

**Crestwood Psychiatric Health Facility
NON-BINDING TERM SHEET**

Parties	<ul style="list-style-type: none"> • County of Sonoma ("County") • University Partners, LLC ("Tenant") • Crestwood Behavioral Health, Inc. ("Crestwood" or "Sublessee")
Property	Former Valley of the Moon Children's Center (VOMCC) located at 7440 Los Guilicos Road, Santa Rosa (Assessor's Parcel Number: portion of APN 051-020-060) ("Premises").
Project	<ul style="list-style-type: none"> • Development and operation of a 16 bed, licensed psychiatric health facility ("PHF") at the Premises. • Tenant to lease the Premises from County and to permit, design, bid, construct and project manage to deliver needed construction improvements for the PHF. • Project delivery methodology is design/build, subject to specified County construction cost contribution. • Crestwood to operate and maintain the PHF, excepting therefrom certain maintenance of the facility structure and major building components. • County right to use 14 of 16 PHF beds, subject to services agreement and payment • County to retain overall project management
Transaction Structure	Master PHF Lease and Development Agreement, consisting of: <ol style="list-style-type: none"> 1. Lease terms and conditions (Premises control) and ; 2. Project Development terms and conditions (permitting, design, construction); 3. Operations terms and conditions (facility physical plant and grounds maintenance); 4. Treatment Bed /Services Agreement (provision of bed spaces and psychiatric services to be executed closer to opening)
Premises Delivery	<ul style="list-style-type: none"> • Premises to be leased and made available as-is. Tenant acknowledges adequate notice and opportunity to conduct due diligence and inquiry as to Premises and conditions.
CEQA	<ul style="list-style-type: none"> • All applicable environmental analysis to be conducted as and when appropriate. • Tenant and Crestwood to provide all information and <i>pro formas</i> needed for environmental analysis, promptly upon County request • Premises consists of existing structure with prior residential/institutional use and occupancy, and related parking and yards (yard area to be defined). Located within County's Los Guilicos campus, proximate to existing active uses (Juvenile Hall, Children's Center, others) • Parties expect project to be exempt or that at most a mitigated negative declaration would be required under CEQA. Agreement contingent on determination that project does not require environmental impact report or other environmental document under CEQA. In event of contingency failure and Agreement termination, County to reimburse Tenant for project-related direct and hard costs incurred from date of Agreement to date of termination.

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<p>Permits</p>	<ul style="list-style-type: none"> • Premises within City of Santa Rosa city limits and zoned “Public/Institutional” • Entitlement jurisdiction expected, but not guaranteed, to be County (Permit Sonoma) due to governmental uses and needs served by the Project. • Tenant to obtain all necessary permits from City of Santa Rosa, likely to be for water and sewer interconnections, and fire code compliance • Tenant and Crestwood to be responsible for all legal, entitlement, and regulatory compliance, including obtaining and finalizing all required permits (other than discretionary use permit, as stated below), licenses and satisfying all applicable codes, including City of Santa Rosa Fire Marshal. • Agreement contingent on no discretionary use permit being required for the PHF. In event of contingency failure and Agreement termination, County to reimburse Tenant for project-related direct and hard costs incurred from date of Agreement to date of termination.
<p>Utilities</p>	<ul style="list-style-type: none"> • Sewer and Water: Pursuant to City of Santa Rosa connection. • Electrical: PG&E • Back-up power/generator: Tenant permitted to connect to and use Los Guilicos campus generator, provided testing is limited to monthly basis pursuant to schedule approved by and coordinated with County and consistent with BAAQMD permits, and with associated maintenance charges to be included in Operating terms and conditions.
<p>Lease Agreement</p>	<ul style="list-style-type: none"> • Term: 20 years • Use: For operation of a PHF only • County Facility Charge: \$19,258 per month with a 2.25% annual increase, commencing when the PHF opens. Annual increases to take place on January 1, 2022 and thereafter on January 1 annually. • Between County, in its proprietary capacity as land owner, and Tenant • Affirmative obligations and conditions subsequent; immediate default for failure to comply: <ol style="list-style-type: none"> 1. Undertake development/conversion to PHF (engage design and general construction contracts, which may be non-competitively-procured as determined by Tenant as part of overall and most-expedited project delivery, other related contracts to be competitively bid to extent feasible; Tenant to construction and project manage) 2. Sublease to Crestwood for PHF operation 3. PHF requirements: <ol style="list-style-type: none"> a. Maintained, licensed, and operated as a California Department of Health Care Services (DHCS), licensed “Psychiatric Health Facility”; and b. County right to use all 16 PHF beds, subject to services agreement and payment. County guarantees County use of 14 PHF beds. Subject to

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	<p>County first right of refusal, two remaining PHF beds may be contracted to other public agencies as consented by County (consent not to be unreasonably withheld, conditioned, or delayed), subject to separate and direct services agreement(s) and payments between Tenant and such other agencies.</p> <p style="padding-left: 40px;">c. County agrees to use of said two remaining beds by County of Marin.</p> <p>4. Crestwood execution of Treatment Bed/Services Agreement(s) with County</p> <ul style="list-style-type: none">• Triple net, except to extent of County maintenance per Operations terms and conditions; Crestwood to pay recurring quarterly maintenance fees to County; amount TBD• County reversionary interest in Premises and all improvements at expiration or termination of lease• Crestwood to execute Guarantee for lease
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Project Development Terms and Conditions	<ul style="list-style-type: none">• Guaranteed Maximum Price structure <p>Certain project development costs shall be reimbursed by the County. Tenant estimates that such reimbursable costs to deliver the PHF and achieve final certificate of occupancy, including for all related design, permitting, construction, and project management, shall not exceed \$4,130,000 (“Total Project Costs”) . Tenant shall confirm or revise to the Total Project Costs to reflect all then-anticipated costs, at:</p> <ol style="list-style-type: none">1. Upon completion of eighty percent (80%) design drawings for the PHF, and2. Upon issuance of the last development permit needed for the PHF (i.e., initial issuance of building/construction permits)(“Final Total Project Costs”). <p>In the event of any increase in Total Project Costs, County shall have right to approve or reject, in its sole discretion. No PHF construction may begin without written confirmation from County as to the Final Total Project Costs amount. If County does not approve, Agreement shall automatically terminate. In the event of such termination, County to reimburse Tenant for direct and hard costs incurred from date of Agreement to date of termination up to a maximum not to exceed amount of \$100,000.</p> <ul style="list-style-type: none">• If County approves the Final Total Project Costs, construction and development of the PHF shall proceed and County shall pay actual project cost not in excess of the Final Total Project Costs. Tenant shall then be solely responsible for all PHF development costs in excess of the final Total Project Costs and shall incur all risk for any design, permitting and/or construction cost overruns due to circumstances such as differing site conditions and any other design, construction, or inspection requirements triggered by and/or required for the PHF. It is the intent of the Parties that the Final Total Project Costs shall reflect all costs for the PHF development and that once said amount is approved by County and after the permit for the project has been issued, Tenant shall be responsible for and incur all risk as to any additional, extra, or other costs needed for the PHF.• Tenant responsible for design and construction in compliance with all applicable laws, regulations, and permitting requirements• Schedule of Performance (design, commencement, milestones, completion)• County advance notice of all change orders impacting project massing, site plan, design, construction, and MEP building systems, and other features with right to review and provide input• County to review and approve selection of MEP building systems to ensure consistent with both County campus standard control systems, and maintenance team experience.• Periodic progress reports and budget to actual cost variance analysis and projections• Liens: County to be notified regarding and held harmless from all liens
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	<ul style="list-style-type: none"> • Performance and Labor and Materials bonds (in amount of 100% of construction costs) through the period of construction. • Prevailing wage requirements will apply. Tenant/Crestwood to require and ensure prevailing wage and related Labor Code requirements by all contractors and subcontractors. Agreement to include express prevailing wage provisions, subcontractor listing law compliance and DIR reporting. • Due to funding in part by third party (hospitals) grants, Tenant to provide progress reports and other periodic information to meet grantor requirements
<p>Maintenance Operations Terms and Conditions</p>	<ul style="list-style-type: none"> • County to maintain, repair, and replace as appropriate: all structural components of the Premises, all major Building systems, and parking lot and general grounds, all subject to reimbursement from Tenant (payment of agreed O&M cost amounts; amortize cost of capital repairs/improvements with a useful life exceeding the remaining lease term). • Tenant payment of operating costs to County: Tenant shall pay County quarterly for agreed maintenance, operations, and repair costs, to include County standard hourly rates, direct costs for materials, equipment and required specialized services (outside contracts), and subject to amortized proration based on remaining Agreement term for capital work • During period of occupancy, Tenant to maintain, repair, and replacement, at its sole cost and expense: All non-structural components of the leased Premises, all interior flooring, drywall, and finishes, all use-specific building systems and all furniture, fixtures, signage, enclosed yard areas, equipment, interior lighting, and personal property • Coordination of Premises access and needed maintenance, repair, or replacement work
<p>Treatment Bed/Services Agreement</p>	<ul style="list-style-type: none"> • Bed rate: \$1,000 per day per bed, subject to stipulated annual escalator not to exceed 3.5% • County guarantee of 14 beds means County pays whether all 14 used or not. • Crestwood to maintain all required licenses and regulatory approvals for PHF operations • Crestwood to be designated sole provider, unless County written consent to assignment • Crestwood to provide industry-standard services, quality of care, and patient health protections • Evacuation protocols and Crestwood responsibility for all evacuation operations, processes and procedures
<p>Subordination</p>	<ul style="list-style-type: none"> • No subordination of any interest in Premises or Project, unless prior County written consent
<p>Assignment/Transfer</p>	<ul style="list-style-type: none"> • No assignment or transfer, unless prior County written consent

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<p>Indemnity</p>	<ul style="list-style-type: none"> • Each to defend, indemnify and hold the other harmless from any and all claims, actions, causes of action, liabilities, and expenses (including reasonable attorneys' fees), arising out of or in any way related to their (and Tenant's employees, agents, representatives and clients) respective actions, omissions, use and/or occupancy as to the Premises and/or Project. • Tenant to provide separate Hazardous Materials indemnity for present and future hazardous materials claims
<p>Breach or Termination of Services</p>	<ul style="list-style-type: none"> • After culmination of notice and opportunity to cure, breach under Project Development terms or conditions, Operation terms or conditions, or Services Agreement (or non-renewal thereof) constitutes cause to terminate under Lease Agreement

Tenant, Crestwood and County acknowledges the foregoing proposal terms and conditions of this Term Sheet. Tenant and Crestwood, as Sublessee further acknowledge that any actual Master PHF Lease and Development Agreement is subject to the County Board of Supervisors separate approval, which may be granted or withheld in its sole discretion, and which approval may modify any of the terms herein.

<p>Tenant: University Partners, LLC, a California limited liability company</p> <p>By:  _____ Maria Stefanou Its: CFO Dated: May 12, 2020</p> <p>Crestwood/Sublessee: Crestwood Behavioral Health, Inc., a Delaware Corporation</p> <p>By:  _____ Maria Stefanou Its: CFO Dated: May 12, 2020</p>	<p>County: The County of Sonoma, a political subdivision of the State of California</p> <p>By: _____ Caroline Judy Its: Director of General Services</p> <p>Dated: _____</p>
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