customers on a monthly basis (this provision does not apply to business customers). Oceanside currently has approximately 60,000 residential customers. REACH offers paid memberships (a “**Membership**”) to individuals and families.

Oceanside will provide marketing assistance to REACH by promoting its membership program to Oceanside residential customers. Oceanside will include written REACH Membership solicitation materials (with a code unique to Oceanside) with its monthly billing statements at least every 6 months, as requested by REACH. Oceanside and REACH will reasonably cooperate with each other to coordinate the timing, logistics and customization of such mailings. REACH will pay for the solicitation materials. Oceanside will pay for the cost of mailing.

Residential customers will submit Membership applications directly to REACH, and REACH will collect all Membership fees.

In consideration for the marketing assistance referred to above, for each new Member who is an Oceanside residential customer submitting an application with Oceanside’s unique code for a full price one year Membership, REACH will pay 5% of the gross Membership fees collected for such new Membership to Oceanside monthly on the Fifth of the Month via wire.

(g) Cooperative Relationship; Qualified Staff. REACH and Oceanside acknowledge and agree that the relationship between them and their respective staff, administration and employees is of a professional nature and that cooperation between Oceanside and REACH is vital to the functioning of the air ambulance program contemplated by this Agreement. Accordingly, the parties agree to adopt policies designed to cause their respective staff, administration and employees to maintain a professional working relationship with patients and with one another, and to take reasonable steps to avoid patterns of conflict, insubordination and intemperate behavior. The parties shall assign only qualified individuals to provide services under this Agreement. If either Oceanside or REACH becomes aware of questions or concerns with respect to the professional qualifications or performance of any individual providing services under this Agreement, the same shall be communicated promptly to the other party in order that a resolution of the problem can be made.

(h) Independent Contractors; No Partnership or Joint Venture. The Branded Flight Program is owned and operated by REACH. The Branded Flight Program is not a partnership or joint venture between the parties. Oceanside, as an independent contractor, is providing certain assets and services to REACH in connection with REACH’s operation of the Branded Flight Program. For all purposes of this Agreement and the transactions contemplated hereby, REACH and Oceanside each are and shall be deemed to be an independent contractors and each party shall be expressly prohibited from doing any acts or making any statements which do or may create the impression or inference that it is an agent or representative of the other party. Nothing in this Agreement shall be deemed or construed (i) to create a partnership or joint venture between the REACH and Oceanside, (ii) to cause either party to be responsible in any way for the debts, liabilities or obligations of the other party or (iii) to constitute either party an employer, employee, agent or representative of the other party. Each party will be solely responsible for compensating its respective employees who are providing services on behalf of such party. REACH shall at all times have sole control over the manner, means and method of performance of Transport Services hereunder.

(i) Healthcare Compliance Matters. Each party represents and warrants that it, and any individual providing services on its behalf hereunder, is not currently listed by a federal agency as excluded, debarred, or otherwise ineligible for participation in any federal health care program (as defined under 42 USC §1320a-7b(f), and hereinafter referred to as “**Federal Health Care Program**”). In performing its obligations under this Agreement, neither party shall employ, contract with, or otherwise use items from, or the services of, any individual or entity whom it knows or should have known, (I) has been convicted of a criminal offense related to healthcare (unless the individual has been reinstated to participation in Medicare and all other Federal Health Care Programs after being excluded because of the conviction), or (II) is currently listed by a Federal agency as excluded, debarred, or otherwise ineligible for participation in any Federal Health Care Program. Each party covenants that upon becoming aware of an entity or individual which it employs, contracts with, or has a relationship in which it uses the entity’s or individual’s items or services in performing its obligations under this Agreement, being (I) convicted of a criminal offense related to healthcare, or (II) listed by a federal agency as excluded, debarred, or otherwise ineligible for participation in any Federal Health Care Program, it shall promptly notify the other party.

In performing its obligations under this Agreement, each party will comply, and will cause its employees to comply with, the requirements of all applicable Laws, including those that pertain to the confidentiality of patient information. Without limiting the foregoing, each party agrees to timely comply with the Health Insurance Portability and Accountability Act (HIPAA) and all regulations promulgated thereunder, as amended from time to time. Each party will take such actions as are reasonably requested by the other party to achieve HIPAA compliance relative to this Agreement, including complying with the Business Associate Addendum attached hereto as Exhibit A. In addition, the parties intend to comply fully with all applicable state and federal laws and regulations, including but not limited to The Social Security Act, the federal Anti-Kickback Statute, the federal False Claims Act, and all applicable state and federal fraud and abuse laws and rules. If any terms or conditions of this Agreement are determined by any court or by the OIG of the Department of Health and Human Services to be contrary to any such statutes or regulations, the parties agree to promptly and in good faith confer and resolve any issues so as to make the performance of this Agreement consistent with all applicable statutes and regulations. Additionally, the parties hereto agree that any patient transfers shall be in compliance with EMTALA, 42 U.S.C. 1395dd *et seq.* and any amendments thereto, and such other requirements as may be imposed by the Secretary of Health and Human Services, and any applicable state transfer laws.

Each party acknowledges that the other party promotes full compliance with the Law and has established a culture that fosters the prevention, detection and resolution of instances of misconduct. Each party agrees to cooperate with the administration of the other party’s compliance program during the term of this Agreement. Such cooperation shall include participating in training, providing access to necessary billing documentation, participating in contract and claims audits and other aspects of the other party’s compliance program and upon request, cooperating and assisting during any internal compliance review, investigation and/or audit. Each party shall promptly notify the other party of any violation of the other party’s compliance policies and procedures or any applicable law or regulation of which such party becomes aware of during the term hereof. Each party shall cooperate with the other party in responding to and resolving any compliance investigation, inquiry or review initiated by a governmental agency, third party payor or other organization.

5. Term and Termination. This Agreement shall be effective from the date hereof for a period of 5 years; provided, however, this Agreement shall automatically renew and extend for an additional 5 year term, unless written notice of termination is given by either party to the other party at least 1 year prior to the fifth anniversary hereof.

(a) Termination by Mutual Agreement. The parties may terminate this Agreement without any further obligation hereunder (other than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof) by mutual agreement at any time.

(b) Termination for Material Breach. If either party shall default in the performance of any of the covenants or obligations of performance or payment imposed upon it under this Agreement (except where such failure is excused pursuant to any other provision of this Agreement), then the other party may give written notice to such defaulting party, which notice shall set forth in reasonable detail the reason for which the notice is given (a “**Default Notice**”). If, within thirty (30) days after receipt of a Default Notice, the defaulting party does not commence with diligence and in good faith to remedy the default, then the party not in default may terminate this Agreement by giving thirty (30) days advance written notice thereof to the other party without any further obligation hereunder (other than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof); provided, that nothing herein shall be deemed to release either party from any liability for any breach by such party of the terms and provisions of this Agreement.

(c) Termination for Significant Change in Financial Performance. If there is a significant adverse change in Branded Flight Program financial performance at any time (either from comparing budgeted forecasts to actual results or from comparing actual results over time), whether resulting from decreased flight volume (including lower flight requests or lower capture rates due to medical crew unavailability or weather, average loaded miles or reimbursement rates or resulting from adverse changes in payor mix or operational expenses (including relating to aircraft capability) or otherwise), for which REACH would consider terminating this Agreement, then REACH may give Oceanside written notice thereof. For sixty (60) days after delivery of such notice, the parties shall negotiate exclusively with each other in good faith to restructure their relationship in a mutually satisfactory manner (such as Oceanside purchasing all or part of the assets of the Branded Flight Program with REACH as a sole source aviation vendor). If the parties do not reach such a mutually satisfactory result within such time period, then REACH shall continue to operate normally hereunder until this Agreement is terminated by REACH, which it may do by giving written notice thereof to Oceanside as of any time after one hundred twenty (120) days after the end of the foregoing sixty (60) days time period.

6. Insurance.

(a) REACH’s Insurance Obligations. At all times during the term of this Agreement, REACH shall maintain in full force and effect, with insurance carriers duly authorized to do business in the jurisdictions in which the Branded Flight Program operates, the following types and minimum coverage limits of insurance (or such greater limits as are required by applicable Law) to insure for the liability of REACH: (i) commercial general liability insurance for death, bodily injury, property damage and for personal injury and aviation liability insurance covering injuries to passengers or third parties and damage to property in an amount not less than \$30,000,000 for any one occurrence or series of occurrences arising out of any one event, (ii) professional medical liability insurance in an amount not less than \$5,000,000 per claim and annual aggregate, (iii) comprehensive automobile liability (including hired, owned and non-owned vehicles) in limits of not less than \$1,000,000 per occurrence, for bodily injury and for property damage and (iv) workers’ compensation in compliance with the applicable statutory limits.

By appropriate riders or endorsements to REACH’s insurance policies, Oceanside shall be included as an additional insured with respect to the operations of REACH (with the exception of workers’ compensation policies).

REACH shall furnish to Oceanside a certificate of insurance from its insurance carriers or agent reflecting that REACH's insurance coverages are consistent with all requirements under this Section.

(b) Oceanside's Insurance Obligations. At all times during the term of this Agreement, Oceanside shall be lawfully self-insured pursuant to the provisions of Government Code section 990 et seq.

(c) Waiver of Subrogation. Oceanside and REACH each release and relieve the other, and waive the entire right to recover damages (whether in contract or tort) against the other for damage or loss to the releasing party's property arising out of an incident relating to the perils required to be insured against above.

(d) Survival. The provisions of this Section 6 shall survive the termination of this Agreement.

7. Indemnification.

(a) REACH's Indemnification Obligations. REACH agrees to indemnify, defend and hold harmless Oceanside from and against any loss, liability, demand, claim, action, cause of action, cost, damage, deficiency, tax, penalty, fine or expense, whether or not arising out of third party claims (including any of the foregoing to the extent they involve death or injury to any person or damage to any property and including interest, penalties, reasonable attorneys' fees and expenses and other reasonable dispute resolution costs and all amounts paid in investigation, defense or settlement of any of the foregoing) (collectively, "Losses") to the extent resulting from, in connection with or relating to: (i) any misrepresentation by REACH under this Agreement or breach by REACH of any warranty made by it in this Agreement, (ii) any breach by REACH of any of covenants, agreements or obligations in this Agreement, (iii) any aviation or transport matters relating to Transport Services; or (iv) any third party medical malpractice claim. Further, REACH at its own expense shall, upon written request by Oceanside, defend any such suit or action brought against Oceanside, its officers, agents, or employees founded upon, resulting or arising from the wrongful or negligent acts or omissions of REACH.

(b) Oceanside's Indemnification Obligations. Oceanside agrees to indemnify, defend and hold harmless REACH from and against any Losses to the extent resulting from, in connection with or relating to: (i) any misrepresentation by Oceanside under this Agreement or breach by Oceanside of any warranty made by it in this Agreement, (ii) any breach by Oceanside of any of covenants, agreements or obligations in this Agreement or (iii) the wrongful or negligent acts or omissions of Oceanside, including any Paramedic but excluding medical malpractice claims.

(c) Limitations. Neither REACH nor Oceanside shall indemnify the other party for any Losses resulting from the willful or negligent acts of the other party, other than medical malpractice claims involving a Paramedic. In no event, whether as a result of contract, tort, strict liability or otherwise, shall either party be liable to the other for any punitive, special, indirect or consequential damages, including without limitation loss of profits, loss of use or loss of contract. The indemnification obligations shall be reduced by any insurance coverage or insurance proceeds a party may have with respect to a claim.

(d) Survival. The provisions of this Section 7 shall survive the termination of this Agreement.

8. Confidentiality. During the term of this Agreement and for a period of 2 years thereafter, each party shall keep the other party's Confidential Information (as defined below)

confidential, and shall not disclose any such Confidential Information to others and shall not cause or permit others to use any such Confidential Information except as permitted hereunder. “**Confidential Information**” means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as “confidential”), in any form or medium, that relates to the business, products, services or research or development of either party to this Agreement or their respective suppliers, distributors, customers, independent contractors, referring agencies or other business relations. Confidential Information includes, but is not limited to, the following: (i) internal business information (including information relating to strategic and staffing plans and practices, business, training, marketing, promotional and sales plans and practices, cost, transport volumes, rate and pricing structures and accounting and business methods), (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such party’s suppliers, distributors, customers, independent contractors, referring agencies or other business relations and their confidential information, (iii) trade secrets, know-how, compilations of data and analyses, techniques, systems, formulae, research, records, reports, manuals, documentation, models, data and data bases relating thereto, and (iv) inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable); provided, however, that “Confidential Information” shall not include any information with respect to Oceanside or REACH that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure by the other party or its representatives, (y) becomes available to Oceanside or REACH, as the case may be, on a non-confidential basis from a source other than the other party or its representatives (provided that such source is not known by Oceanside or REACH, as the case may be, after reasonable inquiry to be bound by a confidentiality agreement with the other party or otherwise prohibited from transmitting the information to it by a contractual, legal or fiduciary obligation) or (z) the other party can establish was independently developed by it without violating the provisions of this Agreement.

Upon the termination of this Agreement, each party will return or destroy the other party’s Confidential Information, except that (i) one archival copy to be kept confidential and segregated from such party’s regular files may be retained by the party’s legal counsel solely for verification purposes and (ii) archived electronic files may be retained subject to the foregoing confidentiality obligation. The provisions of this Section shall survive the termination of this Agreement.

Notwithstanding the foregoing, either party may disclose Confidential Information (A) if such party is required by subpoena or order in any judicial or administrative proceeding or by any authorized governmental entity to disclose Confidential Information or (B) if such party is required by the California Public Records Act, California Government Code sections 6250 et seq. to disclose Confidential Information; provided, such party shall promptly notify the other party (if legally permissible) in writing of such request, so that the other party may resist such disclosure or seek an appropriate protective order or other remedy.

9. **Miscellaneous.**

(a) **Force Majeure.** Neither REACH nor Oceanside shall be liable for any failure or delay in performance hereunder if the failure or delay is due to any cause beyond the reasonable control of such party, including war, terrorism or civil disorder, labor strike, acts of God, flood, earthquake, lightning, fire, storm or other natural disaster, failure of or accident to machinery or equipment, failure or delay of any third party to deliver equipment or supplies or change in any law, regulation, order or direction of any governmental authority (a “**Force Majeure Event**”). If either party is unable to perform by reason of a Force Majeure Event, it shall promptly notify the other party of the Force Majeure Event and the anticipated length of the delay in performance by reason thereof. If the Force Majeure Event extends without cure for more than 90 days after the date of such notice, either party shall have the right to terminate this Agreement, whereupon neither party shall have any further obligation hereunder (other

than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof). During any time for which a party is excused from its performance by a Force Majeure Event, the other party shall be (i) excused from any corresponding obligation to pay for such performance and (ii) authorized to cover such lack of performance internally or with third party suppliers.

(b) Interpretation. As used in this Agreement, the word “including” means without limitation, the word “or” is not exclusive and the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Each defined term used in this Agreement shall have a comparable meaning when used in its plural or singular form. Unless the context otherwise requires, references herein: (i) to Sections, Exhibits and Schedules mean the Sections of and the Exhibits and Schedules (if any) attached to this Agreement, (ii) to an agreement, instrument or document means such agreement, instrument or document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by this Agreement and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto. The headings and captions used in this Agreement or in any Schedule or Exhibit hereto are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement or any Schedule or Exhibit hereto, and all provisions of this Agreement and the Schedules and Exhibits hereto shall be enforced and construed as if no caption or heading had been used herein or therein. Any capitalized terms used in any Schedule or Exhibit attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(c) Entire Agreement. This Agreement contains the entire agreement and understanding among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to such subject matter in any way. The preamble and preliminary statements set forth above are incorporated in this Agreement by reference and made a part hereof.

(d) Amendment and Waiver. This Agreement may be amended, and any provision of this Agreement may be waived; provided, that any such amendment or waiver will be binding on the parties only if such amendment or waiver is set forth in a writing executed by the parties. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

(e) No Third Party Beneficiary. Nothing in this Agreement, express or implied, is intended to confer upon any person other than Oceanside and REACH, or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement, such third parties specifically including employees and creditors of either party.

(f) Assignment. This Agreement and the rights and obligations of the parties hereunder shall not be assignable or transferable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, and neither party shall assign, delegate or subcontract this Agreement or the performance of the services to be performed

by such party hereunder, or any part thereof, to any other person without the prior written consent of the other party; provided, however, that (i) REACH shall have the right to assign, delegate or subcontract this Agreement or the performance of the services to be performed by it hereunder, or any part thereof, to any of its subsidiaries and to any purchaser of a material portion of its assets, so long as REACH remains liable for such subsidiary's or purchaser's obligations hereunder and is not the owner or operator, directly or indirectly, of another Oceanside in the Service Area and (ii) REACH may assign its rights hereunder for collateral security purposes to any lender or lenders (including any agent for any such lender or lenders) providing financing to REACH or its Affiliates, or to any assignee or assignees of any such lender, lenders or agent.

(g) Notices. All notices, demands and other communications to be given or delivered under this Agreement shall be in writing and shall be deemed to have been given (i) when personally delivered or sent by telecopy or electronic mail (with hard copy to follow) or (ii) one business day after being sent by reputable overnight express courier (charges prepaid), or (iii) five business days following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, demands and communications to the parties shall be sent to the addresses indicated below:

Notices to Oceanside:
Peter Weiss, City Manager
300 North Coast Hwy
Oceanside, CA 92054
Telephone: (760) 435-3066

with a copy to:
Darryl Hebert, Fire Chief
300 North Coast Hwy
Oceanside, CA 92054
Telephone: (760) 435-4088
Email: DHebert@ci.oceanside.ca.us

Notices to REACH:
REACH Air Medical Services, LLC
Attn: President
451 Aviation Blvd., Suite 101
Santa Rosa, CA 95403
Telephone: 707.324.2418
Telecopy: 707.324.2478
Email: sean_russell@reachair.com

with a copy to:
Attn: General Counsel
Air Medical Group Holdings, Inc.
1001 Boardwalk Springs Place, Suite 250
O'Fallon, MO 63368
Telephone: 866.587.0504
Telecopy: 866.650.0963
Email: cookthomas@amgh.us

(h) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this

Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICTS OF LAW PROVISION OR RULE. Prevailing Parties. In the event of any litigation with regard to this Agreement, the prevailing party or parties shall be entitled to receive from the non-prevailing party or parties, and the non-prevailing party or parties shall pay, all legal fees and expenses and court costs incurred by the prevailing party or parties in connection with the resolution of such litigation.

(k) Counterparts. This Agreement may be executed in one or more counterparts (including by means of signature pages delivered by a facsimile machine or electronic mail), all of which taken together shall constitute one and the same instrument.

[signature page next]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OCEANSIDE:

City of Oceanside, California

By: _____
Name: Peter Weiss
Title: City Manager

State of California)
County of _____)

On _____, 2013 before me, _____, personally appeared Peter Weiss, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

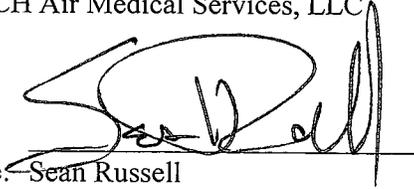
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)

COMPANY:

REACH Air Medical Services, LLC

By: 
Name: Sean Russell
Title: President

State of California)
County of Sonoma)

~~May~~ April 14
On 23, 2013 before me, Holly A. Pagels personally appeared Sean Russell, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Holly A. Pagels
(Seal)

Attached Exhibit List:

Exhibit A – Business Associate Addendum

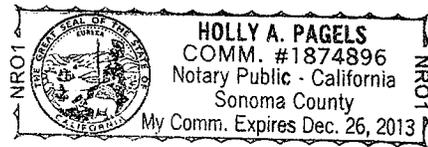


EXHIBIT A to Integrated Fire Department Air Ambulance Agreement
BUSINESS ASSOCIATE ADDENDUM²

THIS BUSINESS ASSOCIATE ADDENDUM (“**Addendum**”) is entered into by and between the City of Oceanside, California (“**Business Associate**”) identified in the Integrated Fire Department Air Ambulance Agreement (the “**Services Agreement**”) to which this Addendum is attached, and REACH Air Medical Services, LLC (“**Company**”), effective as of the date of the Services Agreement (“**Effective Date**”).

Preliminary Statement

- A. Under the Health Insurance Portability and Accountability Act of 1996, as amended and including all regulations promulgated thereunder (“**HIPAA**”), and Title XIII of Division A of the American Recovery and Reinvestment Act of 2009, as amended, and including all regulations promulgated thereunder (“**HITECH**”), Company is required to enter into business associate agreements with Company’s business associates to assure that Company’s business associates appropriately safeguard patient information.
- B. Business Associate provides Paramedic and related services for or on behalf of Company involving the potential use, disclosure, receipt, maintenance, transmission and/or creation of certain Protected Health Information (“**Company PHI**”) pursuant to the terms of the Services Agreement.
- C. Company cannot permit Business Associate to provide services pursuant to the Services Agreement unless Business Associate agrees to the terms of this Addendum.
- D. The parties desire to enter into this Addendum (i) to permit Business Associate to provide services pursuant to the Services Agreement, (ii) to protect the privacy and security of Company PHI in compliance with HIPAA and HITECH and (iii) to set forth the manner in which Business Associate will handle Company PHI.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.**

- (a) All terms used (but not otherwise defined in this Addendum) and defined under HIPAA or HITECH shall have the meaning ascribed to them in HIPAA or HITECH, as applicable.
- (b) Capitalized terms used in this Addendum shall have the following meanings, provided that if any of the following definitions conflicts with the respective definition of such term in HIPAA or HITECH, as applicable, the definition in HIPAA or HITECH, as applicable, shall control:

² BAA to be revised based on recent HIPAA amendments

- i. **Protected Health Information or PHI** means information, including demographic information, that (A) is created or received by a healthcare provider, health plan, employer or healthcare clearinghouse, (B) relates to the past, present or future physical or mental condition of a patient, the provision of healthcare to a patient, or the past, present or future payment for the provision of healthcare to a patient, and (C) identifies the patient (or there is a reasonable basis to believe the information can be used to identify the patient).
 - ii. **Electronic PHI** means PHI which is transmitted by or maintained in electronic media.
2. **Rights of Business Associate.** Except to the extent restricted or limited by this Addendum or applicable law, Business Associate shall have the right to Use and Disclose Company PHI as necessary to perform Business Associate's obligations under the Services Agreement.
3. **Obligations of Business Associate.** With regard to the Use and Disclosure of Company PHI, Business Associate agrees as follows:
 - (a) **Use and Disclosure of Company PHI.** Business Associate shall Use and Disclose Company PHI only as permitted by the terms of this Addendum or applicable law and only to the extent that such Use and Disclosure would not violate HIPAA or HITECH if Used or Disclosed in such manner by Company. Upon the written request of Company, Business Associate may use Company PHI to provide data aggregation services related to the healthcare operations of the Company as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
 - (b) **Other Permitted Uses and Disclosures.** Business Associate may Use and Disclose Company PHI as required by applicable law, to report violations of law in accordance with § 164.502(j)(1) of HIPAA, and as necessary for the proper management and administration of the Business Associate or to carry out Business Associate's legal responsibilities, provided that Business Associate may Disclose Company PHI to third parties not employed by Business Associate only if (i) the Disclosure is required by law, or (ii) Business Associate obtains reasonable assurances from the recipient that (A) the Company PHI will remain confidential and will be Used or further Disclosed only as required by law or for the purpose for which it was Disclosed to the recipient, and (B) the recipient will notify Business Associate of any breach of confidentiality of Company PHI.
 - (c) **Safeguards.** Business Associate shall implement appropriate administrative, technical and physical safeguards to protect the confidentiality, integrity and availability of any Company PHI that it creates, receives, maintains or transmits to or on behalf of Company as required by HIPAA and HITECH, including compliance with the standards set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312 and 164.316, and to prevent any Use or Disclosure of Company PHI not authorized by the terms of this Addendum.
 - (d) **Agents and Subcontractors.** Business Associate shall enter into a written agreement with all agents and subcontractors to whom Business Associate provides Company PHI, which agreement shall include and require such agent or subcontractor to comply with the same restrictions and conditions that apply under this Addendum to Business Associate with respect to Company PHI. If Business Associate becomes aware of a pattern or practice of activity of an agent or subcontractor that would constitute a material breach or violation

of the written agreement between Business Associate and such agent or subcontractor, Business Associate shall take reasonable steps to cure such breach or terminate such written agreement with such agent or subcontractor.

- (e) Mitigation. Business Associate shall take any and all actions necessary to promptly mitigate any harmful effects known to Business Associate to result from an unauthorized Use or Disclosure of Company PHI by Business Associate, its agents or subcontractors.
- (f) Access to PHI. To enable Company to respond to a patient's request to access the patient's PHI, Business Associate shall make the patient's PHI maintained by Business Associate available to Company for inspection and copying within five (5) days of receiving Company's request for access. If Business Associate maintains Protected Health Information in a Designated Record Set for Company, Business Associate agrees to provide, at the request of Company, in the time and manner reasonably designated by Company, access to or an electronic copy of Protected Health Information in a Designated Record Set, to Company or, as directed by Company, to an Individual, or a third party designated by the Individual, in order to meet the requirements under 45 C.F.R. § 164.524 and under 42 U.S.C. § 17935(e). If Business Associate maintains Protected Health Information in a Designated Record Set for Company, Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that Company directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of Company or an Individual, and in the time and manner reasonably designated by Company.
- (g) Disclosures to Secretary of DHHS. Business Associate shall (i) make all internal practices, books and records relating to the Use and Disclosure of Company PHI received or created by Business Associate on behalf of Company available to the Secretary of DHHS for the purpose of determining Company's compliance with HIPAA and HITECH, and (ii) provide Company with a copy (or a listing, if requested by Company) of documents made available to the Secretary of DHHS within five (5) days of providing such documents to DHHS.
- (h) Minimum Necessary. In Using or Disclosing Company PHI and requesting PHI from Company or other third parties, Business Associate shall Use, Disclose or Request only the minimum amount of PHI necessary to accomplish the purpose of the Use, Disclosure or Request, in accordance with the minimum necessary standard set forth in 45 C.F.R. § 164.502(b).
- (i) Compliance with State Law. Notwithstanding any contrary provision contained herein, Business Associate shall comply with all state law requirements concerning Use or Disclosure of PHI applicable pursuant to the state law preemption provisions contained in HIPAA.
- (j) Restrictions Against Sale of PHI; Marketing and Fundraising Communications. Business Associate shall not sell Protected Health Information or receive any direct or indirect remuneration in exchange for Protected Health Information except as permitted by the Addendum or federal law. Business Associate shall not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a). Business Associate shall not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b).

4. **Reporting and Notification Obligations.**

- (a) Following Business Associate's discovery (as described in § 164.410(a)(2) of HIPAA) of a Breach of Unsecured Protected Health Information, Business Associate shall notify Company of such Breach in accordance with §§ 164.410 and 164.412 of HIPAA.
- (b) Business Associate shall notify the Privacy Officer of Company within ten (10) days of (i) becoming aware of any successful Security Incident or Use or Disclosure of Company PHI not permitted under the terms of this Addendum (other than a Breach of Unsecured Protected Health Information) or interference with systems operations in an information system containing Company PHI, or (ii) receiving a request from Company to identify any unsuccessful attempts of unauthorized access, Use, Disclosure, modification or destruction of Company PHI or interference with systems operations in an information system containing Company PHI of which Business Associate is aware. Such notification shall include, to the extent possible, and shall be supplemented on an ongoing basis with the identification of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired Used or Disclosed during the Use, Disclosure, Security Incident or Breach.
- (c) With respect to any Breach of Unsecured Protected Health Information, in the Company's sole discretion and in accordance with the time and manner reasonably designated by the Company, Business Associate shall: (i) conduct at its sole cost and expense, or pay the costs of conducting, an investigation of any incident required to be reported to the Company under this Section 4(b); and/or (ii) provide at its sole cost and expense, or pay the costs of providing, any security breach notifications required under HIPAA and/or the HITECH Act.
- (d) Business Associate agrees to document Disclosures by Business Associate of Protected Health Information and information related to such Disclosures as would be required for Company to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 of the Regulations and 42 U.S.C. § 17935(c). Business Associate agrees to provide to Company or an Individual information collected in accordance with this Section 4(c), to permit Company to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c).

5. **Obligations of Company.** With respect to the Use and/or Disclosure of Company PHI by Business Associate, Company agrees as follows:

- (a) Company shall notify Business Associate of any limitation(s) in its notice of privacy practices, to the extent that such limitation(s) impacts or could reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI,
- (b) Company shall inform Business Associate of any changes in, or revocation of, a patient's authorization to Use or Disclose the patient's PHI if such action impacts or could reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI, and
- (c) Company shall notify Business Associate of any restrictions on the Use and/or Disclosure of Company PHI to which Company has agreed if such restriction impacts or could

reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI.

6. **Term and Termination.**

- (a) **Term.** Unless earlier terminated pursuant to Section 6(b) below, this Addendum shall be effective on the Effective Date and shall continue in effect until the later to occur of (i) termination of the Services Agreement, and (ii) discontinuation of Business Associate's provision of services to Company involving the Use, Disclosure and/or creation of PHI and the Use or possession of any Company PHI by Business Associate.
- (b) **Termination.** Notwithstanding any contrary provisions regarding termination of the Services Agreement contained in the Services Agreement, if Company determines that Business Associate has breached any provision of this Addendum, Company shall have the right, without incurring liability for damages or penalties as a result of termination of the Services Agreement, to either:
 - i. Immediately terminate this Addendum and the Services Agreement without providing Business Associate an opportunity to cure the breach, or
 - ii. Provide Business Associate with a written notice of breach and terminate this Addendum and the Services Agreement if Business Associate does not cure the breach within thirty (30) days of receiving such notice.
- (c) **Effect of Termination.** Upon termination of this Addendum, Business Associate shall immediately return to Company or destroy, if requested by Company, Company PHI possessed by Business Associate, its agents or subcontractors and retain no copies or back-up records of Company PHI. If such return or destruction is infeasible, as determined by Company, the obligations set forth in this Addendum with respect to Company PHI shall survive termination of the Addendum and Business Associate shall limit any further Use and Disclosure of Company PHI to the purposes that make the return or destruction of Company PHI infeasible.

7. **Entire Addendum.** This Addendum constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes any prior or contemporaneous verbal or written agreements, communications and representations relating to the subject matter hereof. Notwithstanding any provision in the Services Agreement indicating that it is the sole agreement governing the relationship between the parties, including a provision that the Services Agreement shall constitute the entire agreement between the parties thereof, the terms of this Addendum shall be effective and shall govern the relationship between the parties with respect to the subject matter hereof.

8. **Inconsistencies.** In the event of any inconsistency between the terms of this Addendum and the terms of the Services Agreement, the terms of this Addendum shall prevail with respect to the subject matter hereof notwithstanding any contrary provision in the Services Agreement.

9. **Amendment.** This Addendum may be modified or amended only upon mutual written consent of the parties. The parties agree to take any action required to amend this Addendum if Company, in its reasonable discretion, determines that an amendment is necessary for Company to comply with the requirements of HIPAA, HITECH or any other laws or regulations affecting the Use or Disclosure of Company PHI. If the parties are not able to agree on the terms of such an

amendment, either party may terminate this Addendum without incurring liability for damages or penalties thirty (30) days after receipt by the other party of written notice of termination, notwithstanding any contrary provision regarding termination contained in the Services Agreement.

10. **Notices.** Any notices to be given hereunder shall be deemed effectively given when personally delivered, received by electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as provided on the signature page to the Services Agreement.
11. **Survival.** The obligations of Business Associate to comply with the terms of this Addendum as set forth in Sections 6(c) and 7 of this Addendum shall survive the termination of this Addendum.

IN WITNESS WHEREOF, each party has caused this Addendum to be duly executed in its name and on its behalf effective as of the Effective Date by signing the Services Agreement.

PROPERTY LEASE AGREEMENT

BY AND BETWEEN

THE CITY OF OCEANSIDE

AND

REACH AIR MEDICAL SERVICES

FOR THE LEASE OF REAL PROPERTY

LOCATED AT

THE FIRE TRAINING FACILITY AND WATER UTILITIES SITE

AT

110 JONES ROAD, OCEANSIDE, CA

DATED

MAY 1, 2013

PROPERTY LEASE AGREEMENT

OCEANSIDE, CA

THIS PROPERTY LEASE AGREEMENT, herein after called "Lease", dated as of May 1, 2013 is executed between the **CITY OF OCEANSIDE**, a municipal corporation, hereinafter called "City", and **REACH AIR MEDICAL SERVICES, LLC** a California limited liability company, hereinafter called "Lessee". Notwithstanding the date set forth above, the effective date of this Lease shall be the date the Oceanside City Council approves the Lease ("Effective Date").

RECITALS

WHEREAS, City is the owner of that certain real property commonly known as the Fire Training Facility and Water Utilities site on Jones Road located in the City of Oceanside, County of San Diego, State of California;

WHEREAS, Lessee is a duly authorized air ambulance provider in the business of developing, operating, managing and maintaining air medical service facilities;

WHEREAS, City and Lessee are desirous of leasing a portion of the Fire Training Facility and Water Utilities site on Jones Road ("Property") to Lessee to enable Lessee to develop, operate, manage and maintain an air medical service facility thereon together with related activities;

WHEREAS, City and Lessee are desirous of entering into an agreement to see that an air medical service facility is developed, operated, managed and maintained in accordance with the terms and condition as set forth herein; and

WHEREAS, City and Lessee are also desirous of entering into a separate professional services agreement in conjunction with the leasing of a portion of the Fire Training Facility and Water Utilities site on Jones Road so that Lessee can provide an air medical service facility in the City using City Fire Department personnel, on terms and conditions outlined in the Professional Services Agreement between City and Lessee.

NOW THEREFORE, the parties in consideration of the terms, conditions, covenants and provisions contained herein do mutually agree as follows:

A G R E E M E N T

SECTION 1: USES

1.01 Premises. City hereby leases to Lessee and Lessee hereby leases from City, in accordance with the terms, conditions, covenants, and provisions of this Lease, a portion of that certain real property situated in the City of Oceanside, County of San Diego, State of California, commonly known as the Fire Training Facility and Water Utilities Site on Jones Road (APN 146-090-35) consisting of approximately eight thousand twenty-four square feet (8,024 SF) as more particularly described and depicted in Exhibits "A" and "B"¹ attached hereto and by this reference made a part of this Lease, together with non-exclusive access therefrom to an adjacent public right-of-way, if such property does not have direct access thereto. Said real property and access is hereinafter called the "Premises."

1.02 Ingress and Egress Over Property. City further grants to Lessee the non-exclusive right for ingress and egress over the Property from a public right-of-way to the Premises, in a location and an area to be designated by City, in order to access the Premises and to allow Lessee to construct the Lessee Improvements as hereinafter defined, in accordance with the terms and conditions as set forth in this Lease. The non-exclusive right for ingress and egress also includes the primary approach and primary department flight path for the helicopter to and from the Helipad area as shown on Exhibit "B". City agrees to allow Lessee access to the Premises twenty-four (24) hours per day, seven (7) days a week.

1.03 Uses. It is expressly agreed that the Premises is leased to Lessee solely and exclusively for the purpose of operating an air medical service facility consisting of a helipad and a temporary mobile living quarters together with related activities for the purpose of providing one (1) helicopter for air medical ambulance flight services (in accordance with the terms and conditions of the Professional Services Agreement described below), and for such other related or incidental purposes as may be first approved in writing by the City Manager of the City of Oceanside and for no other purpose whatsoever.

Lessee covenants and agrees to actively and continuously use and operate the Premises for the above specified, limited and particular exclusive use and to diligently pursue said purposes throughout the term of this Lease, except for failure to so use caused by reasons or events beyond the reasonable control of Lessee and acts of God. Said active and continuous use and operation enhances the value of the public's asset, provides needed public services,

additional employment, taxes and other benefits to the general economy of the area. In the event that Lessee fails to continuously use the Premises for said purposes, or uses the Premises for purposes not expressly authorized herein, Lessee shall be deemed in default under this Lease. Except as set forth above, Lessee shall not use the Premises in any manner which disrupts the quiet enjoyment of surrounding property owners' use of their property, it being understood, however, that the purpose of this Lease and the Lessee's helicopter operations therefrom shall entail frequent flights into and out of the Premises with associated noise and activity.

1.04 Professional Services Agreement. It is expressly agreed that the Premises is leased to Lessee in conjunction with the fulfillment of the Professional Services Agreement between City and Lessee so that Lessee can provide air medical ambulance flight services from the Premises. A copy of the Professional Services Agreement is attached as Exhibit "C" and is incorporated herein by this reference. As additional consideration for the lease of the Premises, Lessee agrees to timely satisfy the terms and conditions of the Professional Services Agreement. Failure by Lessee to perform pursuant to the terms and conditions of the Professional Services Agreement shall be deemed a default under this Lease. This Lease is expressly contingent upon the parties entering into said Professional Services Agreement. Notwithstanding anything contained herein to the contrary, if said Professional Services Agreement is terminated, either party shall likewise have the right to terminate this Lease upon written notice to the other party. Likewise, an extension or renewal of the Professional Services Agreement shall extend the term of this Lease for a like period, and the parties shall execute a confirming amendment at such time.

1.05 Premises and Tenant Improvements.

a. City Improvement Obligations. Except as otherwise expressly set forth herein, City shall deliver the Premises to Lessee in an "as is, where is" condition without any representation or warranties as to the suitability of the Premises for Lessee's intended use. Except for any express representations or warranties made by City herein, Lessee hereby accepts the Premises in said "as is, where is" condition and shall construct improvements thereon which are necessary for Lessee to use and occupy the Premises for its intended use.

b. Lessee Improvement Obligations. Lessee shall perform all of the work required to be performed by Lessee pursuant to the scope of work, cost, and schedule more specifically set forth in Exhibit "D" ("Lessee Improvements") attached hereto and incorporated herein by this reference. Failure by Lessee to perform the work as described and/or as scheduled shall be deemed a default under this Lease.

1.06 Related Discretionary Actions. By the granting of this Lease, neither City nor the City Council 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 rezoning, variances, conditional use

permits, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the Premises. Notwithstanding the foregoing, City agrees to reasonably cooperate with Lessee as needed to obtain such required rezoning, variances, conditional use permits, environmental clearances and other governmental agency approvals at no cost to City.

1.07 Quiet Possession. Lessee, paying the rent and performing the covenants and agreements herein, including the Professional Services Agreement, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Premises.

1.08 Reservation of Rights. City shall not unreasonably or substantially interfere with Lessee's use of the Premises while Lessee is in possession of the Premises; however the City specifically retains the following rights which, however, shall be exercised at all times to cause the least interference practical to Lessee's operations:

a. Subsurface Rights. City hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the Premises. City shall not perform any surface drilling or other operations with respect to such subsurface natural gas, oil, minerals or water to the extent same would require removal or alteration of Lessee's improvements or unreasonably or substantially interfere with its operations.

b. Easements. City reserves the right to grant and use easements or to establish and use rights-of-way over, under, along and across the Premises for utilities as it deems advisable for the public good.

c. Right to Enter. City has the right to enter the Premises for the purpose of performing maintenance, inspections, repairs or improvements, or developing municipal resources and services. City will pay the costs of the maintenance and repair of all City installations made pursuant to these reserved rights.

Notwithstanding the foregoing, except as to the rebuilding of the current fire training structure on the Property, City covenants and agrees with Lessee that it shall not erect or build (or allow the erection or construction) any structure on the Property located adjacent to the Premises that would invalidate Lessee's license to operate from the Premises or that would otherwise interfere with Lessee's operations due to the height of such structure or any lighting issuing therefrom.

SECTION 2: TERM

2.01 Commencement. Subject to Section 1.04, the term of this Lease shall be for a period of five (5) years commencing on the earlier of the date Lessee substantially completes the Lessee Improvements to the Premises as set forth in Exhibit "D", as evidenced by a Notice of Completion or twelve (12) months from the Effective Date ("Commencement Date"). Upon

determination of the Commencement Date, Lessee shall execute a Commencement Date Memorandum confirming the actual date the Lease commences and terminates. A copy of the Commencement Date Memorandum is shown in Exhibit "E" attached hereto and by this reference made a part of this Lease.

2.02 Feasibility Period. Beginning the Effective Date, Lessee shall conduct its feasibility analysis of the Premises and use thereof as follows:

a. Due Diligence. Lessee shall have up to thirty (30) days to conduct its due diligence of the Premises to determine the condition of the Premises for Lessee's intended use. Due diligence shall include, but not be limited to, geotechnical analysis, availability of utilities and ingress and egress to the Premises.

b. Entitlements. Lessee shall have up to six (6) months from the Effective Date to obtain the required regulatory entitlements, including but not limited to, the necessary County of San Diego ("County") permits and authorizations ("Regulatory Entitlements") needed by Lessee to conduct Lessee's business at the Premises and within the County. Lessee agrees that it will use its best efforts and diligently pursue obtaining the required regulatory entitlements needed by Lessee. In processing necessary discretionary permits and environmental review, City shall have full authority to include all necessary mitigation measures and/or project alternatives for the proposed Lessee Improvements.

c. Termination. In the event Lessee is not able to obtain the Regulatory Entitlements within said six (6) month period, either party shall have the right to terminate this Lease by giving the other party at least thirty (30) days written notice. In the event of termination pursuant to this Section, neither party shall be required to pay any sum to the other party. It is expressly understood by Lessee that the City as landlord under this Lease and by entering into this Lease does not make any representations to Lessee that it has the authority to provide the regulatory discretionary approvals conferred upon the City of Oceanside as a regulatory agency.

2.03 Tenant Improvement Period. Prior to the actual Commencement Date of the Lease and upon obtaining the Regulatory Entitlements, Lessee shall be given the right to enter upon the Premises in order to complete the Lessee Improvements to the Premises as described in Exhibit "D", as of the Effective Date, provided such right of entry is subject to and in compliance with the terms, conditions, covenants and provision of this Lease, including, but not limited to Section 4 herein. It is further agreed by the parties that Lessee shall have the opportunity to more particularly describe the Lessee Improvements, subject to approval by City, which approval shall not be unreasonably withheld, once Lessee has processed the Lessee Improvements for regulatory approval during the six (6) month period set forth in Section 2.02 above. If applicable, a revised description of the Lessee Improvements, entitled Exhibit "D-1" will be attached to the Lease and replace the Exhibit "D" described herein.

2.04 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 by Lessee or by Lessee's property after the expiration or termination of this Lease constitutes a month-to-month tenancy, and all other terms and conditions of this Lease, including rental adjustments, shall continue in full force and effect. In the event of any holding over, Lessee shall continue to, and pay monthly, the Rent as set forth in this Lease or the fair market value for similar operations in the Southern California area, whichever is higher during the holdover period.

2.05 Abandonment by Lessee. Even if Lessee breaches the Lease and abandons the Premises, 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 any amounts owing under the Lease as said amount becomes due, plus damages.

2.06 Quitclaim of Lessee's Interest. On the expiration or termination of this Lease for any reason, at City's sole discretion, City shall provide Lessee with and Lessee shall deliver to City a quitclaim deed in recordable form quitclaiming all its rights in and to the Premises. Lessee or its successor in interest shall deliver the same within five (5) business days after receiving written demand thereof. City may record such deed only on the expiration or earlier termination of this Lease. If Lessee fails or refuses to deliver the required deed, the City may prepare and record a notice reciting Lessee's failure to execute this lease provision and the notice will be conclusive evidence of the termination of this Lease and all Lessee's rights to the Premises.

2.07 Surrender of Premises. At the expiration or earlier termination of this Lease, Lessee shall surrender the Premises to City free and clear of all liens and encumbrances created by Lessee, except those liens and encumbrances which existed on the date of the execution of this Lease by City. The Premises, when surrendered by Lessee, shall be in a safe and sanitary condition and shall be in as good or better condition as the condition at commencement of this Lease, absent normal wear and tear.

2.08 Time is of Essence. Time is of the essence of all of the terms, covenants, conditions and provisions of this Lease.

SECTION 3: CONSIDERATION

3.01 Time and Place of Payment. Rent (as hereinafter defined) payments shall be due to City and payable by Lessee on first day of each month of the term of the Lease. Also, Lessee shall, concurrently with the filing of its quarterly State Board of Equalization tax statement, provide City with a copy of said statement. The requirements of this section shall survive the expiration or sooner termination of this Lease.

Checks should be made payable to the City of Oceanside and delivered to the City at the address set forth in Section 6 of this Lease. The place and time of payment may be changed at any time by City upon thirty (30) days written notice to Lessee. Lessee assumes all risk of loss and responsibility for late payment charges. Lessee agrees to pay City an additional Twenty-Five and No/100 Dollars (\$25.00) for any returned check which is not honored by the financial institution from which the check is drawn.

3.02 Rent. The annual rent amount during the term of this Lease shall be **Thirty Thousand and No/100 Dollars (\$30,000.00)** which shall be payable monthly in advance at the rate of **Two Thousand Five Hundred and No/100 Dollars (\$2,500.00)** on or before the first (1st) day of each new month.

3.03 Extension of Term. In the event the Professional Services Agreement described in Section 1.04 above is extended, the annual rent amount of this Lease shall be increased by three percent (3%) for each additional five (5) year period that the term of the Lease is extended pursuant thereto.

3.04 Utilities. Lessee agrees to order, obtain and pay for all utilities (e.g. electricity, water and sewer services), telephone and refuse collection to and for the Premises in connection with the development, occupation, operation, management and maintenance of the Premises.

3.05 Inspection of Records. Lessee shall maintain accurate financial books and records for the operation of its business provided at, or from, the Premises. Said books and records shall be maintained in accordance with normal business standards and good accounting practice. Lessee agrees to make any and all records and accounts available to City for inspection at all reasonable times, so that City can determine Lessee's compliance with this Lease. These records and accounts will be made available by Lessee at the Premises or City's offices and will be complete and accurate showing all income and receipts from Lessee's use of the Premises. Lessee's failure to keep and maintain such records and make them available for inspection by City is a default of this Lease. These records include but are not limited to generally accepted business books, documents, and records. Lessee shall maintain all such books, records and accounts for the term of this Lease. This provision shall survive the expiration or sooner termination of this Lease. Notwithstanding anything to contrary above, City's right to inspect Lessee's records are only limited to City's right to insure compliance with the terms of this Lease.

3.06 Delinquent Payments. If Lessee fails to pay any amount within five (5) business days of the date when due, Lessee will pay in addition to the unpaid amount, five percent (5%) of the delinquent rent. If said amount is still unpaid at the end of fifteen (15) days, Lessee shall pay an additional five percent (5%) [being a total of ten percent (10%)] which is hereby mutually agreed by the parties to be appropriate to compensate City for loss resulting from delinquency,

including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account. Acceptance of late charges and any portion of the late payment by City shall in no event constitute a waiver by City of Lessee default with respect to late payment, nor prevent City from exercising any of the other rights and remedies granted in this Lease.

SECTION 4: INSURANCE RISKS/SECURITY

4.01 Indemnity. Lessee shall indemnify and hold harmless the City and its officers, agents and employees against all claims for damages to persons or property arising out of the conduct of the Lessee or its employees or agents in connection with its use and occupation of the Premises under this Lease, except only for those claims arising from the sole negligence or sole willful conduct of the City, its officers, agents, or employees. Lessee's indemnification shall include any and all costs, expenses, reasonable attorneys' fees and liability incurred by the City, its officers, agents, or employees in defending against such claims, whether the same proceed to judgment or not. Further, Lessee at its own expense shall, upon written request by the City, defend any such suit or action brought against the City, its officers, agents, or employees.

4.02 Insurance. Lessee shall take out and maintain at all times during the term of this Lease, commencing the Effective Date of the Lease, the following insurance at its sole expense:

- a. Lessee shall maintain the following minimum limits:

General Liability

Combined Single Limit Per Occurrence	\$2,000,000
General Aggregate	\$4,000,000

All Risk

Insurance covering all of the Lessee Improvements, trade fixtures, merchandise and personal property in the Premises, alterations and additions made by Lessee, in an amount not less than 100% of their full replacement, providing protection against perils included in the standard state form of all-risk insurance policy, plus insurance against vandalism and malicious mischief.

- b. All insurance companies affording coverage to the Lessee shall be required to add the City of Oceanside as "additional insured" as its interests may appear, with respect to Lessee's operations, under the insurance policy(s) required in accordance with this Lease.

- c. All insurance companies affording coverage to the Lessee shall be insurance

organizations authorized by the Insurance Commissioner of the State Department of Insurance to transact business of insurance in the State of California.

d. All insurance companies affording coverage shall provide thirty (30) days written notice to the City (ten (10) days in case of non-payment of premium) should the policy be cancelled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered cancellation.

e. Lessee shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance, in a form satisfactory to the City Attorney, concurrently with the submittal of this Lease.

f. Lessee shall provide a substitute certificate of insurance no later than thirty (30) days prior to the policy expiration date.

g. Maintenance of insurance by the Lessee as specified in this Lease shall in no way be interpreted as relieving the Lessee of any responsibility whatever and the Lessee may carry, at its own expense, such additional insurance as it deems necessary.

h. 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; the names of the insurer(s); and the 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, any failure or refusal by Lessee to take out or maintain insurance as required in this Lease, or failure to provide the proof of insurance, shall be deemed a default under this Lease.

i. **Modification.** City, at its discretion, may reasonably require the revision of amounts and coverage at any time during the term of this Lease 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 reasonably required by City for new improvements, in order to meet the requirements of this Lease.

4.03 Accident Reports. Lessee shall, within seventy-two (72) hours after occurrence, report to City any accident causing 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.

SECTION 5: IMPROVEMENTS/ALTERATIONS/REPAIRS

5.01 Acceptance of Premises. Lessee represents and warrants that it has or will during the diligence period independently inspected the Premises and made or will make all tests, investigations, and observations necessary to satisfy itself of the condition of the Premises, including but not limited to an environmental assessment and/or geotechnical analysis of the Premises. Lessee acknowledges it is relying solely on such independent inspection, tests, investigations, and observations in making this Lease. Lessee further acknowledges that Premises are in the condition called for by this Lease and that Lessee does not hold City responsible for any defects in the Premises which were not directly caused by City.

5.02 Waste, Damage, or Destruction. Lessee shall give written notice to City of any fire or other damage that occurs on the Premises within seventy-two (72) hours of such fire or damage. Lessee shall not commit or suffer to be committed any waste or injury or any public or private nuisance, agrees 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 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. Lessee shall be responsible for all costs incurred in the repair and restoration, or rebuilding of the Premises. Notwithstanding the foregoing, if such waste, damage, or destruction occurs during the final two (2) years of the term of this Lease and, in Lessee's reasonable judgment, prevents Lessee from being able to use and occupy the Premises, Lessee shall have the option of removing its improvements and restoring the Premises to their condition prior to the commencement of this Lease and terminating the Lease as of the date of such damage or destruction.

5.03 Maintenance. As part of the consideration for the Lease, Lessee agrees to assume full responsibility and cost for the operation, maintenance and repair of the Premises and the Lessee Improvements throughout the term of this Lease and without expense to City. Lessee will perform all maintenance, 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. Lessee further agrees to provide approved containers for trash and garbage and to keep the Premises free and clear of rubbish and litter, or any other fire hazards. Lessee waives all right to make repairs at the expense of City as provided in Section 1942 of the California Civil Code and all rights provided by Section 1941 of said code.

For the purpose of keeping the Premises in a good, safe, healthy and sanitary condition, City shall always have the right, but not the duty, upon reasonable prior notice to Lessee (except in case of an emergency), to enter, view, inspect, determine the condition of, and protect its

interests in, the Premises. In the event that City finds that the Premises are not in a decent, safe, healthy, and sanitary condition, Lessee must perform the necessary maintenance, repair or replacement work within ten (10) days after written notice from City. In the event Lessee fails to perform such work, City shall have the right, upon written notice to Lessee, to have any necessary maintenance work done at the expense of Lessee, and Lessee shall promptly pay 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. Lessee shall make payment no later than ten (10) days after City's written demand therefore. City shall not be required at any time to perform maintenance or to make any improvements or repairs whatsoever, on or for the benefit of the Premises. The rights reserved in this section shall not create any obligations or increase obligations for City elsewhere in this Lease.

5.04 Improvements/Alterations. Except as set forth in Exhibit "D", 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, which shall not be unreasonably withheld, conditioned, or delayed. 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, conditioned, or delayed. 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.

5.05 Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, and encumbrance or claim on or with respect to all or any portion of the Premises without the prior written consent of the City Manager. Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, and encumbrance or claim on or with respect to all or any portion of the Premises for which Lessee does not have the prior written consent of the City Manager.

5.06 Encumbrance. Upon receiving prior consent by the City Manager, Lessee may encumber this Lease, its leasehold estate and its improvements thereon by deed of trust, mortgage, chattel mortgage or other security instrument to assure the payment of a promissory note or notes of Lessee, upon the express condition that the net proceeds of such loan or loans be devoted exclusively to the purpose of developing and/or improving the Premises. However, a reasonable portion of the loan proceeds may be disbursed for payment of incidental costs of construction, including but not limited to the following: off-site improvements for service of the Premises; on-site improvements; escrow charges; premiums for hazard insurance, or other insurance or bonds required by City; title insurance premiums; reasonable loan costs such as discounts, interest and commissions; and architectural, engineering and attorney's fees and such

other normal expenses incidental to such construction.

Any subsequent encumbrances on the Premises or on any permanent improvements thereon shall also have prior approval in writing of City Manager. Such subsequent encumbrances shall also be for the exclusive purpose of development of the Premises or otherwise to the benefit of the City at the discretion of the City Manager. Any deed of trust, mortgage or other security instrument shall be subject to all of the terms, covenants and conditions of this Lease and shall not amend or alter any of the terms, covenants or conditions of this Lease.

5.07 Taxes. Lessee shall 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 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.

5.08 Signs. Except as set forth in Exhibit "D" Lessee shall not erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings, or similar devices or advertising without the prior written consent of the City Manager, which shall not be unreasonably withheld, conditioned, or delayed, and any such device(s) shall conform to all City of Oceanside ordinances and regulations. If any such unauthorized item is found on the Premises, Lessee shall remove the item at its expense within twenty-four (24) hours of written notice thereof by City, or City may thereupon remove the item at Lessee's cost.

5.09 Ownership of Improvements and Personal Property.

a. Following the expiration or sooner termination of this Lease, Lessee shall retain title to, and shall be entitled to remove from the Premises any fuel system and any crew quarters as may then be located on the Premises, and any and all of Lessee's personal property and fixtures that may be located on the Premises. Any other improvements, structures, installations or additions to the Premises constructed on the Premises by Lessee shall at Lease expiration or termination be deemed to be part of the Premises and shall become City's property, free of all liens and claims except as otherwise provided in this Lease and in the Professional Services Agreement. At City's election, any items which Lessee is entitled to remove but 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 shall repair all such damage.

5.10 Eminent Domain. If all or part of the Premises is 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. Total Taking. 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. Partial Taking. In the event of a partial taking, if, in the opinion of Lessee, 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.

In the event of a partial taking, if, in the opinion of Lessee, 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.

c. Award. All monies awarded in any such taking of the Premises 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 the installations or improvements of Lessee. City shall have no liability to Lessee for any award not provided by the condemning authority.

d. 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.

e. 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.

5.11 Damage or Destruction to Improvements.

a. City Reconstruction and Termination Right. If the City Improvements upon the Premises are damaged or destroyed by any risk against which City has insured, City (subject to being able to obtain all necessary permits and approvals) shall, within one hundred and twenty (120) days after such damage or destruction elect to terminate the Lease or repair and reconstruct the Premises to substantially the same condition as the Premises were originally

delivered to Lessee. City shall not be liable for interruption to Lessee's operation or for damage to or for the repair or reconstruction of any items.

b. Lessee Reconstruction. If any item which Lessee is required to insure pursuant to the terms of this Lease is damaged or destroyed by fire or other risks to be so insured, Lessee (subject to being able to obtain all necessary permits and approvals) shall, within thirty (30) days after City has repaired or reconstructed the Premises that City is obligated to repair or reconstruct pursuant Subsection 5.11(a) above, subject to Section 5.02, Lessee shall commence to repair or reconstruct such items to substantially the same condition in which they were prior to such damage or destruction and prosecute the same diligently to completion.

SECTION 6: GENERAL PROVISIONS

6.01 Notices. All notices, demands, requests, consents or other communications which this Lease contemplates or authorizes, or requires or permits either party to give to the other, shall be in writing and shall be personally delivered or mailed to the respective party as follows:

To City:

CITY OF OCEANSIDE
Property Management Division
300 North Coast Highway
Oceanside, CA 92054

Attention: Real Estate Manager

To Lessee:

Prior to Commencement Date

REACH Air Medical Services, LLC
ATTN: President
451 Aviation Blvd., Suite 101
Santa Rosa, CA, 95403

After the Commencement Date

REACH Air Medical Services, LLC
ATTN: President
451 Aviation Blvd., Suite 101
Santa Rosa, CA, 95403

Either party may change its address by notice to the other party as provided herein.

Communications shall be deemed to have been given and received on the first to occur of: i) actual receipt at the offices of the party to whom the communication is to be sent, as designated above; or (ii) three (3) working days following the deposit in the United States Mail of registered or certified mail, postage prepaid, return receipt requested, addressed to the offices of the party to whom the communication is to be sent, as designated above.

6.02 City Approval. The City Manager shall be the City's authorized representative in the interpretation and enforcement of all work performed in connection with this Lease. The City Manager may delegate authority in connection with this Lease to the City Manager's designee(s).

6.03 Nondiscrimination. Lessee agrees not to discriminate in any manner against any person or persons on account of race, marital status, familial status, sex, religious creed, color, ancestry, national origin, age, disability, medical condition or sexual orientation in Lessee's use of the Premises.

6.04 Equal Opportunity. Lessee shall take affirmative action to assure applicants are employed and that employees are treated during employment without regard to race, religious creed, color, religion, sex or national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age or sexual orientation. Lessee shall certify in writing to City that Lessee is in compliance and throughout the term of this Lease will comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, and any other applicable Federal, State and Local law, regulation and policy (including without limitation those adopted by City) related to equal employment opportunity and affirmative action programs, including any such law, regulation, and policy hereinafter enacted.

Compliance and performance by Lessee of the equal employment opportunity and affirmative action program provision of this Lease is an express condition hereof and any failure by Lessee to so comply and perform shall be a default of this Lease and City may exercise any right as provided herein and as otherwise provided by law.

6.05 Entire Agreement. This Lease together with the Professional Services Agreement contains the entire understanding between the City and Lessee concerning the use and occupation of the Premises and supersedes all prior negotiations, representations, or agreements. 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.

6.06 Interpretation. The interpretation, validity and enforcement of the Lease shall be governed by and construed under the laws of the State of California. The venue of any judicial

action brought to enforce any condition, covenant or provision of this Lease shall be in San Diego County, California. The Lease does not limit any other rights or remedies available to City.

The Lessee shall be responsible for complying with all Local, State, and Federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Lease shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Lease are severable.

This Lease shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and assigns.

6.07 Agreement Modification. This Lease may not be modified orally or in any manner other than by an Agreement in writing signed by the parties hereto.

6.08 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 Redevelopment 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 amounts associated with this Lease is not a waiver of any default preceding the amount 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 Oceanside and that the failure of 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.

6.09 Attorney's Fees. In the event a suit is commenced by City against Lessee to enforce payment of amounts due, or to enforce any of the terms and conditions hereof, or in case City shall commence summary action under the laws of the State of California relating to the unlawful detention of property, for forfeit of this Lease, and the possession of the Premises, provided City effects a recovery, Lessee shall pay City all costs expended in any action, together with a reasonable attorney's fee to be fixed by the Court.

6.10 Assignment and Subletting - No Encumbrance. A major consideration for this Lease is the unique expertise of Lessee in the operation and management of air medical service facilities. Accordingly, notwithstanding anything herein to the contrary, Lessee shall not assign

to, contract for and/or allow another individual or entity to operate and/or manage the air medical service facility operation at the Premises. Further, this Lease and any portion thereof shall not be assigned, transferred, or sublet, nor shall any of the Lessee's duties be delegated, without the express written consent of City. Any attempt to assign or delegate this Lease without the express written consent of City shall be void and of no force or effect. Consent by City to one assignment, transfer, sublease, or delegation shall not be deemed to be consent to any subsequent assignment, transfer, sublease, or delegation.

6.11 Defaults and Termination. It is mutually understood and agreed that if any default be made in the payment of amounts as herein provided and such default continues for five (5) business days after written notice thereof, or in the performance of the covenants, conditions, or agreements herein, including any terms and conditions of the Professional Services Agreement referenced as part of the Lease (any covenant or agreement shall be construed and considered as a condition) which continues for thirty (30) days after written notice thereof; or should Lessee fail to fulfill in any manner the uses and purposes for which the Premises are leased as stated in this Lease, and such default is not cured within thirty (30) days after written notice thereof if default is in the submittal of amounts due as required in this Lease; or ten (10) days after written notice thereof if default is in the performance of the failure to use provisions pursuant to Section 1.02 of this Lease; or thirty (30) days after written notice thereof if default is in the performance of any other covenant, condition and agreements (any covenant or agreement shall be construed and considered as a condition), City shall have the right to immediately terminate this Lease; and that in the event of such termination, Lessee shall have no further rights hereunder and Lessee shall thereupon forthwith remove from the Premises and shall have no further right to claim thereto, and City shall immediately thereupon, without recourse to the courts, have the right to reenter and take possession of the Premises. City shall further have all other rights and remedies as provided by law, including without limitation the right to recover damages from Lessee in the amount necessary to compensate City for all the detriment proximately caused by the Lessee's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result there from.

In the event City consents to an encumbrance of the Lease for security purposes in accordance with Section 5.06 of this Lease, it is understood and agreed that City shall furnish copies of all notices of defaults to the beneficiary or mortgagee under said encumbrance by certified mail contemporaneously with the furnishing of such notices to Lessee, and in the event Lessee shall fail to cure such default or defaults within the time allowed above, said beneficiary or mortgagee shall be afforded the right to cure such default at any time within five (5) days, if the default is for the failure to submit rent as required, or within fifteen (15) days following the expiration of the period within which Lessee may cure such default, provided, however, City shall not be required to furnish any further notice of default to said beneficiary or mortgagee.

In the event of the termination of this Lease pursuant to the provisions of this section, City shall have any rights to which it would be entitled in the event of the expiration or sooner

termination of this Lease under the provisions of Sections 5.10 and 5.11 of this Lease.

6.12 Bankruptcy. In the event Lessee becomes insolvent, makes an assignment for the benefit of creditors, becomes the subject of a bankruptcy proceeding, reorganization, arrangement, insolvency, receivership, liquidation, or dissolution proceedings, or in the event of any judicial sale of Lessee's interest under this Lease, City shall have the right to declare this Lease in default.

The conditions of this section shall not be applicable or binding on Lessee or the beneficiary in any deed of trust, mortgage, or other security instrument on the demised Premises which is of record with City and has been consented to by resolution of the City Council, or to said beneficiary's successors in interest consented to by resolution of the City Council, as long as there remains monies to be paid by Lessee to such beneficiary under the terms of such deed of trust; provided that such beneficiary or its successors in interest, continuously pay to City all rent due or coming due under the provisions of this Lease and the Premises are continuously and actively used in accordance with Section 1.02 of this Lease.

6.13 Section Headings. The Table of Contents and the section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision thereof.

6.14 Gender/Singular/Plural. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes corporation, partnership, or other legal entity when the context so requires. The singular number includes the plural whenever the context so requires.

SECTION 7: SPECIAL PROVISIONS

7.01 Standards of Operation. Lessee agrees that it shall operate and manage the services and facilities offered upon or from the Premises in a first class manner.

7.02 Hours of Operation. The Lessee agrees that it shall conduct business on the Premises to conform to the published hours and days of operation as established, and in the best interest of the public, as reasonably determined by Lessee subject to any applicable regulatory approvals.

7.03 Manner of Providing Service. Lessee shall provide an experienced and well qualified "on-site" supervisor to oversee all operations conducted by Lessee on the Premises. Said supervisor shall be empowered with authority to act on behalf of Lessee in response to reasonable requests from City to perform maintenance, repairs, and replacements on the Premises to insure the public's health, safety, and welfare. Lessee shall ensure that its employees shall at

all times conduct themselves in a creditable and dignified manner, and they shall conform to all laws, rules, regulations and requirements, as well as all reasonable rules and regulations as hereafter may be promulgated, or put into operation by the City. In the event of a conflict between the terms of this Lease and such rules and regulations, the terms of this Lease shall control. Lessee shall continuously maintain all required authorizations from all applicable federal, state and county government agencies necessary to conduct its operations.

7.05 Continued Occupancy. Lessee covenants and agrees to, and it is the intent of this Lease that the Lessee shall, continuously and uninterruptedly during the term of the Lease, occupy and use the Premises for the purposes hereinabove specified, except while Premises are untenable by reason of fire, flood, or other unavoidable casualty, and, in that event, City shall be promptly notified by Lessee.

7.06 Hazardous Substances. No goods, merchandise or material shall be kept, stored or sold in or on the Premises which are in any way explosive or hazardous; and no offensive or dangerous trade, business or occupation shall be carried on therein or thereon, and nothing shall be done on said Premises, which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon said or other premises and the improvements thereon.

No machinery or apparatus shall be used or operated on or about the Premises which will in any way injure the Premises or improvements thereon, or adjacent or other premises, or improvements thereon, or to persons; provided, however, that nothing contained in this section shall preclude Lessee from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its said business, or from carrying on its business in all usual respects.

Subject to (a), below, open flame burning, gasoline, or other fuel storage is expressly prohibited without prior written consent of the City.

a. Helicopter Refueling. As part of Lessee's use of the Premises as an air medical service facility providing a helicopter ambulance service, Lessee may, subject to complying with all federal, state and local laws and ordinances applicable thereto, bring a fuel transporting vehicle on the Premises for the sole purpose of refueling the helicopter that is permitted to operate at the Premises. Lessee shall otherwise comply with the terms and conditions of Section 7.06 above.

7.07 Memorandum of Lease and Professional Services Agreement. City and Lessee agree the Lease shall not be recorded and that the parties shall execute a Memorandum of Lease and Professional Services Agreement to be recorded. The form of this Memorandum of Lease and Professional Services Agreement is as shown on Exhibit "E" attached hereto and incorporated herein by this reference, and shall be recorded in the Official Records of the County of San Diego.

7.08 City represents and warrants that (i) it is the owner in fee simple of the Premises; (ii) it has full right to lease the leased Premises for the term set out herein and any extension terms, if applicable, (iii) it has no knowledge of any condemnation or threat of condemnation affecting any portion of the leased Premises, (iv) there are no unpaid assessments against the leased Premises, and (v) during the Term and any extension thereof it will not mortgage or encumber the Premises or Lessee's leasehold estate therein, grant any easement or license encumbering the leased Premises, impose any restrictive covenants on the Premises, or amend or modify the zoning classification of the Premises, unless such encumbrance, restriction or amendment does not take effect until after the expiration or earlier termination of this Lease or unless it first obtains the prior written consent of Lessee.

7.09 Except as to the rebuilding of the current fire training structure on the Property City covenants and agrees with Lessee that it shall not erect or build (or allow the erection or construction) any structure on the Property located adjacent to the Premises that would invalidate Lessee's license to operate from the Premises or that would otherwise interfere with Lessee's operations due to the height of such structure or any lighting issuing therefrom.

7.10 City represents and warrants to Lessee that the Premises are not subject to any prior mortgage, deed of trust, or other lien instrument. Should the Premises become subject to a mortgage, deed of trust, or other lien instrument subsequent to the date hereof, Lessee agrees to subordinate its interest in the Premises to that of City's mortgagee and will agree to attorn to City's mortgagee (or to a transferee of City) solely upon City's presentation to Lessee of a fully-executed non-disturbance agreement in recordable form and in form and substance reasonably satisfactory to Lessee. In the absence of such a subordination and non-disturbance agreement, this Lease shall be superior to subsequent encumbrances of the Premises.

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SECTION 8: SIGNATURES

8.01 Signature Page. The individuals executing this Lease represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Lease on behalf of the respective legal entities of the Lessee and the City.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Property Lease to Agreement be executed by setting hereunto their signatures on the day and year respectively written herein below.

“CITY”

THE CITY OF OCEANSIDE
a municipal corporation

Date _____

By: _____
City Manager

APPROVED AS TO FORM:

By: _____
City Attorney

“LESSEE”

REACH AIR MEDICAL SERVICES, LLC
A California limited liability company

Date _____

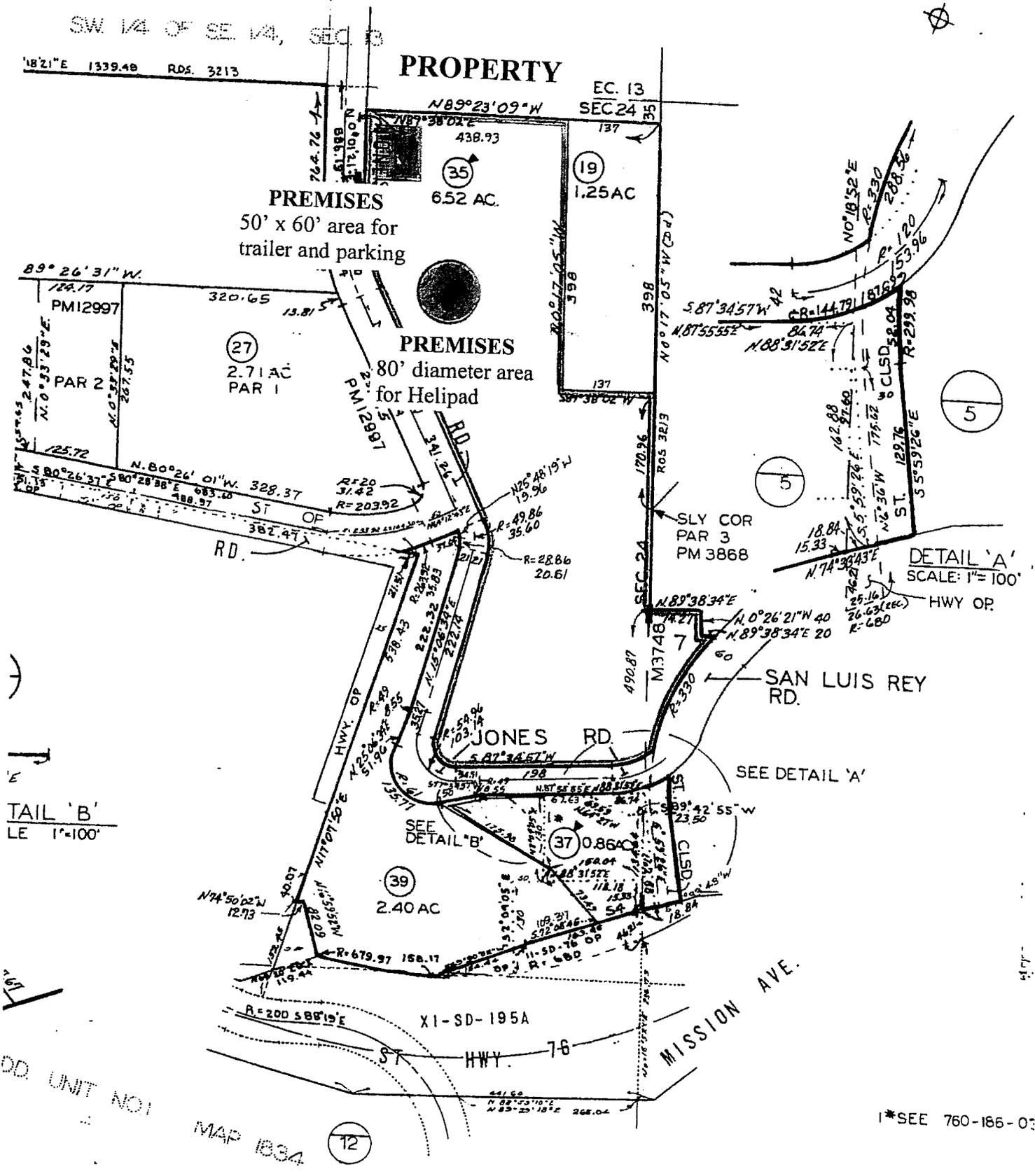
By: _____
Name: _____
Title: _____

Date _____

By: _____
Name: _____
Title: _____

NOTARY ACKNOWLEDGMENTS OF LESSEE'S SIGNATURE(S) MUST BE ATTACHED

EXHIBIT "A"



ONLY. NO LIABILITY IS
ASSESSOR'S PARCELS
BUILDING ORDINANCES.

MAP3748 - OCEANSIDE INDUSTRIAL SUB
SEC 24 - T11S-R5W - POR W 1/2 OF NE 1/4 - ROS
ROS 13269

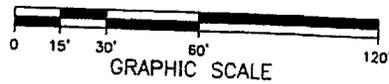
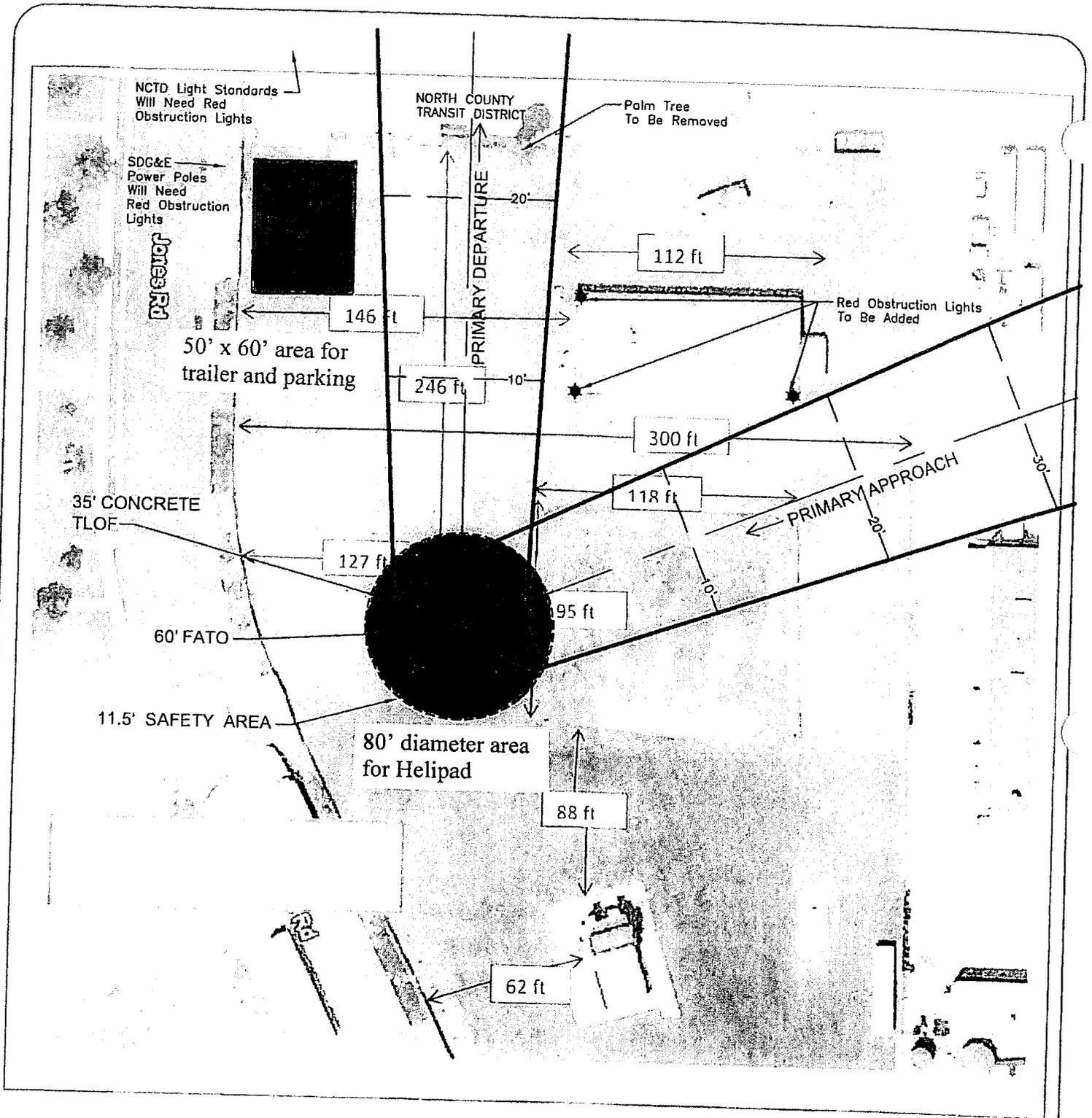


EXHIBIT "B"



Heliplanners www.heliplanners.com
 Aviation Planning Consultants Heliport Specialists

INTEGRATED FIRE DEPARTMENT AIR AMBULANCE AGREEMENT

THIS INTEGRATED FIRE DEPARTMENT AIR AMBULANCE AGREEMENT (the "Agreement") is entered into as of April ____, 2013, by and between REACH Air Medical Services, LLC, a California limited liability company ("REACH"), and City of Oceanside, a California General Charter City and municipal corporation ("Oceanside").

Preliminary Statement

A. The City of Oceanside Fire Department has identified an opportunity to improve service delivery, patient access and customer service to its constituents with air ambulance Transport Services (as defined below).

B. REACH is in the business of providing specially-equipped helicopters to provide emergency medical transport services to critically-ill and injured patients.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Air Ambulance Transport Services. REACH will provide emergency air ambulance services (both scene response and hospital to hospital transfers) to critically-ill and injured patients in the City of Oceanside, CA, and surrounding geographical area (the "Service Area"), as more fully described herein (the "Transport Services"). In connection with the Transport Services, Oceanside will provide to REACH certain paramedic services as more fully described herein. REACH will hold, and be responsible for, all licenses necessary to operate the Branded Flight Program (as hereinafter defined). There may be a transition time period necessary to establish the Base (as hereinafter defined) between the date this Agreement is signed and the date Transport Services are actually provided under this Agreement. The parties anticipate that Transport Services will commence on or before July 31, 2013. The date on which the Transport Services actually commence shall be the "Effective Date."

(a) Standards of Performance of Transport Services. REACH shall ensure that Transport Services are at all times rendered in compliance with all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States or any state, county, city or other political subdivision thereof or of any federal, state or local governmental regulatory agency, commission, bureau, authority, court or arbitration tribunal ("Laws"). REACH will immediately notify Oceanside if the Branded Flight Program becomes the subject of any investigation or enforcement action (e.g. FAA) which notice shall describe the nature of the investigation or enforcement action. REACH will update Oceanside on the status and outcome of any such investigation or enforcement action.

(b) Operational Control of Helicopter. REACH shall retain operational control and shall have sole responsibility for all Helicopters (as defined below) and all Transport Services provided under this Agreement. The name of the Branded Flight Program will be a "DBA" for REACH, an FAA Part 135 certificate holder and operator. Accordingly, all transportation by air that is done by the Branded Flight Program will be, in fact, done by REACH. All Branded Flight Program aircraft and flights will be under the sole operational control of REACH, and all Branded Flight Program operations will be conducted under REACH operations specifications (OpSpecs). REACH will have sole responsibility for ensuring all Branded Flight Program aircraft are airworthy and are in compliance with their FAA-

approved inspection/maintenance programs. REACH will specify the conditions under which flights may be operated. All Branded Flight Program flight crewmembers (and medical crew members) assigned to a flight by REACH must be qualified, and trained under REACH's approved training program. Oceanside will not have any control over the operations of the Helicopters.

(c) Helicopter. REACH will provide an EC135 helicopter for the Branded (Oceanside Fire Department) Flight Program. Any helicopter that is provided by REACH for the Branded Flight Program (individually, a "Helicopter" and collectively, the "Helicopters") shall be maintained with an emergency medical service configuration capable of transporting at least one (1) patient and a crew of up to three (3), including one (1) pilot. REACH shall maintain the Helicopters in compliance with all Laws that are applicable to the ownership or operation of the Helicopters. REACH shall provide all fuel and lubricants for the Helicopters for all activities required under this Agreement. REACH will use reasonable commercial efforts to have the Helicopters available for use for Transport Services twenty-four (24) hours a day, seven (7) days a week.

(d) Pilots. REACH will provide the services of FAA qualified pilots to the Branded Flight Program, and will use its best efforts to provide such services on a twenty four (24) hours a day, seven (7) days a week basis.

(e) Mechanics. REACH shall provide the services of certified Airframe and Power Plant mechanics to perform all required maintenance of Helicopters provided hereunder.

(f) Medical Direction. REACH shall provide the medical director for the Branded Flight Program, subject to approval by Oceanside not to be unreasonably withheld or delayed. All decisions concerning medical care and treatment of patients transported by the Branded Flight Program shall be made under the direction of, and protocols approved by, the Branded Flight Program Medical Director. This Medical Director will function as an associate Medical Director for REACH.

(g) Registered Nurses. REACH shall provide all registered nurses for the Branded Flight Program.

(h) Flight Safety Equipment. REACH will furnish all crew members with two standard issues flight suits and one helmet each.

(i) General Manager. REACH shall provide a "General Manager" for the Branded Flight Program. The General Manager will be responsible for coordination between REACH and Oceanside and for the marketing of the Branded Flight Program.

(j) Billings and Records. REACH shall be solely responsible for all billing and collections with respect to the Branded Flight Program and shall be entitled to all proceeds therefrom. REACH shall receive all income from Transport Services provided hereunder and such income shall be the sole property of REACH. REACH shall cause records to be maintained which adequately reflect the provision of Transport Services hereunder and shall comply with all applicable Laws in preparing its billings, reports and other records in connection with the performance of services hereunder.

2. Branded Flight Program Base Location; Facilities.

(a) Crew Quarters Land Lease. The Branded Flight Program crew quarters will be located at 110 Jones Road, Oceanside, CA. REACH will lease from Oceanside the land for the crew quarters and for an exclusive use helipad. REACH will pay Oceanside fair market value rent for the land lease (agreed to be \$30,000 annually) to be paid in equal monthly payments of \$2500/mo. as provided in

the lease., REACH will provide and maintain the crew quarters (i.e., mobile home or modular unit), which will be removed upon termination of the Agreement. REACH will construct an exclusive use helipad at the location subject to all applicable permit requirements of Oceanside.

(b) Other Facilities. REACH will provide all offsite facilities necessary for the Branded Flight Program (e.g., hangar and fuel facilities).

(c) Additional Bases. From time to time, REACH and Oceanside may agree to add additional bases of which, Oceanside shall have preferred choice of location. The bases shall operate and display similar branding and terms agreed to by both parties.

3. Paramedic Services for Branded Flight Program. Oceanside shall provide all EMT-paramedics for the Branded Flight Program (the "Paramedics"), subject to reimbursement from REACH as provided below.

(a) Oceanside Responsibilities. Oceanside shall be responsible for the hiring, compensation (including all benefits) and scheduling / staffing of the Paramedics. Four (4) full time Paramedics will be fully dedicated to the Branded Flight Program. Oceanside shall consult with REACH from time to time on the selection of the Paramedics. REACH shall have the right to refuse to fly any Paramedic who, in the sole opinion of the pilot in command of a particular flight, presents a reasonable concern regarding safety of such flight. REACH shall have the right to refuse to use the services of any Paramedic who, in the sole opinion of the medical director or REACH, is not qualified to provide such services. Oceanside shall provide all licensing and registration expenses to meet the scope of practice and services provided by Paramedics to include academy attendance of the selected Paramedics. Oceanside shall provide all other miscellaneous items for the Paramedics. REACH shall provide all medical training and education for the Paramedics, as required by the medical director.

(b) Paramedic Qualifications and Responsibilities. A Paramedic will be available on a 24 hour per day / 7 days a week basis and will be ready to respond immediately to a call for Transport Services. Any Paramedic can refuse to fly on any mission that presents a reasonable concern regarding safety of such flight. Paramedics will be duly licensed or certified, as applicable under California law, will meet all CAMTS (as defined below) standards, and will perform medical services under the direction of the Branded Flight Program's medical director. Paramedics will be available for any appropriate Branded Flight Program activities, such as Transport Services, patient flight follow-up, patient care charting and submission of information necessary for billing purposes, restocking / cleaning the Helicopter, relocation of the Helicopter to and from the hangar for safe movement and maximized response time when away from their respective Base facilities, basing with the Helicopter (including if it is positioned at an airport/hangar for extended periods of time for yellow/red weather conditions), assisting communications center personnel to coordinate rollover of patient flight requests, clinical skill and didactic training, aviation safety training, any training required by CAMTS or by the medical director, attending shift change and post flight briefings, participation in safety committee and meetings, participation in quality committee and activities for process improvement, marketing, educational outreach and public relations events (without charge for personnel not currently on duty for mutually acceptable events). Paramedics will use computers and software provided by REACH to document patient transports before the end of their shift, and will provide such other information and documents required by REACH for billing purposes. Paramedics will take reasonable care of REACH provided equipment, and will follow REACH information services policies and procedures.

(c) REACH Payment for Paramedic Services. REACH shall pay Oceanside for Paramedic services by reimbursing Oceanside for the fair market value cost of the Paramedic personnel (which is agreed to be \$48,000/month, and includes all overtime and orientation for the utilization of the

Paramedics), not to exceed actual cost. The total monthly Paramedic reimbursement amount paid by REACH to Oceanside may be changed by mutual agreement, but may not increase in any year by more than 3% over the prior year reimbursement level. Oceanside retains the right to determine individual Paramedic compensation levels and increases. Payments will be made in equal monthly installments by the Fifth of each month via wire.

4. Co-ordination of Integrated Program.

(a) Branded Flight Program Name; Branding License Fee. REACH and Oceanside will jointly select a unique name for the flight program (which will include the Oceanside Fire Department name) to be operated pursuant to this Agreement (the "**Branded Flight Program**"). The Helicopter will be painted with the Branded Flight Program name and logo and in a color scheme that is agreed to by REACH and Oceanside; provided, REACH will be clearly identified as the owner and operator of the Helicopters. The Oceanside Fire Department mark will continue to be owned by Oceanside. Oceanside hereby exclusively licenses to REACH the use of such mark for air ambulance services. Because of the significant mark recognition value, REACH will pay Oceanside \$10,000 per year as a license fee to use the mark as REACH performs Transport Services. Such amount will be paid in equal monthly installment of \$833.33 each on the Fifth of each Month via wire. The parties believe such license fee amount represents the fair market value royalty for its use. Oceanside may terminate the mark license granted to REACH for use of the mark upon 90 days' written notice to REACH, after which the license fee will no longer be due or payable, and during which notice period the parties will jointly select a new name for the Branded Flight Program. If the name is changed at Oceanside's behest, Oceanside shall bear the cost of changing the names on the helicopter.

(b) Program Management. Oceanside will designate one or more individuals to act as the supervisor for the Branded Flight Program as provided for herein. In addition, the Oceanside Fire Department on duty Battalion Chief or designee will work with REACH in an advisory capacity to oversee the daily operations of the Branded Flight Program. Such onsite supervisory, advisory and administrative program management services will include day-to-day personnel scheduling, ordering medical supplies, oversight for the preparation of daily reports, etc. Such personnel provided by Oceanside shall be either employees or contractors of Oceanside and under the control of Oceanside. REACH will reimburse Oceanside \$13,000 per month payable by the Fifth of the month via wire for the cost of providing these base management, supervision and administrative duties. This rate will be reassessed, and adjusted accordingly by agreement of the parties.

(c) Marketing Flights. REACH will provide a minimum of 25 hours for the first year and 20 hours of flight time annually thereafter for Branded Flight Program marketing and public relations. Unused hours may not be carried over from one year to the next. At the request of Oceanside, REACH will provide additional hours of flight time for Oceanside marketing and public relations at a rate of \$1,000 per hour. For the avoidance of doubt, flight time shall not include any period of time during which a Helicopter is static at a Branded Flight Program base or public relations location, but shall include repositioning time; *i.e.*, when flying a Helicopter from a Branded Flight Program base to remote location and return.

(d) Command ICS Platform Use. REACH will provide a minimum of 10 hours of flight time annually for Fire Department Incident Command platform use for aerial reconnaissance in connection with widespread natural disasters; however, the pilot in command will retain full authority to accept or decline any such flights due to safety concerns. Unused hours may not be carried over from one year to the next. At the request of Oceanside, REACH will provide additional hours of flight time for Incident Command platform use at a rate of \$1,000 per hour. For the avoidance of doubt, flight time shall not include any period of time during which a Helicopter is static at a Branded Flight Program base or

other location, but shall include repositioning time; i.e., when flying a Helicopter from a Branded Flight Program base to remote location and return.

(e) CAMTS Accreditation. The parties will reasonably cooperate to have the Branded Flight Program be, and remain, CAMTS accredited.

(f) Membership. Oceanside provides traditional water utility services to its citizens, and bills residential customers on a monthly basis (this provision does not apply to business customers). Oceanside currently has approximately 60,000 residential customers. REACH offers paid memberships (a "Membership") to individuals and families.

Oceanside will provide marketing assistance to REACH by promoting its membership program to Oceanside residential customers. Oceanside will include written REACH Membership solicitation materials (with a code unique to Oceanside) with its monthly billing statements at least every 6 months, as requested by REACH. Oceanside and REACH will reasonably cooperate with each other to coordinate the timing, logistics and customization of such mailings. REACH will pay for the solicitation materials. Oceanside will pay for the cost of mailing.

Residential customers will submit Membership applications directly to REACH, and REACH will collect all Membership fees.

In consideration for the marketing assistance referred to above, for each new Member who is an Oceanside residential customer submitting an application with Oceanside's unique code for a full price one year Membership, REACH will pay 5% of the gross Membership fees collected for such new Membership to Oceanside monthly on the Fifth of the Month via wire.

(g) Cooperative Relationship; Qualified Staff. REACH and Oceanside acknowledge and agree that the relationship between them and their respective staff, administration and employees is of a professional nature and that cooperation between Oceanside and REACH is vital to the functioning of the air ambulance program contemplated by this Agreement. Accordingly, the parties agree to adopt policies designed to cause their respective staff, administration and employees to maintain a professional working relationship with patients and with one another, and to take reasonable steps to avoid patterns of conflict, insubordination and intemperate behavior. The parties shall assign only qualified individuals to provide services under this Agreement. If either Oceanside or REACH becomes aware of questions or concerns with respect to the professional qualifications or performance of any individual providing services under this Agreement, the same shall be communicated promptly to the other party in order that a resolution of the problem can be made.

(h) Independent Contractors; No Partnership or Joint Venture. The Branded Flight Program is owned and operated by REACH. The Branded Flight Program is not a partnership or joint venture between the parties. Oceanside, as an independent contractor, is providing certain assets and services to REACH in connection with REACH's operation of the Branded Flight Program. For all purposes of this Agreement and the transactions contemplated hereby, REACH and Oceanside each are and shall be deemed to be an independent contractors and each party shall be expressly prohibited from doing any acts or making any statements which do or may create the impression or inference that it is an agent or representative of the other party. Nothing in this Agreement shall be deemed or construed (i) to create a partnership or joint venture between the REACH and Oceanside, (ii) to cause either party to be responsible in any way for the debts, liabilities or obligations of the other party or (iii) to constitute either party an employer, employee, agent or representative of the other party. Each party will be solely responsible for compensating its respective employees who are providing services on behalf of such party. REACH shall at all times have sole control over the manner, means and method of performance of Transport Services hereunder.

(i) Healthcare Compliance Matters. Each party represents and warrants that it, and any individual providing services on its behalf hereunder, is not currently listed by a federal agency as excluded, debarred, or otherwise ineligible for participation in any federal health care program (as defined under 42 USC §1320a-7b(f), and hereinafter referred to as "Federal Health Care Program"). In performing its obligations under this Agreement, neither party shall employ, contract with, or otherwise use items from, or the services of, any individual or entity whom it knows or should have known, (I) has been convicted of a criminal offense related to healthcare (unless the individual has been reinstated to participation in Medicare and all other Federal Health Care Programs after being excluded because of the conviction), or (II) is currently listed by a Federal agency as excluded, debarred, or otherwise ineligible for participation in any Federal Health Care Program. Each party covenants that upon becoming aware of an entity or individual which it employs, contracts with, or has a relationship in which it uses the entity's or individual's items or services in performing its obligations under this Agreement, being (I) convicted of a criminal offense related to healthcare, or (II) listed by a federal agency as excluded, debarred, or otherwise ineligible for participation in any Federal Health Care Program, it shall promptly notify the other party.

In performing its obligations under this Agreement, each party will comply, and will cause its employees to comply with, the requirements of all applicable Laws, including those that pertain to the confidentiality of patient information. Without limiting the foregoing, each party agrees to timely comply with the Health Insurance Portability and Accountability Act (HIPAA) and all regulations promulgated thereunder, as amended from time to time. Each party will take such actions as are reasonably requested by the other party to achieve HIPAA compliance relative to this Agreement, including complying with the Business Associate Addendum attached hereto as Exhibit A. In addition, the parties intend to comply fully with all applicable state and federal laws and regulations, including but not limited to The Social Security Act, the federal Anti-Kickback Statute, the federal False Claims Act, and all applicable state and federal fraud and abuse laws and rules. If any terms or conditions of this Agreement are determined by any court or by the OIG of the Department of Health and Human Services to be contrary to any such statutes or regulations, the parties agree to promptly and in good faith confer and resolve any issues so as to make the performance of this Agreement consistent with all applicable statutes and regulations. Additionally, the parties hereto agree that any patient transfers shall be in compliance with EMTALA, 42 U.S.C. 1395dd et seq. and any amendments thereto, and such other requirements as may be imposed by the Secretary of Health and Human Services, and any applicable state transfer laws.

Each party acknowledges that the other party promotes full compliance with the Law and has established a culture that fosters the prevention, detection and resolution of instances of misconduct. Each party agrees to cooperate with the administration of the other party's compliance program during the term of this Agreement. Such cooperation shall include participating in training, providing access to necessary billing documentation, participating in contract and claims audits and other aspects of the other party's compliance program and upon request, cooperating and assisting during any internal compliance review, investigation and/or audit. Each party shall promptly notify the other party of any violation of the other party's compliance policies and procedures or any applicable law or regulation of which such party becomes aware of during the term hereof. Each party shall cooperate with the other party in responding to and resolving any compliance investigation, inquiry or review initiated by a governmental agency, third party payor or other organization.

5. Term and Termination. This Agreement shall be effective from the date hereof for a period of 5 years; provided, however, this Agreement shall automatically renew and extend for an additional 5 year term, unless written notice of termination is given by either party to the other party at least 1 year prior to the fifth anniversary hereof.

(a) Termination by Mutual Agreement. The parties may terminate this Agreement without any further obligation hereunder (other than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof) by mutual agreement at any time.

(b) Termination for Material Breach. If either party shall default in the performance of any of the covenants or obligations of performance or payment imposed upon it under this Agreement (except where such failure is excused pursuant to any other provision of this Agreement), then the other party may give written notice to such defaulting party, which notice shall set forth in reasonable detail the reason for which the notice is given (a "Default Notice"). If, within thirty (30) days after receipt of a Default Notice, the defaulting party does not commence with diligence and in good faith to remedy the default, then the party not in default may terminate this Agreement by giving thirty (30) days advance written notice thereof to the other party without any further obligation hereunder (other than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof); provided, that nothing herein shall be deemed to release either party from any liability for any breach by such party of the terms and provisions of this Agreement.

(c) Termination for Significant Change in Financial Performance. If there is a significant adverse change in Branded Flight Program financial performance at any time (either from comparing budgeted forecasts to actual results or from comparing actual results over time), whether resulting from decreased flight volume (including lower flight requests or lower capture rates due to medical crew unavailability or weather, average loaded miles or reimbursement rates or resulting from adverse changes in payor mix or operational expenses (including relating to aircraft capability) or otherwise), for which REACH would consider terminating this Agreement, then REACH may give Oceanside written notice thereof. For sixty (60) days after delivery of such notice, the parties shall negotiate exclusively with each other in good faith to restructure their relationship in a mutually satisfactory manner (such as Oceanside purchasing all or part of the assets of the Branded Flight Program with REACH as a sole source aviation vendor). If the parties do not reach such a mutually satisfactory result within such time period, then REACH shall continue to operate normally hereunder until this Agreement is terminated by REACH, which it may do by giving written notice thereof to Oceanside as of any time after one hundred twenty (120) days after the end of the foregoing sixty (60) days time period.

6. Insurance.

(a) REACH's Insurance Obligations. At all times during the term of this Agreement, REACH shall maintain in full force and effect, with insurance carriers duly authorized to do business in the jurisdictions in which the Branded Flight Program operates, the following types and minimum coverage limits of insurance (or such greater limits as are required by applicable Law) to insure for the liability of REACH: (i) commercial general liability insurance for death, bodily injury, property damage and for personal injury and aviation liability insurance covering injuries to passengers or third parties and damage to property in an amount not less than \$30,000,000 for any one occurrence or series of occurrences arising out of any one event, (ii) professional medical liability insurance in an amount not less than \$5,000,000 per claim and annual aggregate, (iii) comprehensive automobile liability (including hired, owned and non-owned vehicles) in limits of not less than \$1,000,000 per occurrence, for bodily injury and for property damage and (iv) workers' compensation in compliance with the applicable statutory limits.

By appropriate riders or endorsements to REACH's insurance policies, Oceanside shall be included as an additional insured with respect to the operations of REACH (with the exception of workers' compensation policies).

REACH shall furnish to Oceanside a certificate of insurance from its insurance carriers or agent reflecting that REACH's insurance coverages are consistent with all requirements under this Section.

(b) Oceanside's Insurance Obligations. At all times during the term of this Agreement, Oceanside shall be lawfully self-insured pursuant to the provisions of Government Code section 990 et seq.

(c) Waiver of Subrogation. Oceanside and REACH each release and relieve the other, and waive the entire right to recover damages (whether in contract or tort) against the other for damage or loss to the releasing party's property arising out of an incident relating to the perils required to be insured against above.

(d) Survival. The provisions of this Section 6 shall survive the termination of this Agreement.

7. Indemnification.

(a) REACH's Indemnification Obligations. REACH agrees to indemnify, defend and hold harmless Oceanside from and against any loss, liability, demand, claim, action, cause of action, cost, damage, deficiency, tax, penalty, fine or expense, whether or not arising out of third party claims (including any of the foregoing to the extent they involve death or injury to any person or damage to any property and including interest, penalties, reasonable attorneys' fees and expenses and other reasonable dispute resolution costs and all amounts paid in investigation, defense or settlement of any of the foregoing) (collectively, "Losses") to the extent resulting from, in connection with or relating to: (i) any misrepresentation by REACH under this Agreement or breach by REACH of any warranty made by it in this Agreement, (ii) any breach by REACH of any of covenants, agreements or obligations in this Agreement, (iii) any aviation or transport matters relating to Transport Services; or (iv) any third party medical malpractice claim. Further, REACH at its own expense shall, upon written request by Oceanside, defend any such suit or action brought against Oceanside, its officers, agents, or employees founded upon, resulting or arising from the wrongful or negligent acts or omissions of REACH.

(b) Oceanside's Indemnification Obligations. Oceanside agrees to indemnify, defend and hold harmless REACH from and against any Losses to the extent resulting from, in connection with or relating to: (i) any misrepresentation by Oceanside under this Agreement or breach by Oceanside of any warranty made by it in this Agreement, (ii) any breach by Oceanside of any of covenants, agreements or obligations in this Agreement or (iii) the wrongful or negligent acts or omissions of Oceanside, including any Paramedic but excluding medical malpractice claims.

(c) Limitations. Neither REACH nor Oceanside shall indemnify the other party for any Losses resulting from the willful or negligent acts of the other party, other than medical malpractice claims involving a Paramedic. In no event, whether as a result of contract, tort, strict liability or otherwise, shall either party be liable to the other for any punitive, special, indirect or consequential damages, including without limitation loss of profits, loss of use or loss of contract. The indemnification obligations shall be reduced by any insurance coverage or insurance proceeds a party may have with respect to a claim.

(d) Survival. The provisions of this Section 7 shall survive the termination of this Agreement.

8. Confidentiality. During the term of this Agreement and for a period of 2 years thereafter, each party shall keep the other party's Confidential Information (as defined below)

confidential, and shall not disclose any such Confidential Information to others and shall not cause or permit others to use any such Confidential Information except as permitted hereunder. "Confidential Information" means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as "confidential"), in any form or medium, that relates to the business, products, services or research or development of either party to this Agreement or their respective suppliers, distributors, customers, independent contractors, referring agencies or other business relations. Confidential Information includes, but is not limited to, the following: (i) internal business information (including information relating to strategic and staffing plans and practices, business, training, marketing, promotional and sales plans and practices, cost, transport volumes, rate and pricing structures and accounting and business methods), (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such party's suppliers, distributors, customers, independent contractors, referring agencies or other business relations and their confidential information, (iii) trade secrets, know-how, compilations of data and analyses, techniques, systems, formulae, research, records, reports, manuals, documentation, models, data and data bases relating thereto, and (iv) inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable); provided, however, that "Confidential Information" shall not include any information with respect to Oceanside or REACH that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure by the other party or its representatives, (y) becomes available to Oceanside or REACH, as the case may be, on a non-confidential basis from a source other than the other party or its representatives (provided that such source is not known by Oceanside or REACH, as the case may be, after reasonable inquiry to be bound by a confidentiality agreement with the other party or otherwise prohibited from transmitting the information to it by a contractual, legal or fiduciary obligation) or (z) the other party can establish was independently developed by it without violating the provisions of this Agreement.

Upon the termination of this Agreement, each party will return or destroy the other party's Confidential Information, except that (i) one archival copy to be kept confidential and segregated from such party's regular files may be retained by the party's legal counsel solely for verification purposes and (ii) archived electronic files may be retained subject to the foregoing confidentiality obligation. The provisions of this Section shall survive the termination of this Agreement.

Notwithstanding the foregoing, either party may disclose Confidential Information (A) if such party is required by subpoena or order in any judicial or administrative proceeding or by any authorized governmental entity to disclose Confidential Information or (B) if such party is required by the California Public Records Act, California Government Code sections 6250 et seq. to disclose Confidential Information; provided, such party shall promptly notify the other party (if legally permissible) in writing of such request, so that the other party may resist such disclosure or seek an appropriate protective order or other remedy.

9. Miscellaneous.

(a) Force Majeure. Neither REACH nor Oceanside shall be liable for any failure or delay in performance hereunder if the failure or delay is due to any cause beyond the reasonable control of such party, including war, terrorism or civil disorder, labor strike, acts of God, flood, earthquake, lightning, fire, storm or other natural disaster, failure of or accident to machinery or equipment, failure or delay of any third party to deliver equipment or supplies or change in any law, regulation, order or direction of any governmental authority (a "Force Majeure Event"). If either party is unable to perform by reason of a Force Majeure Event, it shall promptly notify the other party of the Force Majeure Event and the anticipated length of the delay in performance by reason thereof. If the Force Majeure Event extends without cure for more than 90 days after the date of such notice, either party shall have the right to terminate this Agreement, whereupon neither party shall have any further obligation hereunder (other

than obligations under any provision of this Agreement that is expressly stated to survive the termination hereof). During any time for which a party is excused from its performance by a Force Majeure Event, the other party shall be (i) excused from any corresponding obligation to pay for such performance and (ii) authorized to cover such lack of performance internally or with third party suppliers.

(b) Interpretation. As used in this Agreement, the word "including" means without limitation, the word "or" is not exclusive and the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Each defined term used in this Agreement shall have a comparable meaning when used in its plural or singular form. Unless the context otherwise requires, references herein: (i) to Sections, Exhibits and Schedules mean the Sections of and the Exhibits and Schedules (if any) attached to this Agreement, (ii) to an agreement, instrument or document means such agreement, instrument or document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by this Agreement and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto. The headings and captions used in this Agreement or in any Schedule or Exhibit hereto are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement or any Schedule or Exhibit hereto, and all provisions of this Agreement and the Schedules and Exhibits hereto shall be enforced and construed as if no caption or heading had been used herein or therein. Any capitalized terms used in any Schedule or Exhibit attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(c) Entire Agreement. This Agreement contains the entire agreement and understanding among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to such subject matter in any way. The preamble and preliminary statements set forth above are incorporated in this Agreement by reference and made a part hereof.

(d) Amendment and Waiver. This Agreement may be amended, and any provision of this Agreement may be waived; provided, that any such amendment or waiver will be binding on the parties only if such amendment or waiver is set forth in a writing executed by the parties. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

(e) No Third Party Beneficiary. Nothing in this Agreement, express or implied, is intended to confer upon any person other than Oceanside and REACH, or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement, such third parties specifically including employees and creditors of either party.

(f) Assignment. This Agreement and the rights and obligations of the parties hereunder shall not be assignable or transferable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, and neither party shall assign, delegate or subcontract this Agreement or the performance of the services to be performed

by such party hereunder, or any part thereof, to any other person without the prior written consent of the other party; provided, however, that (i) REACH shall have the right to assign, delegate or subcontract this Agreement or the performance of the services to be performed by it hereunder, or any part thereof, to any of its subsidiaries and to any purchaser of a material portion of its assets, so long as REACH remains liable for such subsidiary's or purchaser's obligations hereunder and is not the owner or operator, directly or indirectly, of another Oceanside in the Service Area and (ii) REACH may assign its rights hereunder for collateral security purposes to any lender or lenders (including any agent for any such lender or lenders) providing financing to REACH or its Affiliates, or to any assignee or assignees of any such lender, lenders or agent.

(g) Notices. All notices, demands and other communications to be given or delivered under this Agreement shall be in writing and shall be deemed to have been given (i) when personally delivered or sent by telecopy or electronic mail (with hard copy to follow) or (ii) one business day after being sent by reputable overnight express courier (charges prepaid), or (iii) five business days following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, demands and communications to the parties shall be sent to the addresses indicated below:

Notices to Oceanside:

Peter Weiss, City Manager
300 North Coast Hwy
Oceanside, CA 92054
Telephone: (760) 435-3066

with a copy to:

Darryl Hebert, Fire Chief
300 North Coast Hwy
Oceanside, CA 92054
Telephone: (760) 435-4088
Email: DHebert@ci.oceanside.ca.us

Notices to REACH:

REACH Air Medical Services, LLC
Attn: President
451 Aviation Blvd., Suite 101
Santa Rosa, CA 95403
Telephone: 707.324.2418
Telecopy: 707.324.2478
Email: sean_russell@reachair.com

with a copy to:

Attn: General Counsel
Air Medical Group Holdings, Inc.
1001 Boardwalk Springs Place, Suite 250
O'Fallon, MO 63368
Telephone: 866.587.0504
Telecopy: 866.650.0963
Email: cookthomas@amgh.us

(h) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this

Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICTS OF LAW PROVISION OR RULE. Prevailing Parties. In the event of any litigation with regard to this Agreement, the prevailing party or parties shall be entitled to receive from the non-prevailing party or parties, and the non-prevailing party or parties shall pay, all legal fees and expenses and court costs incurred by the prevailing party or parties in connection with the resolution of such litigation.

(k) Counterparts. This Agreement may be executed in one or more counterparts (including by means of signature pages delivered by a facsimile machine or electronic mail), all of which taken together shall constitute one and the same instrument.

[signature page next]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OCEANSIDE:

City of Oceanside, California

By: _____
Name: Peter Weiss
Title: City Manager

State of California)
County of _____)

On _____, 2013 before me, _____, personally appeared Peter Weiss, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)

Attached Exhibit List:

Exhibit A – Business Associate Addendum

COMPANY:

REACH Air Medical Services, LLC

By: _____
Name: Sean Russell
Title: President

State of California)
County of Sonoma)

On 23, 2013 before me, Holly A. Pagels personally appeared Sean Russell, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Holly A. Pagels
(Seal)

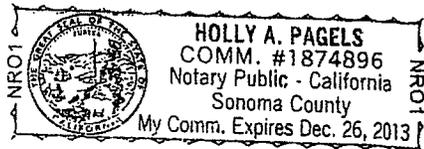


EXHIBIT A to Integrated Fire Department Air Ambulance Agreement

BUSINESS ASSOCIATE ADDENDUM²

THIS BUSINESS ASSOCIATE ADDENDUM (“Addendum”) is entered into by and between the City of Oceanside, California (“Business Associate”) identified in the Integrated Fire Department Air Ambulance Agreement (the “Services Agreement”) to which this Addendum is attached, and REACH Air Medical Services, LLC (“Company”), effective as of the date of the Services Agreement (“Effective Date”).

Preliminary Statement

- A. Under the Health Insurance Portability and Accountability Act of 1996, as amended and including all regulations promulgated thereunder (“HIPAA”), and Title XIII of Division A of the American Recovery and Reinvestment Act of 2009, as amended, and including all regulations promulgated thereunder (“HITECH”), Company is required to enter into business associate agreements with Company’s business associates to assure that Company’s business associates appropriately safeguard patient information.
- B. Business Associate provides Paramedic and related services for or on behalf of Company involving the potential use, disclosure, receipt, maintenance, transmission and/or creation of certain Protected Health Information (“Company PHI”) pursuant to the terms of the Services Agreement.
- C. Company cannot permit Business Associate to provide services pursuant to the Services Agreement unless Business Associate agrees to the terms of this Addendum.
- D. The parties desire to enter into this Addendum (i) to permit Business Associate to provide services pursuant to the Services Agreement, (ii) to protect the privacy and security of Company PHI in compliance with HIPAA and HITECH and (iii) to set forth the manner in which Business Associate will handle Company PHI.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.**
 - (a) All terms used (but not otherwise defined in this Addendum) and defined under HIPAA or HITECH shall have the meaning ascribed to them in HIPAA or HITECH, as applicable.
 - (b) Capitalized terms used in this Addendum shall have the following meanings, provided that if any of the following definitions conflicts with the respective definition of such term in HIPAA or HITECH, as applicable, the definition in HIPAA or HITECH, as applicable, shall control:

² BAA to be revised based on recent HIPAA amendments

- i. **Protected Health Information or PHI** means information, including demographic information, that (A) is created or received by a healthcare provider, health plan, employer or healthcare clearinghouse, (B) relates to the past, present or future physical or mental condition of a patient, the provision of healthcare to a patient, or the past, present or future payment for the provision of healthcare to a patient, and (C) identifies the patient (or there is a reasonable basis to believe the information can be used to identify the patient).
 - ii. **Electronic PHI** means PHI which is transmitted by or maintained in electronic media.
2. **Rights of Business Associate.** Except to the extent restricted or limited by this Addendum or applicable law, Business Associate shall have the right to Use and Disclose Company PHI as necessary to perform Business Associate's obligations under the Services Agreement.
3. **Obligations of Business Associate.** With regard to the Use and Disclosure of Company PHI, Business Associate agrees as follows:
 - (a) **Use and Disclosure of Company PHI.** Business Associate shall Use and Disclose Company PHI only as permitted by the terms of this Addendum or applicable law and only to the extent that such Use and Disclosure would not violate HIPAA or HITECH if Used or Disclosed in such manner by Company. Upon the written request of Company, Business Associate may use Company PHI to provide data aggregation services related to the healthcare operations of the Company as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
 - (b) **Other Permitted Uses and Disclosures.** Business Associate may Use and Disclose Company PHI as required by applicable law, to report violations of law in accordance with § 164.502(j)(1) of HIPAA, and as necessary for the proper management and administration of the Business Associate or to carry out Business Associate's legal responsibilities, provided that Business Associate may Disclose Company PHI to third parties not employed by Business Associate only if (i) the Disclosure is required by law, or (ii) Business Associate obtains reasonable assurances from the recipient that (A) the Company PHI will remain confidential and will be Used or further Disclosed only as required by law or for the purpose for which it was Disclosed to the recipient, and (B) the recipient will notify Business Associate of any breach of confidentiality of Company PHI.
 - (c) **Safeguards.** Business Associate shall implement appropriate administrative, technical and physical safeguards to protect the confidentiality, integrity and availability of any Company PHI that it creates, receives, maintains or transmits to or on behalf of Company as required by HIPAA and HITECH, including compliance with the standards set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312 and 164.316, and to prevent any Use or Disclosure of Company PHI not authorized by the terms of this Addendum.
 - (d) **Agents and Subcontractors.** Business Associate shall enter into a written agreement with all agents and subcontractors to whom Business Associate provides Company PHI, which agreement shall include and require such agent or subcontractor to comply with the same restrictions and conditions that apply under this Addendum to Business Associate with respect to Company PHI. If Business Associate becomes aware of a pattern or practice of activity of an agent or subcontractor that would constitute a material breach or violation

of the written agreement between Business Associate and such agent or subcontractor, Business Associate shall take reasonable steps to cure such breach or terminate such written agreement with such agent or subcontractor.

- (e) Mitigation. Business Associate shall take any and all actions necessary to promptly mitigate any harmful effects known to Business Associate to result from an unauthorized Use or Disclosure of Company PHI by Business Associate, its agents or subcontractors.
- (f) Access to PHI. To enable Company to respond to a patient's request to access the patient's PHI, Business Associate shall make the patient's PHI maintained by Business Associate available to Company for inspection and copying within five (5) days of receiving Company's request for access. If Business Associate maintains Protected Health Information in a Designated Record Set for Company, Business Associate agrees to provide, at the request of Company, in the time and manner reasonably designated by Company, access to or an electronic copy of Protected Health Information in a Designated Record Set, to Company or, as directed by Company, to an Individual, or a third party designated by the Individual, in order to meet the requirements under 45 C.F.R. § 164.524 and under 42 U.S.C. § 17935(e). If Business Associate maintains Protected Health Information in a Designated Record Set for Company, Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that Company directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of Company or an Individual, and in the time and manner reasonably designated by Company.
- (g) Disclosures to Secretary of DHHS. Business Associate shall (i) make all internal practices, books and records relating to the Use and Disclosure of Company PHI received or created by Business Associate on behalf of Company available to the Secretary of DHHS for the purpose of determining Company's compliance with HIPAA and HITECH, and (ii) provide Company with a copy (or a listing, if requested by Company) of documents made available to the Secretary of DHHS within five (5) days of providing such documents to DHHS.
- (h) Minimum Necessary. In Using or Disclosing Company PHI and requesting PHI from Company or other third parties, Business Associate shall Use, Disclose or Request only the minimum amount of PHI necessary to accomplish the purpose of the Use, Disclosure or Request, in accordance with the minimum necessary standard set forth in 45 C.F.R. § 164.502(b).
- (i) Compliance with State Law. Notwithstanding any contrary provision contained herein, Business Associate shall comply with all state law requirements concerning Use or Disclosure of PHI applicable pursuant to the state law preemption provisions contained in HIPAA.
- (j) Restrictions Against Sale of PHI; Marketing and Fundraising Communications. Business Associate shall not sell Protected Health Information or receive any direct or indirect remuneration in exchange for Protected Health Information except as permitted by the Addendum or federal law. Business Associate shall not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a). Business Associate shall not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b).

4. **Reporting and Notification Obligations.**

- (a) Following Business Associate's discovery (as described in § 164.410(a)(2) of HIPAA) of a Breach of Unsecured Protected Health Information, Business Associate shall notify Company of such Breach in accordance with §§ 164.410 and 164.412 of HIPAA.
- (b) Business Associate shall notify the Privacy Officer of Company within ten (10) days of (i) becoming aware of any successful Security Incident or Use or Disclosure of Company PHI not permitted under the terms of this Addendum (other than a Breach of Unsecured Protected Health Information) or interference with systems operations in an information system containing Company PHI, or (ii) receiving a request from Company to identify any unsuccessful attempts of unauthorized access, Use, Disclosure, modification or destruction of Company PHI or interference with systems operations in an information system containing Company PHI of which Business Associate is aware. Such notification shall include, to the extent possible, and shall be supplemented on an ongoing basis with the identification of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired Used or Disclosed during the Use, Disclosure, Security Incident or Breach.
- (c) With respect to any Breach of Unsecured Protected Health Information, in the Company's sole discretion and in accordance with the time and manner reasonably designated by the Company, Business Associate shall: (i) conduct at its sole cost and expense, or pay the costs of conducting, an investigation of any incident required to be reported to the Company under this Section 4(b); and/or (ii) provide at its sole cost and expense, or pay the costs of providing, any security breach notifications required under HIPAA and/or the HITECH Act.
- (d) Business Associate agrees to document Disclosures by Business Associate of Protected Health Information and information related to such Disclosures as would be required for Company to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 of the Regulations and 42 U.S.C. § 17935(c). Business Associate agrees to provide to Company or an Individual information collected in accordance with this Section 4(c), to permit Company to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c).

5. **Obligations of Company.** With respect to the Use and/or Disclosure of Company PHI by Business Associate, Company agrees as follows:

- (a) Company shall notify Business Associate of any limitation(s) in its notice of privacy practices, to the extent that such limitation(s) impacts or could reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI,
- (b) Company shall inform Business Associate of any changes in, or revocation of, a patient's authorization to Use or Disclose the patient's PHI if such action impacts or could reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI, and
- (c) Company shall notify Business Associate of any restrictions on the Use and/or Disclosure of Company PHI to which Company has agreed if such restriction impacts or could

reasonably be expected to impact Business Associate's Use or Disclosure of Company PHI.

6. **Term and Termination.**

- (a) **Term.** Unless earlier terminated pursuant to Section 6(b) below, this Addendum shall be effective on the Effective Date and shall continue in effect until the later to occur of (i) termination of the Services Agreement, and (ii) discontinuation of Business Associate's provision of services to Company involving the Use, Disclosure and/or creation of PHI and the Use or possession of any Company PHI by Business Associate.
- (b) **Termination.** Notwithstanding any contrary provisions regarding termination of the Services Agreement contained in the Services Agreement, if Company determines that Business Associate has breached any provision of this Addendum, Company shall have the right, without incurring liability for damages or penalties as a result of termination of the Services Agreement, to either:
- i. Immediately terminate this Addendum and the Services Agreement without providing Business Associate an opportunity to cure the breach, or
 - ii. Provide Business Associate with a written notice of breach and terminate this Addendum and the Services Agreement if Business Associate does not cure the breach within thirty (30) days of receiving such notice.
- (c) **Effect of Termination.** Upon termination of this Addendum, Business Associate shall immediately return to Company or destroy, if requested by Company, Company PHI possessed by Business Associate, its agents or subcontractors and retain no copies or back-up records of Company PHI. If such return or destruction is infeasible, as determined by Company, the obligations set forth in this Addendum with respect to Company PHI shall survive termination of the Addendum and Business Associate shall limit any further Use and Disclosure of Company PHI to the purposes that make the return or destruction of Company PHI infeasible.

7. **Entire Addendum.** This Addendum constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes any prior or contemporaneous verbal or written agreements, communications and representations relating to the subject matter hereof. Notwithstanding any provision in the Services Agreement indicating that it is the sole agreement governing the relationship between the parties, including a provision that the Services Agreement shall constitute the entire agreement between the parties thereof, the terms of this Addendum shall be effective and shall govern the relationship between the parties with respect to the subject matter hereof.

8. **Inconsistencies.** In the event of any inconsistency between the terms of this Addendum and the terms of the Services Agreement, the terms of this Addendum shall prevail with respect to the subject matter hereof notwithstanding any contrary provision in the Services Agreement.

9. **Amendment.** This Addendum may be modified or amended only upon mutual written consent of the parties. The parties agree to take any action required to amend this Addendum if Company, in its reasonable discretion, determines that an amendment is necessary for Company to comply with the requirements of HIPAA, HITECH or any other laws or regulations affecting the Use or Disclosure of Company PHI. If the parties are not able to agree on the terms of such an

amendment, either party may terminate this Addendum without incurring liability for damages or penalties thirty (30) days after receipt by the other party of written notice of termination, notwithstanding any contrary provision regarding termination contained in the Services Agreement.

10. **Notices.** Any notices to be given hereunder shall be deemed effectively given when personally delivered, received by electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as provided on the signature page to the Services Agreement.
11. **Survival.** The obligations of Business Associate to comply with the terms of this Addendum as set forth in Sections 6(c) and 7 of this Addendum shall survive the termination of this Addendum.

IN WITNESS WHEREOF, each party has caused this Addendum to be duly executed in its name and on its behalf effective as of the Effective Date by signing the Services Agreement.

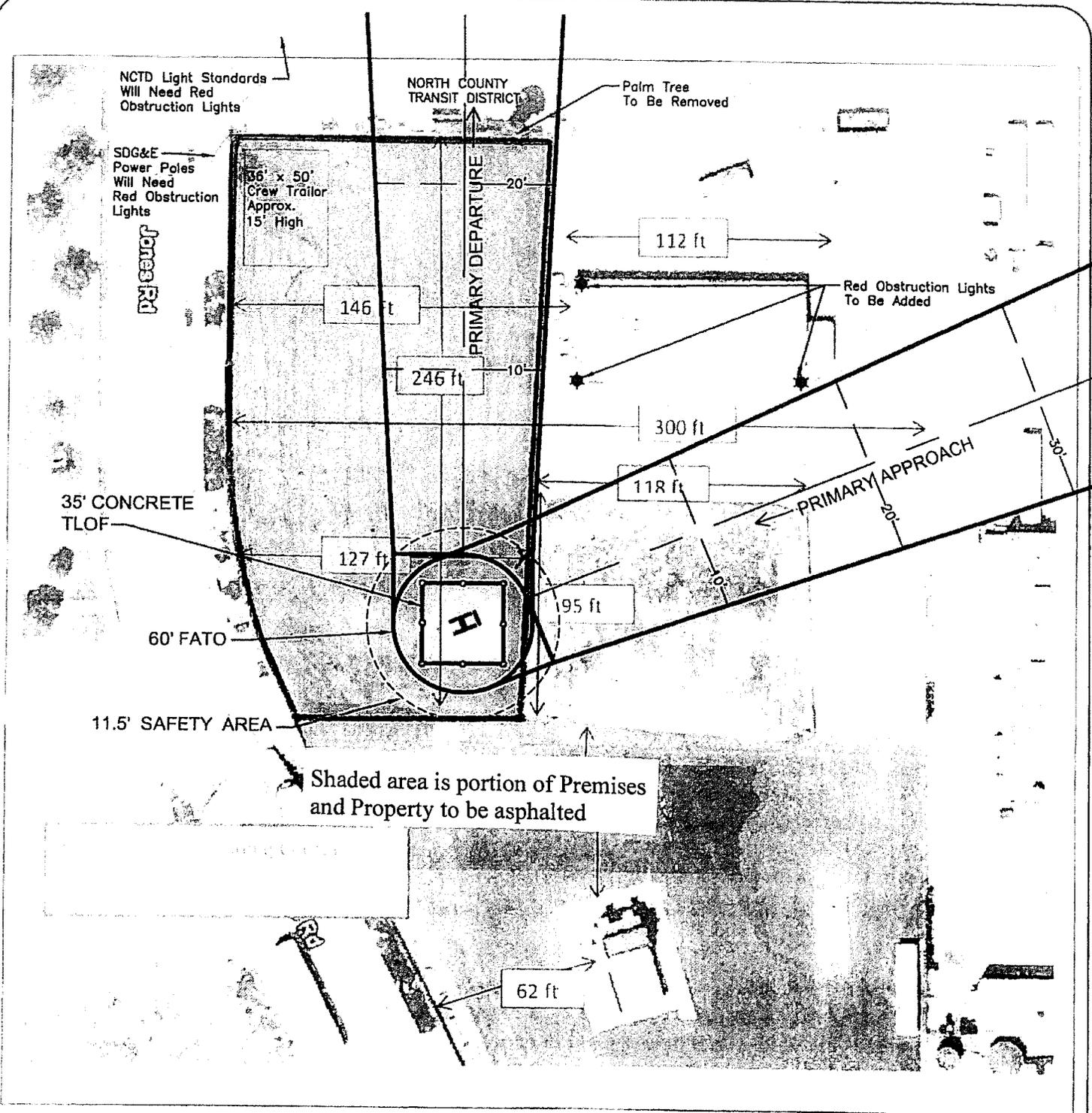
EXHIBIT "D"
LESSEE IMPROVEMENTS

REACH Air Medical
Oceanside FD Training Facility
110 Jones Road
Heliport and Related Facilities

Within twelve (12) from the Effective Date of the Lease, Lessee shall complete the Lessee Improvements at the Premises and to the applicable portion of the Property as set forth below and on the attached. All construction to be performed by Lessee shall be pursuant to all applicable local, State and Federal ordinances, codes and regulations, including, but not limited to the those associated with any building permit, conditional use permit or other regulatory approvals.

<u>Scope of Work</u>	<u>Est. Cost</u>
Consultants	
Heliport layout design & State/Fed entitlements	\$ 38,000
Engineering services (civil, electrical, architectural, etc.)	\$ 32,000
Fees and Permits	
Government, utility fees and permits	\$ 24,000
Construction Improvements	
Heliport (approximate 80' diameter as shown on attached)	
Sitework preparation	\$ 25,000
Concrete & asphalt (1)	\$ 48,000
Lighting and electrical service connections	\$ 40,000
Crew Base & Utilities	
Pad improvements for crew trailer	\$ 23,000
Water, sewer & electrical connections	\$ 18,000
Total:	\$ 248,000

- (1) Includes additional asphalt surfacing outside of Heliport area as shown on attached.



Shaded area is portion of Premises and Property to be asphalted



Preliminary REACH Heliport Layout
 110 Jones Road
 Oceanside California
 January 8, 2013



Heliplanners www.heliplanners.com
 Aviation Planning Consultants Heliport Specialists

EXHIBIT "D"

EXHIBIT "E"

Recording Requested by:
When Recorded Return to:

CITY CLERK, CITY OF OCEANSIDE
300 North Coast Highway
Oceanside, CA 92054

(For Recorder's Use)

**MEMORANDUM
of
PROFESSIONAL SERVICES AGREEMENT
and
PROPERTY LEASE AGREEMENT**

THIS MEMORANDUM OF PROFESSIONAL SERVICES AGREEMENT PROPERTY AND LEASE AGREEMENT ("Memorandum") is made as of _____, 2013, by and between THE CITY OF OCEANSIDE, a municipal corporation ("City") and REACH AIR MEDICAL SERVICES, LLC, a California limited liability company ("Reach").

City and Reach have entered into that certain Professional Services Agreement dated _____, 2013 ("PSA") and the Property Lease Agreement dated May 1, 2013 ("Lease"), pursuant to which City and Reach have agreed to certain services to be performed and which the City has leased to Reach, and Reach has leased from City, that certain property located in the City of Oceanside, County of San Diego, State of California and more particularly described in Exhibit "A", which are attached and incorporated by this reference, all subject to the terms and covenants set forth in the PSA and Lease. The purpose of this Memorandum is to give notice of the existence of the PSA and Lease and the provisions thereof, including without limitation provisions providing for the expiration of the PSA and Lease term on _____, and providing for ___ () successive ___ () years option to renew requests [if applicable]. To the extent that any provision of this Memorandum conflicts with any provision of the PSA and Lease the PSA and Lease shall control.

This Memorandum may be executed in counterparts, each of which shall be an original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first written above.

“CITY”

THE CITY OF OCEANSIDE,
a municipal corporation

By: _____

Name: _____

Title: _____

“REACH”

REACH AIR MEDICAL SERVICES, LLC

a California limited liability company

By: _____

Name: _____

Its: _____

Title: _____

**AIR TRANSPORT PROGRAM
FIVE-YEAR FORECAST**

GL Account Type	GL Account *	2014	2015	2016	2017	2018
Expenses	5600.0004-Internal Svc-IT	721	721	721	721	721
Expenses	5600.0004-Internal Svc-IT	303	303	303	303	303
Expenses	5600.0004-Internal Svc-IT	10,930	10,930	10,930	10,930	10,930
Expenses	5600.0004-Internal Svc-IT	3,656	3,656	3,656	3,656	3,656
Expenses	5350-Training - Registrtrn Fees	24,766	25,000	25,000	25,000	25,000
Expenses	5380-Uniform	2,968	2,968	2,968	2,968	2,968
Expenses	5105 - Regular Employees	419,223	422,173	424,830	427,700	430,700
Expenses	5120-Overtime	6,596	6,596	6,596	6,596	6,596
Expenses	5120-Overtime	40,000	40,000	40,000	40,000	40,000
Expenses	5206-Fringe Benefit Burden-WC	29,923	29,956	29,961	29,967	29,973
Expenses	5207-Fringe Benefit Burden	179,124	187,338	190,474	191,247	192,055
Expenses	5212-Pension Bond Debt Charge	<u>5,416</u>	<u>5,633</u>	<u>5,858</u>	<u>6,092</u>	<u>6,336</u>
		723,626	735,274	741,297	745,180	749,237
Revenues	4501-Other Misc. Revenue	10,000	10,000	10,000	10,000	10,000
Revenues	4501-Other Misc. Revenue	576,000	593,280	611,078	629,411	648,293
Revenues	4501-Other Misc. Revenue	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>
		742,000	759,280	777,078	795,411	814,293
	SURPLUS	18,374	24,006	35,782	50,230	65,056