



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical
1700 Mount Vernon Avenue
Conference Room 1058
Bakersfield, California 93306**

Regular Meeting
Wednesday, April 18, 2018

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, Lawson, McGauley, McLaughlin, Pelz, Sistrunk
Roll Call:

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY KERN COUNTY HOSPITAL AUTHORITY STAFF. THE "CA" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))

RECOGNITION

- 3) Presentation of service awards by the Chief Executive Officer to nine Kern Medical employees with 25, 30, and 35 years of service –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 21, 2017 –
APPROVE

CA

- 5) Proposed retroactive Amendment No. 1 to Agreement 002-2018 with Desert Hand and Plastic Surgery PC, an independent contractor, for professional medical services in the Department of Surgery for the period April 9, 2018 through April 8, 2021, revising the compensation methodology, and decreasing the maximum payable by \$1,100,000, from \$2,700,000 to \$1,600,000, effective April 9, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 001-2018 with Matthew M. Malerich, M.D., Incorporated, an independent contractor, for professional medical services in the Department of Surgery for the period April 9, 2018 through April 8, 2021, revising the compensation methodology, and decreasing the maximum payable by \$1,100,000, from \$2,700,000 to \$1,600,000, effective April 9, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed purchase of real property located at 1941 Flower Street, APN 138-032-04, from Rajvir Gill, for a purchase price of \$100,000 plus estimated escrow fees of \$5,000; 1951 Flower Street, APN 138-032-05 and 138-032-06, from Alsufyani Abdul, for a purchase price of \$150,000 plus estimate closing costs of \$15,000; and 1955 Flower Street, APN 138-032-07, from Shaik Saheb, M.D., Inc. Pension Plan, for a purchase price of \$95,000 plus estimated escrow fees of \$5,000 –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302, 15303, 15304, 15305, 15306, AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; ADOPT RESOLUTIONS; AUTHORIZE CHIEF EXECUTIVE OFFICER TO ACCEPT GRANT DEEDS ON BEHALF OF KERN COUNTY HOSPITAL AUTHORITY AND SIGN ALL ESCROW DOCUMENTS; DIRECT STAFF TO ISSUE THREE SEPARATE WARRANTS PAYABLE TO CHICAGO TITLE COMPANY IN AMOUNTS NOT TO EXCEED \$105,000, \$165,000, AND \$100,000

CA

- 8) Proposed retroactive Amendment No. 4 to Agreement 09014 with himagine solutions, Inc., an independent contractor, for health information management staffing support for the period November 14, 2014 through October 31, 2017, extending the term from November 1, 2017 through March 31, 2020, and increasing the maximum payable by \$785,000, from \$600,000 to \$1,385,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed retroactive Agreement with Nova Biomedical Corporation, an independent contractor, containing nonstandard terms and conditions, for the purchase of glucose meters and test strips from April 11, 2018 through April 10, 2023, in an amount not to exceed \$400,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Agreement with Stericycle, Inc., an independent contractor, containing nonstandard terms and conditions, for regulated medical waste disposal services for a term of 36 months effective April 18, 2018, in an amount not to exceed \$525,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive request of the state Public Works Board of the state of California to sign "Certificate of Kern County Hospital Authority" related to the Kern County Jail Complex, certifying matters associated with usage of the portion of the jail complex, recordkeeping responsibilities, and covenants concerning governance structure, effective April 17, 2018 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 12) Proposed retroactive Agreement with Randolph Fok, M.D., an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from April 1, 2018 through March 31, 2020, in an amount not to exceed \$670,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed Agreement with Charter Communications Operating, LLC on behalf of its operating subsidiary Spectrum, an independent contractor, containing nonstandard terms and conditions, for the purchase of hosted voice and internet services at the Refine Clinic located 1902 B Street, Suite A, from April 18, 2018 through April 17, 2020, in an amount not to exceed \$25,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed retroactive Agreement with HR Knowledge, Inc., an independent contractor, containing nonstandard terms and conditions, for the purchase of cloud-based software for position control management from April 2, 2018 through April 1, 2020, in an amount not to exceed \$46,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 15) Proposed discussion and recommendation to the Kern County Board of Supervisors to appoint a qualified candidate to the Kern County Hospital Authority Board of Governors to fill the Community Member at Large vacancy created by the resignation of Colleen McGauley, effective July 1, 2018, term to expire June 30, 2021 – DISCUSS; MAKE RECOMMENDATION; REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT

- 16) Kern County Hospital Authority Chief Financial Officer report – RECEIVE AND FILE

- 17) Kern County Hospital Authority Chief Executive Officer report – RECEIVE AND FILE

CA

- 18) Claims and Lawsuits Filed as of March 31, 2018 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 19) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –

- 20) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –
- 21) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –
- 22) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Shavonda Mosley, et al. v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100175 SDS –
- 23) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, MAY 16, 2018, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

All agenda item supporting documentation is available for public review at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, 93306 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

The Kern Medical Center Conference Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Hospital Authority Board of Governors may request assistance at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, California, or by calling (661) 326-2102. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

16) CLAIMS AND LAWSUITS FILED AS OF MARCH 31, 2018 –
RECEIVE AND FILE

- A) Summons and Complaint for Damages in the matter of Victoria Munis, an individual; and Douglas Munis, an individual v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-102908 SDS
- B) Summons and Complaint for Damages in the matter of Martin L. Goldman, M.D. v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 DRL
- C) Summons and Complaint for Damages in the matter of Isai Lopez v. Kern Medical Surgery Center, LLC DBA Kern Medical, et al., Kern County Superior Court Case No. BCV-18-100479 SDS
- D) Notice of Intent to Commence Action Against Health Care Provider in the matter of Patricia Smith v. Kern Medical Center
- E) Claim in the matter of Kathy Williams v. Kern County Hospital Authority



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Presentation by Russell Judd recognizing Service Awards for Kern County Hospital Authority employees with 25, 30, and 35 years of service.

Recommended Action: Make presentation

Summary:

25 years of Service:

- Choung Chea, a Network System Administrator in the Information Systems Department, started with Kern Medical in January of 1993.
- Laura Vickery, a Hospital Staff Nurse II in the NICU Department, started with Kern Medical in May of 1993
- Samuel Contreras, a Cook II in the Nutrition Services Department, started with Kern Medical in April of 1993.
- Bessielisa Casanova, a Hospital Staff Nurse II in the Crossroads Juvenile Department, started with Kern Medical in May of 1993
- Devina Delrosario, a Hospital Staff Nurse II in the Juvenile Hall Clinic, started with Kern Medical in June of 1993
- Maria Ballesteros, a Hospital Staff Nurse II in the Lerdo Max Department, started with Kern Medical in February of 1993.
- Daniel Ferguson, a Pharmacy Technician III in the Lerdo Max Department started, with Kern Medical in May of 1993.

30 years of Service:

- Teresa Swanson, a Hospital Staff Nurse II in the Psychiatric Services Department, started with Kern Medical in May of 1988.

35 years of Service:

- Norma Cerda, an OB Technician II in the Labor and Delivery Department, started with Kern Medical in May of 1983.



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical
1700 Mount Vernon Avenue
Conference Room 1058
Bakersfield, California 93306**

**Regular Meeting
Wednesday, March 21, 2018**

11:30 A.M.

BOARD RECONVENED

Directors present: Bigler, Berjis, Lawson, McGauley, McLaughlin, Pelz, Sistrunk

NOTE: The vote is displayed in bold below each item. For example, Lawson-McLaughlin denotes Director Lawson made the motion and Vice Chair McLaughlin seconded the motion.

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" WERE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))

DIRECTOR BERJIS THANKED JARED LEAVITT, CHIEF OPERATING OFFICER, AND STAFF ON BEHALF OF THE RESIDENTS, CLINICAL DEPARTMENTS, AND MEDICAL EDUCATION FOR THEIR OUTSTANDING JOB ON REMODELING THE MEDICAL EDUCATION ROUNDING ROOM

CHAIRMAN BIGLER ASKED DR. GOLDIS TO RECOGNIZE DR. GOMEZ FOR THE QUALITY CARE HE PROVIDED TO THE PATIENT FEATURED IN THE SPRING EDITION OF 'HEALTH FOR LIFE'

DIRECTOR MCGAULEY CONGRATULATED DR. MOLLA AND HIS STAFF FOR THEIR IMPACT ON KERN COUNTY FOSTER CHILDREN

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern County Hospital Authority Board of Governors on its second anniversary –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on February 21, 2017 –
APPROVED
Lawson-McGauley: All Ayes
- 5) Proposed reappointment of Director Christina Sistrunk to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2021 –
REFERRED TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
McLaughlin-Pelz: All Ayes
- 6) Proposed review of Board of Governors vacant position selection process –
RECEIVED AND FILED
Sistrunk-McLaughlin: All Ayes

CA

- 7) Proposed retroactive Resolution revising the extension of excess medical professional liability coverage for Kern Medical employed and independent contractor physicians, effective July 1, 2017 –
APPROVED; ADOPTED RESOLUTION 2018-004
Lawson-McGauley: All Ayes

CA

- 8) Proposed Memorandum of Understanding with Committee of Interns and Residents/Service Employees International Union, Local 1957 expiring March 31, 2021, with changes to compensation and benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 014-2018;
DIRECTED HUMAN RESOURCES DEPARTMENT TO IMPLEMENT CHANGES
Lawson-McGauley: All Ayes

CA

- 9) Proposed Agreement with Randolph Fok, M.D., an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from April 1, 2018 through March 31, 2020, in an amount not to exceed \$600,000 –
WITHDRAWN

- 10) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
Berjis-McLaughlin: All Ayes

- 11) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Pelz-Sistrunk: All Ayes

CA

- 12) Claims and Lawsuits Filed as of February 28, 2018 –
RECEIVED AND FILED
Lawson-McGauley: All Ayes

CA

- 13) Miscellaneous Correspondence –
RECEIVED AND FILED
Lawson-McGauley: All Ayes

ADJOURNED TO CLOSED SESSION
Berjis-McGauley

CLOSED SESSION

- 14) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW

- 15) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW
- 16) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Berjis-Sistrunk

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 14 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR MCGAULEY, SECOND BY DIRECTOR LAWSON), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 15 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 16 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, APRIL 18, 2018, AT 11:30 A.M.

Lawson

/s/ Mona A. Allen
Authority Board Coordinator

/s/ Russell E. Bigler
Chairman, Board of Governors
Kern County Hospital Authority



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed Retroactive Amendment No. 1 to Agreement 002-2018 with Desert Hand and Plastic Surgery, PC, for Professional Medical Services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is requesting your Board retroactively approve this proposed amendment with Desert Hand and Plastic Surgery (“Contractor”) to the payment structure. The payment methodology changes from the hospital paying the Contractor based upon a productivity model of worked relative value units with the hospital being responsible for payment of all the Contractor’s professional services, to the Contractor being responsible for its own billing and collections with a management fee paid to the hospital for providing the space, staff, and minor equipment and supplies. The hospital will guarantee the cash collections amount during the first 18 months. The maximum payable under the amendment decreases from \$2,700,000 over the three-year term to \$1,600,000. The amendment is retroactive to April 9, 2018, which is the effective date of the underlying agreement.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Desert Hand and Plastic Surgery PC)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, by and between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Desert Hand and Plastic Surgery PC, a California professional medical corporation (“Contractor”), with its principal place of business located at 72-650 Fred Waring Drive, Suite 109, Palm Desert, California 92260.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #002-2018, dated January 17, 2018) (“Agreement”), for the period April 9, 2018 through April 8, 2021, to provide professional medical services in the Department of Surgery at KMC; and

(b) The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

(c) The Agreement is amended effective April 9, 2018;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Section 2, Obligations of Contractor, paragraph 2.14, Medical Supplies; Drugs, shall be made part of the Agreement as follows:

“2.14 Medical Supplies; Drugs. The parties agree that Contractor shall be solely responsible for the purchase of medical supplies and drugs with a cost that exceeds \$100 per single device for medical supplies or single unit dose for drugs.”

2. Section 4, Payment for Services, paragraph 4.1, Compensation, shall be deleted in its entirety and replaced with the following:

“4.1 Compensation. As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth in this paragraph 4.1. All services are payable in arrears.

4.1.1 April 9, 2018 through October 8, 2019.

1) Methodology. For the period April 9, 2018 through and including October 8, 2019 (the “Guarantee Period”), Authority shall pay Contractor a guarantee payment (“Guarantee Payment”) in the amount of \$50,000 per month for all teaching and administrative services and payment for care of KMC patients. Contractor understands and agrees that: (i) the Guarantee Payment set forth in this subparagraph 4.1.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey (“MGMA Survey”) for specialty; (ii) Contractor will maintain a median level of worked relative value units based on the current MGMA Survey and fulfill all the obligations set forth in this Agreement during the Term; (iii) the Guarantee Payment is net of actual collections minus the Monthly Fee set forth in subparagraph 4.5.2 herein; and (iv) the Guarantee Payment is net of any professional billing service fee not to exceed 7%.

2) Reporting. On a monthly basis starting the first month after the Commencement Date, Contractor shall deliver to KMC a report (the “Report”) of its actual collections net of discounts and contractual allowances (the “Collections”) during the prior month (the “Reporting Period”) for services provided pursuant to this Agreement. The Report shall be in a form reasonably agreeable to KMC and shall include information in sufficient detail to enable KMC to verify the Collections for the Reporting Period. KMC shall be entitled during business hours, on prior written notice, to review and audit the records of Contractor supporting each Report, and Contractor shall make its records and personnel reasonably available for such purpose.

3) Limited Guarantee of Collections and Payment. To the extent the Collections for any Reporting Period during the Guarantee Period are less than \$50,000, KMC shall pay to Contractor within 45 business days after its receipt of the Report the difference between \$50,000 and the Collections for the Reporting Period. The parties understand and acknowledge that this obligation of KMC is not a guarantee of net revenue; it is a guarantee of collections only, and neither Authority nor KMC is obligated to guarantee any level or amount of Collections after the Guarantee Period.

4.1.2 October 9, 2019 through April 8, 2021. For the period October 9, 2019 through and including April 8, 2021, Contractor shall be responsible to bill patients and third-party payers for all professional services rendered by Contractor and Group Physicians pursuant to this Agreement. Such billing shall comply with all applicable state and federal laws and is subject to the provisions of section 4.5 herein.

4.1.3 Call Coverage. Authority shall pay Contractor for emergency hand call coverage (excluding established patients) as follows: (i) Contractor shall be paid a fixed fee in the amount of \$750 per 24-hour day for call coverage that does not exceed one (1) in four (4) weeks; and (ii) Contractor shall be paid a fixed fee in the amount of \$2,000 per 24-hour day for call coverage that exceeds one (1) in four (4) weeks.

4.1.4 Maximum Payable. The maximum payable under this Agreement will not exceed \$1,600,000 over the three-year Initial Term of this Agreement.

4.1.5 Fair Market Value. The parties hereby acknowledge that the compensation set forth herein was negotiated at arm's length without taking into account the value or volume or referrals between the parties, represents the parties' best estimate of fair market value, and covers Contractor's actual cost to provide the services on a fully loaded basis.

4.2 Limitations on Compensation. Except for the guarantee set forth in subparagraph 4.1.1 hereof, neither Contractor nor any Group Physician shall be entitled to any salary or other compensation from Authority or KMC, or to any employee benefits provided by KMC, including disability, life insurance, pension and annuity benefits, educational allowances, professional membership dues, and sick, holiday or vacation pay. Neither Authority nor KMC will withhold income taxes or pay Social Security or unemployment taxes for Contractor or any Group Physician, all such being the exclusive responsibility of Contractor and Group Physicians, which Contractor and Group Physicians agree to discharge fully.

4.3 Invoices. Invoices for payment shall be submitted in a form approved by KMC and list each service performed. Invoices and receipts shall be sent to KMC for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMC.

4.4 Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "A," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

4.5 Billing and Collection.

4.5.1 Group Billing and Charges. Contractor shall be solely responsible for the processing, billing and collection of all charges to patients and third-party payers separately from KMC for the amount of the professional (i.e., "physician services") component of the services provided by Contractor hereunder. Contractor expressly agrees as follows:

1) Schedule of Charges. Contractor shall submit at least annually to KMC the current schedule of charges for services provided by Contractor in the Department and shall notify KMC of any changes in that charge schedule.

2) Prevailing Charges. Contractor shall be responsible for establishing the schedule of charges for the professional component of the services provided by Contractor hereunder. The professional charges to patients for services provided by

Contractor in the Department shall be competitive with the prevailing charges in the medical community for similar services.

3) Hospital Charges. KMC shall establish the amounts to be charged to patients for the “hospital services” component of the services rendered in the Department and shall bill patients and third-party payers separately from Contractor for the amount of the hospital services component of services rendered.

4) Billing Generally. Each party, at its own cost, shall be responsible for processing, billing and collecting from patients or third-party payers for services rendered in the Department. In the conduct of its billing and collection practices and procedures, each party agrees that it will not, nor will it permit its employees or agents to, engage in any action that would violate federal, state or local law, including fair debt collection practices, reimbursement and state and federal anti-fraud and abuse laws.

5) Billing Compliance. Contractor shall comply, and shall ensure that Group Physicians comply, with all applicable laws in connection with billing and coding for professional services provided by Contractor or Group Physicians pursuant to this Agreement. Contractor shall adopt and maintain billing and coding compliance policies and procedures to ensure Contractor’s compliance with applicable state and federal laws. KMC shall have reasonable access to Contractor’s billing records in order to assure Contractor’s compliance with this Agreement. Contractor shall promptly correct any billing errors documented by KMC.

4.5.2 Reconciliation. It is the intention of the parties that Authority be compensated and reimbursed for the allocated costs of the services and facilities provided by KMC to Contractor pursuant to this Agreement. Accordingly, on a monthly basis KMC shall review Contractor’s records to reconcile the amounts collected by Contractor for professional services rendered by Contractor and Group Physicians pursuant to this Agreement. The parties agree that a reasonable allocated cost of the services and facilities provided by KMC for the benefit of Contractor and Group Physicians pursuant to this Agreement is 20% of collected professional fees (the “Monthly Fee”). The Monthly Fee shall be paid by Contractor to KMC within 30 days following completion of each monthly reconciliation.

4.5.3 Copayment Collection Services.

1) Appointment of KMC as Collection Agent. Contractor acknowledges and agrees that KMC shall serve as its agent solely for the purpose of collecting copayments from patients for the professional component of services provided by Contractor and Group Physicians pursuant to this Agreement (“Copayments”). Contractor shall retain all legal right and claim to, and interest in, the Copayments. Contractor acknowledges and agrees that such appointment in no way guarantees collection or payment of the Copayments or otherwise imposes on Authority or KMC any obligation to pay Contractor for Copayments.

2) Scope of Copayment Collection Services. As collection agent for Contractor, KMC shall: (a) collect Copayments by cash, check, or credit card; (b) submit collected Copayments to Contractor's billing service; and (c) employ or contract with and train personnel to carry out any of the tasks described herein (collectively, the "Copayment Collection Services"). KMC shall provide Copayment Collection Services in accordance with its policies and procedures. Contractor shall coordinate and assist KMC as necessary for KMC's performance of the Copayment Collection Services.

3) Indemnification. Contractor shall indemnify and hold harmless Authority and KMC, and their respective directors, officers, employees, or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards, or costs, including reasonable attorneys' fees and costs (including the reasonable costs of Authority's in-house counsel), arising out of, resulting from, or relating to the provision of Copayment Collection Services.

4.5.4 Access to Records. The parties agree to permit each other's accountants and other appropriate representatives to have reasonable access during normal working hours to billing, patient, and reimbursement records relating to the operations of the Department for purposes of, and to the extent necessary to perform, billing, collection and accounting function. Upon reasonable request a party shall provide to the other appropriate billing information, including patient name and address, guarantor name and address, and insurance or other third-party payer information to assist the requesting party in billing and collection efforts.

4.6 Managed Care Contracting. Contractor shall cooperate, and shall ensure that Group Physicians cooperate, in all reasonable respects necessary to facilitate KMC's entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable Authority or KMC to participate in any third-party payer arrangements, Contractor and/or Group Physicians shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from Authority and KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a "Managed Care Organization") designated by Authority or KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization."

3. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.

4. This Amendment shall be governed by and construed in accordance with the laws of the state of California.

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

6. Except as provided herein, all other terms, conditions, and covenants of the Agreement shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the Agreement as of the day and year first written above.

DESERT HAND AND PLASTIC SURGERY PC

By David Bowen MD
David T. Bowen, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By Russell V. Judd
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend1.Bowen.041118



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed Retroactive Amendment No. 1 to Agreement 001-2018 with Matthew M. Malerich, MD, for Professional Medical Services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is requesting your Board retroactively approve this proposed amendment with Matthew M. Malerich ("Contractor") to the payment structure. The payment methodology changes from the hospital paying the Contractor based upon a productivity model of worked relative value units with the hospital being responsible for payment of all the Contractor's professional services, to the Contractor being responsible for its own billing and collections with a management fee paid to the hospital for providing the space, staff, and minor equipment and supplies. The hospital will guarantee the cash collections amount during the first 18 months. The maximum payable under the amendment decreases from \$2,700,000 over the three-year term to \$1,600,000. The amendment is retroactive to April 9, 2018, which is the effective date of the underlying agreement.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Matthew M. Malerich, M.D., Incorporated)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, by and between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Matthew M. Malerich, M.D., Incorporated, a California professional medical corporation (“Contractor”), with its principal place of business located at 2634 G Street, Bakersfield, California 93301.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #001-2018, dated January 17, 2018) (“Agreement”), for the period April 9, 2018 through April 8, 2021, to provide professional medical services in the Department of Surgery at KMC; and

(b) The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

(c) The Agreement is amended effective April 9, 2018;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Section 2, Obligations of Contractor, paragraph 2.14, Medical Supplies; Drugs, shall be made part of the Agreement as follows:

“2.14 Medical Supplies; Drugs. The parties agree that Contractor shall be solely responsible for the purchase of medical supplies and drugs with a cost that exceeds \$100 per single device for medical supplies or single unit dose for drugs.”

2. Section 4, Payment for Services, paragraph 4.1, Compensation, shall be deleted in its entirety and replaced with the following:

“4.1 Compensation. As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth in this paragraph 4.1. All services are payable in arrears.

4.1.1 April 9, 2018 through October 8, 2019.

1) Methodology. For the period April 9, 2018 through and including October 8, 2019 (the “Guarantee Period”), Authority shall pay Contractor a guarantee payment (“Guarantee Payment”) in the amount of \$50,000 per month for all teaching and administrative services and payment for care of KMC patients. Contractor understands and agrees that: (i) the Guarantee Payment set forth in this subparagraph 4.1.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey (“MGMA Survey”) for specialty; (ii) Contractor will maintain a median level of worked relative value units based on the current MGMA Survey and fulfill all the obligations set forth in this Agreement during the Term; (iii) the Guarantee Payment is net of actual collections minus the Monthly Fee set forth in subparagraph 4.5.2 herein; and (iv) the Guarantee Payment is net of any professional billing service fee not to exceed 7%.

2) Reporting. On a monthly basis starting the first month after the Commencement Date, Contractor shall deliver to KMC a report (the “Report”) of its actual collections net of discounts and contractual allowances (the “Collections”) during the prior month (the “Reporting Period”) for services provided pursuant to this Agreement. The Report shall be in a form reasonably agreeable to KMC and shall include information in sufficient detail to enable KMC to verify the Collections for the Reporting Period. KMC shall be entitled during business hours, on prior written notice, to review and audit the records of Contractor supporting each Report, and Contractor shall make its records and personnel reasonably available for such purpose.

3) Limited Guarantee of Collections and Payment. To the extent the Collections for any Reporting Period during the Guarantee Period are less than \$50,000, KMC shall pay to Contractor within 45 business days after its receipt of the Report the difference between \$50,000 and the Collections for the Reporting Period. The parties understand and acknowledge that this obligation of KMC is not a guarantee of net revenue; it is a guarantee of collections only, and neither Authority nor KMC is obligated to guarantee any level or amount of Collections after the Guarantee Period.

4.1.2 October 9, 2019 through April 8, 2021. For the period October 9, 2019 through and including April 8, 2021, Contractor shall be responsible to bill patients and third-party payers for all professional services rendered by Contractor and Group Physicians pursuant to this Agreement. Such billing shall comply with all applicable state and federal laws and is subject to the provisions of section 4.5 herein.

4.1.3 Call Coverage. Authority shall pay Contractor for emergency hand call coverage (excluding established patients) as follows: (i) Contractor shall be paid a fixed fee in the amount of \$750 per 24-hour day for call coverage that does not exceed one (1) in four (4) weeks; and (ii) Contractor shall be paid a fixed fee in the amount of \$2,000 per 24-hour day for call coverage that exceeds one (1) in four (4) weeks.

4.1.4 Maximum Payable. The maximum payable under this Agreement will not exceed \$1,600,000 over the three-year Initial Term of this Agreement.

4.1.5 Fair Market Value. The parties hereby acknowledge that the compensation set forth herein was negotiated at arm's length without taking into account the value or volume or referrals between the parties, represents the parties' best estimate of fair market value, and covers Contractor's actual cost to provide the services on a fully loaded basis.

4.2 Limitations on Compensation. Except for the guarantee set forth in subparagraph 4.1.1 hereof, neither Contractor nor any Group Physician shall be entitled to any salary or other compensation from Authority or KMC, or to any employee benefits provided by KMC, including disability, life insurance, pension and annuity benefits, educational allowances, professional membership dues, and sick, holiday or vacation pay. Neither Authority nor KMC will withhold income taxes or pay Social Security or unemployment taxes for Contractor or any Group Physician, all such being the exclusive responsibility of Contractor and Group Physicians, which Contractor and Group Physicians agree to discharge fully.

4.3 Invoices. Invoices for payment shall be submitted in a form approved by KMC and list each service performed. Invoices and receipts shall be sent to KMC for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMC.

4.4 Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "A," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

4.5 Billing and Collection.

4.5.1 Group Billing and Charges. Contractor shall be solely responsible for the processing, billing and collection of all charges to patients and third-party payers separately from KMC for the amount of the professional (i.e., "physician services") component of the services provided by Contractor hereunder. Contractor expressly agrees as follows:

1) Schedule of Charges. Contractor shall submit at least annually to KMC the current schedule of charges for services provided by Contractor in the Department and shall notify KMC of any changes in that charge schedule.

2) Prevailing Charges. Contractor shall be responsible for establishing the schedule of charges for the professional component of the services provided by Contractor hereunder. The professional charges to patients for services provided by

Contractor in the Department shall be competitive with the prevailing charges in the medical community for similar services.

3) Hospital Charges. KMC shall establish the amounts to be charged to patients for the “hospital services” component of the services rendered in the Department and shall bill patients and third-party payers separately from Contractor for the amount of the hospital services component of services rendered.

4) Billing Generally. Each party, at its own cost, shall be responsible for processing, billing and collecting from patients or third-party payers for services rendered in the Department. In the conduct of its billing and collection practices and procedures, each party agrees that it will not, nor will it permit its employees or agents to, engage in any action that would violate federal, state or local law, including fair debt collection practices, reimbursement and state and federal anti-fraud and abuse laws.

5) Billing Compliance. Contractor shall comply, and shall ensure that Group Physicians comply, with all applicable laws in connection with billing and coding for professional services provided by Contractor or Group Physicians pursuant to this Agreement. Contractor shall adopt and maintain billing and coding compliance policies and procedures to ensure Contractor’s compliance with applicable state and federal laws. KMC shall have reasonable access to Contractor’s billing records in order to assure Contractor’s compliance with this Agreement. Contractor shall promptly correct any billing errors documented by KMC.

4.5.2 Reconciliation. It is the intention of the parties that Authority be compensated and reimbursed for the allocated costs of the services and facilities provided by KMC to Contractor pursuant to this Agreement. Accordingly, on a monthly basis KMC shall review Contractor’s records to reconcile the amounts collected by Contractor for professional services rendered by Contractor and Group Physicians pursuant to this Agreement. The parties agree that a reasonable allocated cost of the services and facilities provided by KMC for the benefit of Contractor and Group Physicians pursuant to this Agreement is 20% of collected professional fees (the “Monthly Fee”). The Monthly Fee shall be paid by Contractor to KMC within 30 days following completion of each monthly reconciliation.

4.5.3 Copayment Collection Services.

1) Appointment of KMC as Collection Agent. Contractor acknowledges and agrees that KMC shall serve as its agent solely for the purpose of collecting copayments from patients for the professional component of services provided by Contractor and Group Physicians pursuant to this Agreement (“Copayments”). Contractor shall retain all legal right and claim to, and interest in, the Copayments. Contractor acknowledges and agrees that such appointment in no way guarantees collection or payment of the Copayments or otherwise imposes on Authority or KMC any obligation to pay Contractor for Copayments.

2) Scope of Copayment Collection Services. As collection agent for Contractor, KMC shall: (a) collect Copayments by cash, check, or credit card; (b) submit collected Copayments to Contractor's billing service; and (c) employ or contract with and train personnel to carry out any of the tasks described herein (collectively, the "Copayment Collection Services"). KMC shall provide Copayment Collection Services in accordance with its policies and procedures. Contractor shall coordinate and assist KMC as necessary for KMC's performance of the Copayment Collection Services.

3) Indemnification. Contractor shall indemnify and hold harmless Authority and KMC, and their respective directors, officers, employees, or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards, or costs, including reasonable attorneys' fees and costs (including the reasonable costs of Authority's in-house counsel), arising out of, resulting from, or relating to the provision of Copayment Collection Services.

4.5.4 Access to Records. The parties agree to permit each other's accountants and other appropriate representatives to have reasonable access during normal working hours to billing, patient, and reimbursement records relating to the operations of the Department for purposes of, and to the extent necessary to perform, billing, collection and accounting function. Upon reasonable request a party shall provide to the other appropriate billing information, including patient name and address, guarantor name and address, and insurance or other third-party payer information to assist the requesting party in billing and collection efforts.

4.6 Managed Care Contracting. Contractor shall cooperate, and shall ensure that Group Physicians cooperate, in all reasonable respects necessary to facilitate KMC's entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable Authority or KMC to participate in any third-party payer arrangements, Contractor and/or Group Physicians shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from Authority and KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a "Managed Care Organization") designated by Authority or KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization."

3. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.

4. This Amendment shall be governed by and construed in accordance with the laws of the state of California.

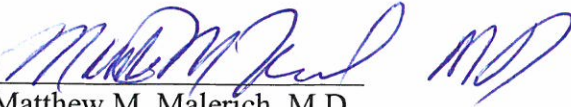
5. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

6. Except as provided herein, all other terms, conditions, and covenants of the Agreement shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the Agreement as of the day and year first written above.

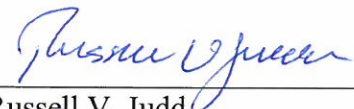
MATTHEW M. MALERICH, M.D.,
INCORPORATED

By 
Matthew M. Malerich, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By 
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend1.Malerich.040918



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed Purchase of Real Property

Recommended Action: Make finding project is exempt from further CEQA Review per sections 15301, 15302, 15303, 15304, 15305, 15306, AND 15061(b)(3) of State CEQA Guidelines; Approve; Adopt Resolutions; Authorize Chief Executive Officer to accept Grant Deeds on behalf of Kern County Hospital Authority and sign all escrow documents; direct staff to issue three separate warrants payable to Chicago Title Company

Summary:

Proposed purchase of real property located at 1941 Flower Street, APN 138-032-04, from Rajvir Gill, for a purchase price of \$100,000 plus estimated escrow fees of \$5,000; 1951 Flower Street, APN 138-032-05 and 138-032-06, from Alsufyani Abdul, for a purchase price of \$150,000 plus estimate closing costs of \$15,000; and 1955 Flower Street, APN 138-032-07, from Shaik Saheb, M.D., Inc. Pension Plan, for a purchase price of \$95,000 plus estimated escrow fees of \$5,000.

**BEFORE THE BOARD OF GOVERNORS
OF THE KERN COUNTY HOSPITAL AUTHORITY**

In the matter of:

Resolution No. _____

**PURCHASE OF REAL PROPERTY
LOCATED AT 1941 FLOWER STREET,
APN 138-032-04, FROM RAJVIR GILL**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of April, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) provides the Kern County Hospital Authority (“Authority”) shall have the power “*to purchase, lease, trade, exchange, or otherwise acquire, maintain, hold, improve, mortgage, lease, sell, and dispose of real and personal property of any kind necessary or convenient to perform its functions and fully exercise its powers.*” (Emphasis added.) (Health & Saf. Code, § 101855(a)(5).); and

(b) The Authority has negotiated with Rajvir Gill for the acquisition of real property located at 1941 Flower Street, Bakersfield, California, described as Assessor's Parcel Number 138-032-04, and legally described in the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, attached hereto as Exhibit "A" ("Premises"); and

(c) The Authority has advised the Board of Governors that the terms of the proposed purchase are as follows:

- 1) The purchase price for a fee interest in the Premises is \$100,000, which represents market value and is based on an independent appraisal of the Premises;
- 2) The Authority may pay escrow fees in an amount not to exceed \$5,000;
- 3) Close of escrow will be within 60 days; and

(d) The Authority has reviewed possible environmental effects arising from the proposed title transfer, and has determined that the project is exempt from the requirements to prepare environmental documents pursuant to sections 15301, 15302, 15303, 15304, 15305, 15306, and 15061(b)(3) of the California Environmental Quality Act Guidelines, since it can be seen with certainty that there is no possibility that the purchase will have a significant effect on the environment; and

(e) It is in the best interest of the Authority that the purchase of the Premises be completed on the terms indicated above.

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Governors of the Kern County Hospital Authority, as follows:

1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. This Board does hereby approve the purchase of the Premises, on the terms specified herein.

3. The Chief Executive Officer is hereby authorized to sign the certificate of acceptance of the deed for the Premises and all related escrow documents.

4. The Chief Executive Officer or his designee is hereby authorized to issue a warrant made payable to Chicago Title Company in an amount not to exceed \$5,000, to pay any and all fees associated with the proposed purchase.

5. The Authority Board Coordinator shall provide copies of this Resolution to the following:

Kern Medical Center
Legal Services Department
Chicago Title Company



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE
(Vacant Land)

Dated: April 2, 2018

1. Buyer.

1.1 Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center, ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller")...

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) the Property consists of a fee simple interest in 7,840 SF of C-1 City zoned improved land with the street address 1941 Flower Street. APN 138-032-04. is located in the County of Kern, is commonly known as (street address, city, state, zip) 1941 Flower Street, Bakersfield, CA 93305 and is legally described as: TBD by title company (APN: 138-032-04.)

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Chicago Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: (collectively, the "Improvements").

2.4 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$100,000.00, or (complete only if purchase price will be determined based on a per-unit cost instead of a fixed price) per-unit. The unit used to determine the Purchase Price shall be: lot, acre, square foot, other, prorating areas of less than a full unit. The number of units shall be based on a calculation of total area of the Property as certified to the Parties by a licensed surveyor in accordance with paragraph 9.1(g). However, the following rights-of-way and other areas will be excluded from such calculation: The Purchase Price shall be payable as follows:

(Strike any not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price):

\$100,000.00

(b) Amount of "New Loan" as defined in paragraph 5.1, if any:

(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)):

(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately:

Said First Note is payable at per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).

(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately:

Said Second Note is payable at per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).

(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of:

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within 2 or business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder Buyer shall deliver to Escrow Holder a check in the sum of \$5,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1(a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of to be applied to the Purchase Price at the Closing.

(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its

INITIALS

INITIALS

specified maturity. Buyer's Federal Tax Identification Number is TBD. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon waiver of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) or 9.1(o) (Material Change).

~~5. Financing Contingency. (Strike if not applicable)~~

~~5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.~~

~~5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

~~5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

~~6. Seller Financing. (Purchase Money Note). (Strike if not applicable)~~

~~6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____% per annum, with principal and interest paid as follows: _____. The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~

~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~

~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~

~~6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.~~

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

_____ represents Seller exclusively ("Seller's Broker");

_____ represents Buyer exclusively ("Buyer's Broker"); or

Colliers Tingey International, Inc. represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that other than the Brokers listed above, there are no other brokers representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

INITIALS


INITIALS

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR CRE ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has 10 or 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has 30 or 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has 30 or 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days following the Date of Agreement.

(e) *Governmental Approvals.* Buyer has 30 or 60 days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

NOTE: Past uses of the Property may no longer be allowed. In the event that the Property must be rezoned, it is Buyer's responsibility to obtain the rezoning from the appropriate government agencies. Seller shall sign all documents Buyer is required to file in connection with rezoning, conditional use permits and/or other development approvals.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30 or 50 days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

~~(h) Existing Leases and Tenancy Statements. Seller shall within 10 or _____ days following the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.~~

~~(i) Owner's Association. Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.~~

(j) *Other Agreements.* Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

~~(k) Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.~~

~~(l) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ days from the receipt of such documents to satisfy itself with regard to the form and content thereof.~~

(m) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has 10 or _____ days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or _____ days following the Date of Agreement.

(n) *Destruction, Damage or Loss.* Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

INITIALS

© 2017 AIR CRE. All Rights Reserved.

INITIALS

(p) **Seller Performance.** The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) **Brokerage Fee.** Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("**Brokerage Fee**"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "**Buyer's Contingencies.**"

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("**Disapproved Item**"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("**Seller's Election**"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing.

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

~~(b) If applicable, the Beneficiary Statements concerning Existing Note(s).~~

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.

~~(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of these documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.~~

(c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

~~(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.~~

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. ~~In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.~~

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 **Taxes.** Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 **Insurance.** **WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

~~11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.~~

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

~~11.8 **Owner's Association Fees.** Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.~~

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

INITIALS

© 2017 AIR CRE. All Rights Reserved.

INITIALS

(a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) **Possessory Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) **Mechanics' Liens.** There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, feasibility studies, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

~~If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.~~

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

~~18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.~~

~~18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.~~

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of _____ on the date of _____, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH

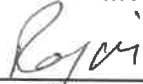
INITIALS

© 2017 AIR CRE. All Rights Reserved.


INITIALS

WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$5,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer's Initials



Seller's Initials


22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)
22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer's Initials



Seller's Initials

23. Miscellaneous.

23.1 **Binding Effect.** Buyer and Seller both acknowledge that they have carefully read and reviewed this Agreement and each term and provision contained herein. In addition, this Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

~~23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

~~23.9 **Liability of Buyer.** The liabilities or obligations of Buyer with respect to its actives pursuant to this AGREEMENT shall be the liabilities or obligations solely of Buyer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the stat of California. California Health and Safety Code Section 101853(g).~~

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) **Agent Representing Both Seller and Buyer.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) **Further Disclosures.** Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that

INITIALS



INITIALS

Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 Confidential Information. Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Additional Provisions.

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs _____ through _____. (If there are no additional provisions write "NONE".)

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
- RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

- THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
- IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

Date: _____

BROKER

Colliers Tingey International, Inc.

Attn: David A. Williams
Title: Senior Vice President | Principal

Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.: _____
Broker/Agent BRE License #: 00855489

BUYER

Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center

By: _____
Name Printed: Russell V. Judd
Title: Chief Executive Officer
Phone: 661-326-2102
Fax: _____
Email: _____

By: _____
Name Printed: Shannon Hochstein
Title: Hospital Counsel
Phone: _____
Fax: _____
Email: _____

Address: _____
Federal ID No.: TBD

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 ~~In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to _____% of the Purchase Price to be divided between the Brokers as follows: Seller's Broker _____% and Buyer's Broker _____%. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.~~

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

Date: _____

BROKER


Colliers Tingey International, Inc.

Attn: David A. Williams
Title: Senior Vice President | Principal

Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.: _____
Broker/Agent BRE License #: 00855489

SELLER

Rajvir Gill

By: 
Name Printed: _____
Title: _____
Phone: 661-345-7675
Fax: _____
Email: gill13457675@gmail.com

By: _____
Name Printed: _____
Title: _____

INITIALS


INITIALS

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

**AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.**

INITIALS

© 2017 AIR CRE. All Rights Reserved.

Page 8 of 8
Last Edited: 4/2/2018 8:36 AM


INITIALS

OFAL-15.01, Revised 11-01-2017



PROPERTY INFORMATION SHEET
(For the sale or leasing of non-residential properties)

PREFACE:

Purpose: This Statement is NOT a warranty as to the actual condition of the Property/Premises. The purpose is, instead, to provide the brokers and the potential buyer/lessee with important information about the Property/Premises which is currently in the actual knowledge of the Owner and which the Owner is required by law to disclose.

Actual Knowledge: For purposes of this Statement the phrase 'actual knowledge' means: the awareness of a fact, or the awareness of sufficient information and circumstances so as to cause one to believe that a certain situation or condition probably exists.

TO WHOM IT MAY CONCERN:

Rajvir Gill ("Owner"), owns the Property/Premises commonly known as (street address, city, state, zip) 1941 Flower Street, Bakersfield, CA 93305 located in the County of Kern, and generally described as (describe briefly the nature of the Premises or Property) the Property consists of a fee simple interest in 7,840 SF of C-1 City zoned improved land with the street address 1941 Flower Street. APN 138-032-04. (hereinafter "Property"), and certifies that:

- 1. Material Physical Defects. Owner has no actual knowledge of any material physical defects in the Property or any improvements and structures thereon, including, but not limited to the roof, except (if there are no exceptions write "NONE"): N/A.
2. Equipment. A. Owner has no actual knowledge that the heating, ventilating, air conditioning, plumbing, loading doors, electrical and lighting systems, life safety systems, security systems and mechanical equipment existing on the Property as of the date hereof, if any, are not in good operating order and condition, except (if there are no exceptions write "NONE"): N/A. B. Owner has no actual knowledge of any leases, financing agreements, liens or other agreements affecting any equipment which is being included with the Property, except (if there are no exceptions write "NONE"): N/A.
3. Soil Conditions. Owner has no actual knowledge that the Property has any slipping, sliding, settling, flooding, ponding or any other grading, drainage or soil problems, except (if there are no exceptions write "NONE"): N/A.
4. Utilities. Owner represents and warrants that the Property is served by the following utilities (check the appropriate boxes) public sewer system and the cost of installation thereof has been fully paid, private septic system, electricity, natural gas, domestic water, telephone, and other: N/A.
5. Insurance. Owner has no actual knowledge of any insurance claims filed regarding the Property during the preceding 3 years, except (if there are no exceptions write "NONE"): N/A.
6. Compliance With Laws. Owner has no actual knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable government agency or of any casualty insurance company that any work of investigation, remediation, repair, maintenance or improvement is to be performed on the Property, except (if there are no exceptions write "NONE"): .
7. Hazardous Substances and Mold. A. Owner has no actual knowledge of the Property ever having been used as a waste dump, of the past or present existence of any above or below ground storage tanks on the Property, or of the current existence on the Property of asbestos, transformers containing PCB's or any hazardous, toxic or infectious substance whose nature and/or quantity of existence, use, manufacture or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare, except (if there are no exceptions write "NONE"): NA. B. Owner represents and warrants that it is not currently, and never has been engaged in the business of hauling waste, and never stored hazardous substances on the Property, except (if there are no exceptions write "NONE"): NA. C. Owner has no actual knowledge of the existence on the Property of hazardous levels of any mold or fungi defined as toxic under applicable state or Federal law, except (if there are no exceptions write "NONE"): NA.
8. Fire Damage. Owner has no actual knowledge of any structure on the Property having suffered material fire damage, except (if there are no exceptions write "NONE"): NA.
9. Actions, Suits or Proceedings. Owner has no actual knowledge that any actions, suits or proceedings are pending or threatened before any court, arbitration tribunal, governmental department, commission, board, bureau, agency or instrumentality that would affect the Property or the right or ability of an owner or tenant to convey, occupy or utilize the Property, except (if there are no exceptions write "NONE"): NA. Owner has not served any Notices of Default on any of the tenants of the Property which have not been resolved except (if there are no exceptions write "NONE"): NA.
10. Governmental Proceedings. Owner has no actual knowledge of any existing or contemplated condemnation, environmental, zoning, redevelopment agency plan or other land use regulation proceedings which could detrimentally affect the value, use and operation of the Property, except (if there are no exceptions write "NONE"): NA.
11. Unrecorded Title Matters. Owner has no actual knowledge of any encumbrances, covenants, conditions, restrictions, easements, licenses, liens, charges or other matters which affect the title of the Property that are not recorded in the official records of the county recorder where the Property is located, except (if there are no exceptions write "NONE"): NA.
12. Leases. Owner has no actual knowledge of any leases, subleases or other tenancy agreements affecting the Property, except (if there are no exceptions write "NONE"): N/A.
13. Options. Owner has no actual knowledge of any options to purchase, rights of first refusal, rights of first offer or other similar agreements affecting the Property, except (if there are no exceptions write "NONE"): N/A.
14. Short Sale/Foreclosure. The ability of the Owner to complete a sale of the Property is contingent is not contingent upon obtaining the consent of one or more lenders to conduct a 'short sale', ie. a sale for less than the amount owing on the Property. (This paragraph only needs to be completed if this Property Information Sheet is being completed in connection with the proposed sale of the Property) One or more of any loans secured by the Property is is not in foreclosure.
15. Energy Efficiency. The Property has has not been granted an energy efficiency rating or certification such as one from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) or Seller/Lessor does not know if the Property has been granted such a rating or certificate. If such a rating or certification has been obtained please describe the rating or certification and provide the name of the organization that granted it: N/A.
16. Other. (It will be presumed that there are no additional items which warrant disclosure unless they are set forth herein): NA.

INITIALS

INITIALS

The statements herein will be relied upon by brokers, buyers, lessees, lenders and others. Therefore, Owner and/or the Owner's Property Manager has reviewed and modified this printed statement as necessary to accurately and completely state all the known material facts concerning the Property. To the extent such modifications are not made, this statement may be relied upon as printed. This statement, however, shall not relieve a buyer or lessee of responsibility for independent investigation of the Property. Owner agrees to promptly notify, in writing, all appropriate parties of any material changes which may occur in the statements contained herein from the date this statement is signed until title to the Property is transferred, or the lease is executed.

Date: _____
(fill in date of execution)

OWNER

Rajvir Gill

By: *Rajvir Gill*

Name Printed: _____

Title: owner

Buyer/lessee hereby acknowledges receipt of a copy of this Property Information Sheet on _____. (Fill in date received)

BUYER/LESSEE

Kern County Hospital Authority

By: _____

Name Printed: Russell V. Judd

Title: Chief Executive Officer

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

NOTICE: No part of these works may be reproduced in any form without permission in writing.

INITIALS

INITIALS



SELLER'S MANDATORY DISCLOSURE STATEMENT

(Required by law on transactions involving non-residential properties in California)
DO NOT USE THIS FORM WITH REGARD TO THE SALE OF RESIDENTIAL PROPERTIES

This disclosure statement is intended to be a part of the [X] STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (See paragraph 9.1(a) of said document) or [] (the "Purchase Agreement") dated [] regarding that certain real property commonly known as (street address, city, state, zip): [] (the "Property") wherein [] is the Seller and [] is the Buyer.

In order to comply with State law concerning disclosures to a potential purchaser, Seller elects to:

- A. Utilize a report prepared by a professional consultant which has been approved by the AIR, i.e., First American Natural Hazard Disclosures, (800) 527-0027, or JCP Property Disclosure Reports, (800) 748-5233.
B. Utilize a report prepared by a company of Escrow Holder's choice, with phone number: [].
C. Complete this Disclosure Statement without the assistance of a professional consultant.

1. EARTHQUAKE FAULT ZONES. If the Property is located within a delineated Earthquake Fault Zone (a zone that encompasses a potentially or recently active trace of an earthquake fault that is deemed by the State Geologist to constitute a potential hazard to structures from surface faulting or fault creep), California Public Resources Code §2621 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone, and that its development may require a geologic report from a state registered geologist. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a delineated Earthquake Fault Zone.

2. SEISMIC HAZARD ZONES. If the Property is located within a Seismic Hazard Zone as delineated on a map prepared by the California Division of Mines and Geology, California Public Resources Code §2690 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a Seismic Hazard Zone.

3. EARTHQUAKE SAFETY. If (1) the improvements on the Property were constructed prior to 1975, and (2) said improvements include structures with (i) pre-cast (e.g., tilt-up) concrete or reinforced masonry walls together with wood frame floors or roofs or (ii) unreinforced masonry walls, Buyer must be provided with a copy of The Commercial Property Owner's Guide to Earthquake Safety (the "Booklet") published by the California Seismic Safety Commission. Buyer is hereby informed that the Property:
(a) meets the foregoing requirements, and a copy of the Booklet and a completed "Commercial Property Earthquake Weakness Disclosure Report" is attached hereto.
(b) does not meet the foregoing requirements requiring the delivery of the Booklet.

4. FIRE PROTECTION. If the Property is located within a designated State Responsibility Area as delineated on a map prepared by the California Department of Forestry, California Public Resources Code §4136 mandates that prospective purchasers be advised that the Property is located within a wildland area which may contain substantial forest fire risks and hazards, that the State may not be responsible to provide fire protection services, and that the Property may be subject to the requirements of Public Resources Code §4291 which requires the periodic removal of brush, the maintenance of firebreaks, and other similar activities. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated State Responsibility Area.

5. FIRE HAZARD. If the Property is located within an area designated as a Very High Fire Hazard Severity Zone pursuant to Government Code §51178 et seq., §51183.5 mandates that prospective purchasers be advised that the Property is located within such a zone and that the Property may be subject to various maintenance, design and/or construction requirements and/or restrictions. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated Very High Fire Hazard Severity Zone.

6. AREA OF POTENTIAL FLOODING. If the Property is located within an area of potential flooding in the event of the failure of a dam as shown on an inundation map designated pursuant to Government Code §8589.5, §8589.4 mandates that prospective purchasers be advised that the Property is located within such an area. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated area of potential flooding.

7. FLOOD HAZARD AREAS. If the Property is located within a designated Federal Flood Hazard Area as delineated on a map prepared by the Federal Emergency Management Agency, Federal law, ie. 42 U.S.C. §4104a, mandates that prospective purchasers be advised that the Property is located within an area having special flood hazards and that flood insurance may be required as a condition to obtaining financing. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated Federal Flood Hazard Area.

8. FLOOD DISASTER INSURANCE. If the Seller or Seller's predecessor-in-interest has previously received Federal flood disaster assistance and said assistance was conditioned upon obtaining and maintaining flood insurance on the Property, Federal law, ie. 42 U.S.C. §5154a, mandates that prospective purchasers be advised that they will be required to maintain such insurance on the Property and that if said insurance is not maintained and the Property is thereafter damaged by a flood disaster, the purchaser may be required to reimburse the Federal Government for the disaster relief provided. Buyer is hereby informed that to the best of the Seller's knowledge Federal flood disaster assistance [] has or [X] has not been previously received with regard to the Property.

9. WATER HEATER BRACING. If the Property contains one or more water heaters, Seller is required by California Health and Safety Code §19211 to certify to the Buyer that all such water heaters have been braced, strapped and/or anchored in accordance with law. Buyer is hereby advised that the required bracing, strapping and/or anchors: [] have been installed [] have not been installed, or [X] Seller does not know whether they have been installed.

10. PRESENCE OF MOLD. If the seller or transferor of property knows of the presence of mold that affects the property and the mold either exceeds permissible exposure limits or poses a health threat then Health and Safety Code §26140, et seq. mandates that prospective purchasers be advised in writing of such mold. In accordance with such law, Buyer is hereby informed that the undersigned [] does or [X] does not know of the presence of such mold effecting the Property.

11. TITLE INSURANCE. In the event that the Purchase Agreement does not at present provide that title insurance will be obtained, Buyer is strongly urged to consider purchasing such insurance, and, in accordance with California Civil Code §1057.6, is advised as follows:

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW.

~~SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED, A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.~~

12. HAZARDOUS SUBSTANCES. Seller is required by California Health and Safety Code §25359.7 to notify potential buyers of the presence of any hazardous substance that Seller knows, or has reasonable cause to believe, is located on or beneath the Property. In accordance with such law, Buyer is hereby notified that:

Seller neither knows nor has reasonable cause to believe that any hazardous substance is on or beneath the Property, or Seller knows or has reasonable cause to believe that the following hazardous substances are on or beneath the Property: _____

13. OTHER. _____

PLEASE NOTE:

While the information contained in or attached to this Disclosure Statement is believed to be accurate as of the date that it was prepared, the applicable laws and the areas covered by the various natural hazard zones, etc. can change from time to time. Prior to the close of escrow, Buyer may wish to again check the status of the Property. Also, the city and/or county in which the Property is located may have established natural hazard zones in addition to those listed above. Buyer is advised to check with the appropriate local agency or agencies.

The descriptions contained within the above disclosure paragraphs are not intended to be full and complete dissertations of all of the possible ramifications to the Buyer and/or the Property. In the event that this document indicates that the Property is affected by one or more of the disclosures, Buyer is advised to:

1. Review the applicable laws in their entirety.
2. Seek advice of counsel as to the legal consequences of the items disclosed.
3. Retain appropriate consultants to review and investigate the impact of said disclosures.

Likewise no representation or recommendation is made BY AIR CRE or by any broker as to the legal sufficiency, legal effect, or consequences of this document or the Purchase Agreement to which it relates.

Date: 4/4/18

SELLER

Rajvir Gill

By: Rajvir Gill

Name Printed: _____

Title: _____

Receipt of the above Seller's Mandatory Disclosure Statement is hereby acknowledged:

Date: _____

BUYER

Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center

By: _____

Name Printed: Russell V. Judd

Title: Chief Executive Officer

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

NOTICE: No part of these works may be reproduced in any form without permission in writing.

**BEFORE THE BOARD OF GOVERNORS
OF THE KERN COUNTY HOSPITAL AUTHORITY**

In the matter of:

Resolution No. _____

**PURCHASE OF REAL PROPERTY
LOCATED AT 1951 FLOWER STREET,
APN 138-032-05 AND 138-032-06, FROM
ALSUFYANI ABDUL**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of April, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) provides the Kern County Hospital Authority (“Authority”) shall have the power “*to purchase, lease, trade, exchange, or otherwise acquire, maintain, hold, improve, mortgage, lease, sell, and dispose of real and personal property of any kind necessary or convenient to perform its functions and fully exercise its powers.*” (Emphasis added.) (Health & Saf. Code, § 101855(a)(5).); and

(b) The Authority has negotiated with Alsufyani Abdul for the acquisition of real property located at 1951 Flower Street, Bakersfield, California, described as Assessor's Parcel Number 138-032-05 and 138-032-06, and legally described in the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, attached hereto as Exhibit "A" ("Premises"); and

(c) The Authority has advised the Board of Governors that the terms of the proposed purchase are as follows:

- 1) The purchase price for a fee interest in the Premises is \$150,000, which represents market value and is based on an independent appraisal of the Premises;
- 2) The Authority will pay escrow fees;
- 3) The Authority's closing costs are estimated at \$15,000, to include transfer tax, recording fees, the title report, and an CLTA title insurance policy;
- 4) Close of escrow will be within 60 days; and

(d) The Authority has reviewed possible environmental effects arising from the proposed title transfer, and has determined that the project is exempt from the requirements to prepare environmental documents pursuant to sections 15301, 15302, 15303, 15304, 15305, 15306, and 15061(b)(3) of the California Environmental Quality Act Guidelines, since it can be seen with certainty that there is no possibility that the purchase will have a significant effect on the environment; and

(e) It is in the best interest of the Authority that the purchase of the Premises be completed on the terms indicated above.

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Governors of the Kern County Hospital Authority, as follows:

1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. This Board does hereby approve the purchase of the Premises, on the terms specified herein.

3. The Chief Executive Officer is hereby authorized to sign the certificate of acceptance of the deed for the Premises and all related escrow documents.

4. The Chief Executive Officer or his designee is hereby authorized to issue a warrant made payable to Chicago Title Company in an amount not to exceed \$15,000, to pay any and all fees associated with the proposed purchase.

5. The Authority Board Coordinator shall provide copies of this Resolution to the following:

Kern Medical Center
Legal Services Department
Chicago Title Company



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE
(Vacant Land)

Dated: March 29, 2018

1. Buyer.

1.1 Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center, ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller")...

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) the Property consists of a fee simple interest in two parcels totaling 15,682 SF of C-1 City zoned improved land with the street address 1951 Flower Street. APNs 138-032-05 & 06. is located in the County of Kern, is commonly known as (street address, city, state, zip) 1951 Flower Street, Bakersfield, CA 93305 and is legally described as: TBD by title company (APNs: 138-032-05 & 06.)

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Chicago Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: (collectively, the "Improvements").

2.4 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$150,000.00, or (complete only if purchase price will be determined based on a per unit cost instead of a fixed price) per unit. The unit used to determine the Purchase Price shall be: lot acre square foot other prorating areas of less than a full unit. The number of units shall be based on a calculation of total area of the Property as certified to the Parties by a licensed surveyor in accordance with paragraph 9.1(g). However, the following rights of way and other areas will be excluded from such calculation: The Purchase Price shall be payable as follows:

(Strike any not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price):

\$150,000.00

(b) Amount of "New Loan" as defined in paragraph 5.1, if any:

(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)"): (i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately:

Said First Note is payable at per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on)

(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately:

Said Second Note is payable at per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on)

(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of:

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of , payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within 2 or business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder Buyer shall deliver to Escrow Holder a check in the sum of \$5,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of to be applied to the Purchase Price at the Closing.

(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its

INITIALS

INITIALS

specified maturity. Buyer's Federal Tax Identification Number is TBD. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon waiver of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) or 9.1(o) (Material Change).

~~5. Financing Contingency. (Strike if not applicable.)~~

~~5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.~~

~~5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

~~5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

~~6. Seller Financing. (Purchase Money Note). (Strike if not applicable)~~

~~6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____% per annum, with principal and interest paid as follows: _____. The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.2 (b)):~~

- ~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~
- ~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~
- ~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense, prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~

~~6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.~~

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

- _____ represents Seller exclusively ("Seller's Broker");
- _____ represents Buyer exclusively ("Buyer's Broker"); or
- Colliers Tingeve International, Inc. represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that other than the Brokers listed above, there are no other brokers representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

INITIALS



INITIALS

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR CRE ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 ~~or~~ _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has ~~10 or~~ 60 days following ~~the receipt of the Property Information Sheet or~~ the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has ~~30 or~~ 60 days following ~~the receipt of the Property Information Sheet or~~ the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has ~~30 or~~ 60 days following ~~the receipt of the Property Information Sheet or~~ the Date of Agreement, ~~whichever is later,~~ to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days following the Date of Agreement.

(e) *Governmental Approvals.* Buyer has ~~30 or~~ 60 days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

NOTE: Past uses of the Property may no longer be allowed. In the event that the Property must be rezoned, it is Buyer's responsibility to obtain the rezoning from the appropriate government agencies. Seller shall sign all documents Buyer is required to file in connection with rezoning, conditional use permits and/or other development approvals.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has ~~30 or~~ 50 days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

~~(h) Existing Leases and Tenancy Statements. Seller shall within 10 or _____ days following the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Lease and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.~~

~~(i) Owner's Association. Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.~~

(j) *Other Agreements.* Seller shall within 10 ~~or~~ _____ days following the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

~~(k) Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.~~

~~(l) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ days from the receipt of such documents to satisfy itself with regard to the form and content thereof.~~

(m) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has 10 ~~or~~ _____ days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 ~~or~~ _____ days following the Date of Agreement.

(n) *Destruction, Damage or Loss.* Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

INITIALS

© 2017 AIR CRE. All Rights Reserved.

INITIALS

(p) **Seller Performance.** The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) **Brokerage Fee.** Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("**Brokerage Fee**"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "**Buyer's Contingencies.**"

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("**Disapproved Item**"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("**Seller's Election**"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing.

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

~~(b) If applicable, the Beneficiary Statements concerning Existing Note(s).~~

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.

~~(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgagee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.~~

(c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

~~(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.~~

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. ~~In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.~~

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 **Taxes.** Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 **Insurance.** **WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

~~11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("**Existing Note Variation**"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.~~

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

~~11.8 **Owner's Association Fees.** Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.~~

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

INITIALS

© 2017 AIR CRE. All Rights Reserved.

AA
INITIALS

(a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) **Passessary Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) **Mechanics' Liens.** There are no unsatisfied mechanics' or materialmens' lien rights concerning the Property.

(h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all Inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, feasibility studies, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

~~16. Attorneys' Fees.~~

~~If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defence. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.~~

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

~~18. Broker's Rights.~~

~~18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.~~

~~18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.~~

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed.

Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of _____ on the date of _____, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH

INITIALS

INITIALS

WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$5,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer's Initials

Seller's Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initiated by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer's Initials

Seller's Initials

23. Miscellaneous.

23.1 **Binding Effect.** Buyer and Seller both acknowledge that they have carefully read and reviewed this Agreement and each term and provision contained herein. In addition, this Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

~~23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

~~23.9 **Liability of Buyer.** The liabilities or obligations of Buyer with respect to its actives pursuant to this Agreement shall be the liabilities or obligations solely of Buyer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. California Health and Safety Code Section 101853(g).~~

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) **Agent Representing Both Seller and Buyer.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) **Further Disclosures.** Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that

INITIALS

INITIALS

Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 Confidential Information. Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Additional Provisions.

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs _____ through _____ . (If there are no additional provisions write "NONE".)

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

- 1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

BROKER

Colliers Tingey International, Inc.
Attn: David A. Williams
Title: Senior Vice President | Principal
Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.:
Broker/Agent BRE License #: 00855489

Date:

BUYER

Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center
By:
Name Printed: Russell V. Judd
Title: Chief Executive Officer
Phone: 661-326-2102
Fax:
Email:
By:
Name Printed: Shannon Hochstein
Title: Hospital Counsel
Phone:
Fax:
Email:
Address:
Federal ID No.: TBD

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to \$6,000.00 % of the Purchase Price to be divided between the Brokers as follows: Seller's Broker % and Buyer's Broker %. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

Date: 4-4-18

BROKER

Colliers Tingey International, Inc.
Attn: David A. Williams
Title: Senior Vice President | Principal
Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.:
Broker/Agent BRE License #: 00855489

SELLER

Alsufyani Abdul Fattah, a Married Man as his sole and separate property
By:
Name Printed: Abdul Fattah
Title:
Phone: 661-364-2370
Fax:
Email: fivestarmarket17@yahoo.com
By:
Name Printed:

INITIALS

AA
INITIALS

Title: _____
Phone: _____
Fax: _____
Email: _____
Address: _____
Federal ID No.: _____

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.

INITIALS

© 2017 AIR CRE. All Rights Reserved.

Page 8 of 8
Last Edited: 3/29/2018 3:45 PM



INITIALS

OFAL-15.01, Revised 11-01-2017



PROPERTY INFORMATION SHEET
(For the sale or leasing of non-residential properties)

PREFACE:

Purpose: This Statement is NOT a warranty as to the actual condition of the Property/Premises. The purpose is, instead, to provide the brokers and the potential buyer/lessee with important information about the Property/Premises which is currently in the actual knowledge of the Owner and which the Owner is required by law to disclose.

Actual Knowledge: For purposes of this Statement the phrase 'actual knowledge' means: the awareness of a fact, or the awareness of sufficient information and circumstances so as to cause one to believe that a certain situation or condition probably exists.

TO WHOM IT MAY CONCERN:

Alsufovani Abdul Fattah, a Married Man as his sole and separate property ("Owner"), owns the Property/Premises commonly known as (street address, city, state, zip) 1951 Flower Street, Bakersfield, CA 93305 located in the County of Kern, and generally described as (describe briefly the nature of the Premises or Property) the Property consists of a fee simple interest in two parcels totaling 15,682 SF of C-1 City zoned improved land with the street address 1951 Flower Street, APNs 138-032-05 & 06. (hereinafter "Property"), and certifies that:

- 1. Material Physical Defects. Owner has no actual knowledge of any material physical defects in the Property or any improvements and structures thereon, including, but not limited to the roof, except (if there are no exceptions write "NONE"): None
2. Equipment. A. Owner has no actual knowledge that the heating, ventilating, air conditioning, plumbing, loading doors, electrical and lighting systems, life safety systems, security systems and mechanical equipment existing on the Property as of the date hereof, if any, are not in good operating order and condition, except (if there are no exceptions write "NONE"): None. B. Owner has no actual knowledge of any leases, financing agreements, liens or other agreements affecting any equipment which is being included with the Property, except (if there are no exceptions write "NONE"): None.
3. Soil Conditions. Owner has no actual knowledge that the Property has any slipping, sliding, settling, flooding, ponding or any other grading, drainage or soil problems, except (if there are no exceptions write "NONE"): None.
4. Utilities. Owner represents and warrants that the Property is served by the following utilities (check the appropriate boxes) [] public sewer system and the cost of installation thereof has been fully paid, [] private septic system, [] electricity, [] natural gas, [] domestic water, [] telephone, and [] other: None.
5. Insurance. Owner has no actual knowledge of any insurance claims filed regarding the Property during the preceding 3 years, except (if there are no exceptions write "NONE"): None.
6. Compliance With Laws. Owner has no actual knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable government agency or of any casualty insurance company that any work of investigation, remediation, repair, maintenance or improvement is to be performed on the Property, except (if there are no exceptions write "NONE"): None.
7. Hazardous Substances and Mold. A. Owner has no actual knowledge of the Property ever having been used as a waste dump, of the past or present existence of any above or below ground storage tanks on the Property, or of the current existence on the Property of asbestos, transformers containing PCB's or any hazardous, toxic or infectious substance whose nature and/or quantity of existence, use, manufacture or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare, except (if there are no exceptions write "NONE"): None. B. Owner represents and warrants that it is not currently, and never has been engaged in the business of hauling waste, and never stored hazardous substances on the Property, except (if there are no exceptions write "NONE"): None. C. Owner has no actual knowledge of the existence on the Property of hazardous levels of any mold or fungi defined as toxic under applicable state or Federal law, except (if there are no exceptions write "NONE"): None.
8. Fire Damage. Owner has no actual knowledge of any structure on the Property having suffered material fire damage, except (if there are no exceptions write "NONE"): None.
9. Actions, Suits or Proceedings. Owner has no actual knowledge that any actions, suits or proceedings are pending or threatened before any court, arbitration tribunal, governmental department, commission, board, bureau, agency or instrumentality that would affect the Property or the right or ability of an owner or tenant to convey, occupy or utilize the Property, except (if there are no exceptions write "NONE"): None. Owner has not served any Notices of Default on any of the tenants of the Property which have not been resolved except (if there are no exceptions write "NONE"): None.
10. Governmental Proceedings. Owner has no actual knowledge of any existing or contemplated condemnation, environmental, zoning, redevelopment agency plan or other land use regulation proceedings which could detrimentally affect the value, use and operation of the Property, except (if there are no exceptions write "NONE"): None.
11. Unrecorded Title Matters. Owner has no actual knowledge of any encumbrances, covenants, conditions, restrictions, easements, licenses, liens, charges or other matters which affect the title of the Property that are not recorded in the official records of the county recorder where the Property is located, except (if there are no exceptions write "NONE"): None.
12. Leases. Owner has no actual knowledge of any leases, subleases or other tenancy agreements affecting the Property, except (if there are no exceptions write "NONE"): None.
13. Options. Owner has no actual knowledge of any options to purchase, rights of first refusal, rights of first offer or other similar agreements affecting the Property, except (if there are no exceptions write "NONE"): None.
14. Short Sale/Foreclosure. The ability of the Owner to complete a sale of the Property [] is contingent [] is not contingent upon obtaining the consent of one or more lenders to conduct a 'short sale', i.e. a sale for less than the amount owing on the Property. (This paragraph only needs to be completed if this Property Information Sheet is being completed in connection with the proposed sale of the Property) One or more of any loans secured by the Property [] is [] is not in foreclosure.
15. Energy Efficiency. The Property [] has [] has not been granted an energy efficiency rating or certification such as one from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) or [] Seller/Lessor does not know if the Property has been granted such a rating or certificate. If such a rating or certification has been obtained please describe the rating or certification and provide the name of the organization that granted it: _____.

INITIALS

INITIALS

16. Other. (It will be presumed that there are no additional items which warrant disclosure unless they are set forth herein): _____.

The statements herein will be relied upon by brokers, buyers, lessees, lenders and others. Therefore, Owner and/or the Owner's Property Manager has reviewed and modified this printed statement as necessary to accurately and completely state all the known material facts concerning the Property. To the extent such modifications are not made, this statement may be relied upon as printed. This statement, however, shall not relieve a buyer or lessee of responsibility for independent investigation of the Property. Owner agrees to promptly notify, in writing, all appropriate parties of any material changes which may occur in the statements contained herein from the date this statement is signed until title to the Property is transferred, or the lease is executed.

Date: 4-4-18
(fill in date of execution)

OWNER
Alsufyani Abdul Fattah, a Married Man as his sole and separate property

By: [Signature]
Name Printed: Abdul Fattah
Title: _____

Buyer/lessee hereby acknowledges receipt of a copy of this Property Information Sheet on _____ (Fill in date received)

BUYER/LESSEE
Kern County Hospital Authority

By: _____
Name Printed: Russell V. Judd
Title: Chief Executive Officer

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.

INITIALS

AA

INITIALS



SELLER'S MANDATORY DISCLOSURE STATEMENT

(Required by law on transactions involving non-residential properties in California)
DO NOT USE THIS FORM WITH REGARD TO THE SALE OF RESIDENTIAL PROPERTIES

This disclosure statement is intended to be a part of the STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (See paragraph 9.1(a) of said document) or _____ (the "Purchase Agreement") dated _____, regarding that certain real property commonly known as (street address, city, state, zip): 1951 Flower Street, Bakersfield, CA 93305 (the "Property") wherein Alsufyani Abdul Fattah, a Married Man as his sole and separate property is the Seller and Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center is the Buyer. Note: This disclosure statement is not designed nor intended to be used in place of the standard Property Information Sheet published BY AIR CRE ("AIR"). Both documents should be used in every transaction involving a sale.

In order to comply with State law concerning disclosures to a potential purchaser, Seller elects to:

- A. Utilize a report prepared by a professional consultant which has been approved by the AIR, i.e., First American Natural Hazard Disclosures, (800) 527-0027, or JCP Property Disclosure Reports, (800) 748-5233. A copy of their report is attached hereto. (Complete paragraph 8, 9, 10, 12 and 13 and sign this statement in the place provided.)
- B. Utilize a report prepared by a company of Escrow Holder's choice, with phone number: _____. A copy of their report is attached hereto. (Complete paragraphs 8, 9 10, 12, and 13, sign this Statement in the place provided, and attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)
- C. Complete this Disclosure Statement without the assistance of a professional consultant. (Complete paragraphs 1 through 13 and sign this Statement in the place provided. Remember to attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)

~~1. EARTHQUAKE FAULT ZONES. If the Property is located within a delineated Earthquake Fault Zone (a zone that encompasses a potentially or recently active trace of an earthquake fault that is deemed by the State Geologist to constitute a potential hazard to structures from surface faulting or fault creep), California Public Resources Code §2631 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone, and that its development may require a geologic report from a state registered geologist. In accordance with such law, Buyer is hereby informed that the Property is or is not within a delineated Earthquake Fault Zone.~~

~~2. SEISMIC HAZARD ZONES. If the Property is located within a Seismic Hazard Zone as delineated on a map prepared by the California Division of Mines and Geology, California Public Resources Code §2690 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone. In accordance with such law, Buyer is hereby informed that the Property is or is not within a Seismic Hazard Zone.~~

~~3. EARTHQUAKE SAFETY. If (1) the improvements on the Property were constructed prior to 1975, and (2) said improvements include structures with (i) pre-cast (e.g., tilt-up) concrete or reinforced masonry walls together with wood frame floors or roofs or (ii) unreinforced masonry walls, Buyer must be provided with a copy of The Commercial Property Owner's Guide to Earthquake Safety (the "Booklet") published by the California Seismic Safety Commission. Buyer is hereby informed that the Property:~~

- (a) meets the foregoing requirements, and a copy of the Booklet and a completed "Commercial Property Earthquake Weakness Disclosure Report" is attached hereto. Within five business days of Buyer's receipt of said Disclosure Report, Buyer shall deliver a duly countersigned copy of the same to Escrow Holder, with a copy to Seller and Seller's Broker. Escrow Holder is hereby instructed that the Escrow shall not close unless and until Escrow Holder has received the Disclosure Report duly signed by both Seller and Buyer.
- (b) does not meet the foregoing requirements requiring the delivery of the Booklet.

~~4. FIRE PROTECTION. If the Property is located within a designated State Responsibility Area as delineated on a map prepared by the California Department of Forestry, California Public Resources Code §4136 mandates that prospective purchasers be advised that the Property is located within a wildland area which may contain substantial forest fire risks and hazards, that the State may not be responsible to provide fire protection services, and that the Property may be subject to the requirements of Public Resources Code §4291 which requires the periodic removal of brush, the maintenance of firebreaks, and other similar activities. In accordance with such law, Buyer is hereby informed that the Property is or is not within a designated State Responsibility Area.~~

~~5. FIRE HAZARD. If the Property is located within an area designated as a Very High Fire Hazard Severity Zone pursuant to Government Code §51172 et seq., §54183.5 mandates that prospective purchasers be advised that the Property is located within such a zone and that the Property may be subject to various maintenance, design and/or construction requirements and/or restrictions. In accordance with such law, Buyer is hereby informed that the Property is or is not within a designated Very High Fire Hazard Severity Zone.~~

~~6. AREA OF POTENTIAL FLOODING. If the Property is located within an area of potential flooding in the event of the failure of a dam as shown on an inundation map designated pursuant to Government Code §8589.5, §8589.4 mandates that prospective purchasers be advised that the Property is located within such an area. In accordance with such law, Buyer is hereby informed that the Property is or is not within a designated area of potential flooding.~~

~~7. FLOOD HAZARD AREAS. If the Property is located within a designated Federal Flood Hazard Area as delineated on a map prepared by the Federal Emergency Management Agency, Federal law, ie. 42 U.S.C. §4104a, mandates that prospective purchasers be advised that the Property is located within an area having special flood hazards and that flood insurance may be required as a condition to obtaining financing. In accordance with such law, Buyer is hereby informed that the Property is or is not within a designated Federal Flood Hazard Area.~~

8. FLOOD DISASTER INSURANCE. If the Seller or Seller's predecessor-in-interest has previously received Federal flood disaster assistance and said assistance was conditioned upon obtaining and maintaining flood insurance on the Property, Federal law, ie. 42 U.S.C. §5154a, mandates that prospective purchasers be advised that they will be required to maintain such insurance on the Property and that if said insurance is not maintained and the Property is thereafter damaged by a flood disaster, the purchaser may be required to reimburse the Federal Government for the disaster relief provided. Buyer is hereby informed that to the best of the Seller's knowledge Federal flood disaster assistance has or has not been previously received with regard to the Property. Note: If such disaster assistance has been received, the law specifies that the required notice be "contained in documents evidencing the transfer of ownership".

9. WATER HEATER BRACING. If the Property contains one or more water heaters, Seller is required by California Health and Safety Code §19211 to certify to the Buyer that all such water heaters have been braced, strapped and/or anchored in accordance with law. Buyer is hereby advised that the required bracing, strapping and/or anchors: have been installed have not been installed, or Seller does not know whether they have been installed.

10. PRESENCE OF MOLD. If the seller or transferor of property knows of the presence of mold that affects the property and the mold either exceeds permissible exposure limits or poses a health threat then Health and Safety Code §26140, et seq. mandates that prospective purchasers be advised in writing of such mold. In accordance with such law, Buyer is hereby informed that the undersigned does or does not know of the presence of such mold affecting the Property.

~~11. TITLE INSURANCE. In the event that the Purchase Agreement does not at present provide that title insurance will be obtained, Buyer is strongly urged to consider purchasing such insurance, and, in accordance with California Civil Code §1057.6, is advised as follows:~~

INITIALS

AA
INITIALS

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW. SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED, A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

12. HAZARDOUS SUBSTANCES. Seller is required by California Health and Safety Code §25359.7 to notify potential buyers of the presence of any hazardous substance that Seller knows, or has reasonable cause to believe, is located on or beneath the Property. In accordance with such law, Buyer is hereby notified that: Seller neither knows nor has reasonable cause to believe that any hazardous substance is on or beneath the Property, or Seller knows or has reasonable cause to believe that the following hazardous substances are on or beneath the Property: _____.

13. OTHER: _____

PLEASE NOTE:

While the information contained in or attached to this Disclosure Statement is believed to be accurate as of the date that it was prepared, the applicable laws and the areas covered by the various natural hazard zones, etc. can change from time to time. Prior to the close of escrow, Buyer may wish to again check the status of the Property. Also, the city and/or county in which the Property is located may have established natural hazard zones in addition to those listed above. Buyer is advised to check with the appropriate local agency or agencies.

The descriptions contained within the above disclosure paragraphs are not intended to be full and complete dissertations of all of the possible ramifications to the Buyer and/or the Property. In the event that this document indicates that the Property is affected by one or more of the disclosures, Buyer is advised to:

1. Review the applicable laws in their entirety.
2. Seek advice of counsel as to the legal consequences of the items disclosed.
3. Retain appropriate consultants to review and investigate the impact of said disclosures.

Likewise no representation or recommendation is made BY AIR CRE or by any broker as to the legal sufficiency, legal effect, or consequences of this document or the Purchase Agreement to which it relates.

Date: 4-4-18

SELLER

Alsufyani Abdul Fattah, a Married Man as his sole and separate property

By: [Signature]
Name Printed: Abdul Fattah

Title: _____

Receipt of the above Seller's Mandatory Disclosure Statement is hereby acknowledged:

Date: _____

BUYER

Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center

By: _____
Name Printed: Russell V. Judd
Title: Chief Executive Officer

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.

INITIALS

[Signature]
INITIALS

**BEFORE THE BOARD OF GOVERNORS
OF THE KERN COUNTY HOSPITAL AUTHORITY**

In the matter of:

Resolution No. _____

**PURCHASE OF REAL PROPERTY
LOCATED AT 1955 FLOWER STREET,
APN 138-032-07, FROM SHAIK SAHEB,
M.D., INC. PENSION PLAN**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of April, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) provides the Kern County Hospital Authority (“Authority”) shall have the power “*to purchase, lease, trade, exchange, or otherwise acquire, maintain, hold, improve, mortgage, lease, sell, and dispose of real and personal property of any kind necessary or convenient to perform its functions and fully exercise its powers.*” (Emphasis added.) (Health & Saf. Code, § 101855(a)(5).); and

(b) The Authority has negotiated with Shaik Saheb, M.D., Inc. Pension Plan for the acquisition of real property located at 1955 Flower Street, Bakersfield, California, described as Assessor's Parcel Number 138-032-07, and legally described in the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, attached hereto as Exhibit "A" ("Premises"); and

(c) The Authority has advised the Board of Governors that the terms of the proposed purchase are as follows:

- 1) The purchase price for a fee interest in the Premises is \$95,000, which represents market value and is based on an independent appraisal of the Premises;
- 2) The Authority may pay escrow fees in an amount not to exceed \$5,000;
- 3) Close of escrow will be within 60 days; and

(d) The Authority has reviewed possible environmental effects arising from the proposed title transfer, and has determined that the project is exempt from the requirements to prepare environmental documents pursuant to sections 15301, 15302, 15303, 15304, 15305, 15306, and 15061(b)(3) of the California Environmental Quality Act Guidelines, since it can be seen with certainty that there is no possibility that the purchase will have a significant effect on the environment; and

(e) It is in the best interest of the Authority that the purchase of the Premises be completed on the terms indicated above.

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Governors of the Kern County Hospital Authority, as follows:

1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. This Board does hereby approve the purchase of the Premises, on the terms specified herein.

3. The Chief Executive Officer is hereby authorized to sign the certificate of acceptance of the deed for the Premises and all related escrow documents.

4. The Chief Executive Officer or his designee is hereby authorized to issue a warrant made payable to Chicago Title Company in an amount not to exceed \$5,000, to pay any and all fees associated with the proposed purchase.

5. The Authority Board Coordinator shall provide copies of this Resolution to the following:

Kern Medical Center
Legal Services Department
Chicago Title Company



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE
(Vacant Land)

Dated: March 29, 2018

1. Buyer.

1.1 Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center, ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 30 or _____ days after the waiver or expiration of the Buyer's Contingencies, ("Expected Closing Date") to be held by Chicago Title Company Attn: Linda Overdeest ("Escrow Holder") whose address is 4015 Coffee Rd., Bakersfield, CA 93308, Phone No. 661-410-4749, Facsimile No. 661-410-4660 upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) the Property consists of a fee simple interest in 7,840 SF of C-1 City zoned improved land with the street address 1955 Flower Street, APN 138-032-07, is located in the County of Kern, is commonly known as (street address, city, state, zip) 1955 Flower Street, Bakersfield, CA 93305 and is legally described as: TBD by title company (APN: 138-032-07.)

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Chicago Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: _____ (collectively, the "Improvements").

2.4 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and _____ all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$95,000.00, or _____ (complete only if purchase price will be determined based on a per-unit cost instead of a fixed price) _____ per-unit. The unit used to determine the Purchase Price shall be _____ lot _____ acre _____ square foot _____ other _____ prorating areas of less than a full unit. The number of units shall be based on a calculation of total area of the Property as certified to the Parties by a licensed surveyor in accordance with paragraph 5.1(g). However, the following rights of way and other areas will be excluded from such calculation: _____ The Purchase Price shall be payable as follows:

(Strike any not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): \$95,000.00

(b) Amount of "New Loan" as defined in paragraph 5.1, if any: _____

(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)"): _____

(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: _____

Said First Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).

(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: _____

Said Second Note is payable at _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).

(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of: _____

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or _____ within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder Buyer shall deliver to Escrow Holder a check in the sum of \$5,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of _____ to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of _____ to be applied to the Purchase Price at the Closing.

(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its

INITIALS

INITIALS

specified maturity. Buyer's Federal Tax Identification Number is TBD. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon waiver of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) or 9.1(o) (Material Change).

5. Financing Contingency. (Strike if not applicable)

~~5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.~~

~~5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

~~5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

6. Seller Financing. (Purchase Money Note). (Strike if not applicable)

~~6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____% per annum, with principal and interest paid as follows: _____ The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.~~

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~

~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~

~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 **WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.**~~

~~6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.~~

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

_____ represents Seller exclusively ("Seller's Broker");

_____ represents Buyer exclusively ("Buyer's Broker"); or

Colliers Tingey International, Inc. represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that other than the Brokers listed above, there are no other brokers representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

INITIALS


INITIALS

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) **Disclosure.** Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR CRE ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 ~~or~~ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) **Physical Inspection.** Buyer has 10 ~~or~~ 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) **Hazardous Substance Conditions Report.** Buyer has 30 ~~or~~ 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) **Soil Inspection.** Buyer has 30 ~~or~~ 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days following the Date of Agreement.

(e) **Governmental Approvals.** Buyer has 30 ~~or~~ 60 days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

NOTE: Past uses of the Property may no longer be allowed. In the event that the Property must be rezoned, it is Buyer's responsibility to obtain the rezoning from the appropriate government agencies. Seller shall sign all documents Buyer is required to file in connection with rezoning, conditional use permits and/or other development approvals.

(f) **Conditions of Title.** Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 or days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) **Survey.** Buyer has 30 ~~or~~ 50 days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) ~~Existing Leases and Tenancy Statements. Seller shall within 10 or days following the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.~~

(i) ~~Owner's Association. Seller shall within 10 or days following the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.~~

(j) **Other Agreements.** Seller shall within 10 or days following the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(k) ~~Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.~~

(l) ~~Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 or days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or days from the receipt of such documents to satisfy itself with regard to the form and content thereof.~~

(m) **Personal Property.** In the event that any personal property is included in the Purchase Price, Buyer has 10 or days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or days following the Date of Agreement.

(n) **Destruction, Damage or Loss.** Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) **Material Change.** Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

INITIALS

© 2017 AIR CRE. All Rights Reserved.


INITIALS

(p) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) *Brokerage Fee.* Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing.

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

~~(b) If applicable, the Beneficiary Statements concerning Existing Note(s).~~

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.

~~(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost, naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), securing Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.~~

(c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

~~(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.~~

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. ~~In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.~~

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 *Taxes.* Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 *Insurance.* WARNING: Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 *Rentals, Interest and Expenses.* Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 *Security Deposit.* Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 *Post Closing Matters.* Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

~~11.6 *Variations in Existing Note Balances.* In the event that Buyer is purchasing the Property, subject to an Existing Deed of Trust, (c), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.~~

11.7 *Variations in New Loan Balance.* In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

~~11.8 *Owner's Association Fees.* Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.~~

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

INITIALS

© 2017 AIR CRE. All Rights Reserved.


INITIALS

- (a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.
- (b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.
- (c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.
- (d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.
- (e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.
- (f) **Possessory Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.
- (g) **Mechanics' Liens.** There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.
- (h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.
- (i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.
- (j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.
- (k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.
- (l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, feasibility studies, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

~~If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.~~

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

~~18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.~~

~~18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.~~

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of _____ on the date of _____, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH

INITIALS


INITIALS

WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$5,000.00 . UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer's Initials

Seller's Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIATING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIATING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer's Initials

Seller's Initials

23. Miscellaneous.

23.1 **Binding Effect.** Buyer and Seller both acknowledge that they have carefully read and reviewed this Agreement and each term and provision contained herein. In addition, this Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

23.9 Liability of Buyer. The liabilities or obligations of Buyer with respect to its actives pursuant to this Agreement shall be the liabilities or obligations solely of Buyer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the stat of California. California Health and Safety Code Section 101853(g).

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer on y. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) **Agent Representing Both Seller and Buyer.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer: (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) **Further Disclosures.** Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that

INITIALS

INITIALS

Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 **Confidential Information.** Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. **Construction of Agreement.** In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. **Additional Provisions.**

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs _____ through _____ . (If there are no additional provisions write "NONE".)

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

BROKER

Colliers Tingey International, Inc.

Attn: David A. Williams
Title: Senior Vice President | Principal

Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.: _____
Broker/Agent BRE License #: 00855489

Date: _____

BUYER

Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center

By: _____
Name Printed: Russell V. Judd
Title: Chief Executive Officer
Phone: 661-326-2102
Fax: _____
Email: _____

By: _____
Name Printed: Shannon Hochstein
Title: Hospital Counsel
Phone: _____
Fax: _____
Email: _____

Address: _____
Federal ID No.: TBD

27. **Acceptance.**

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 2.5 % of the Purchase Price ~~to be divided between the Brokers as follows: Seller's Broker _____ % and Buyer's Broker _____ %~~. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

Date: 4/1/18

BROKER

Colliers Tingey International, Inc.

Attn: David A. Williams
Title: Senior Vice President | Principal

Address: 10000 Stockdale Highway, Suite 102, Bakersfield, CA 93311
Phone: 661-631-3816
Fax: 661-631-3829
Email: david.a.williams@colliers.com
Federal ID No.: _____
Broker/Agent BRE License #: 00855489

SELLER

Shaik Saheb MD, Inc. Pension Plan

By: Shaik M. Saheb
Name Printed: SHAIK M. SAHEB MD
Title: ADMINISTRATOR
Phone: 818-943-9791
Fax: _____
Email: shaiksahebmd1@gmail.com

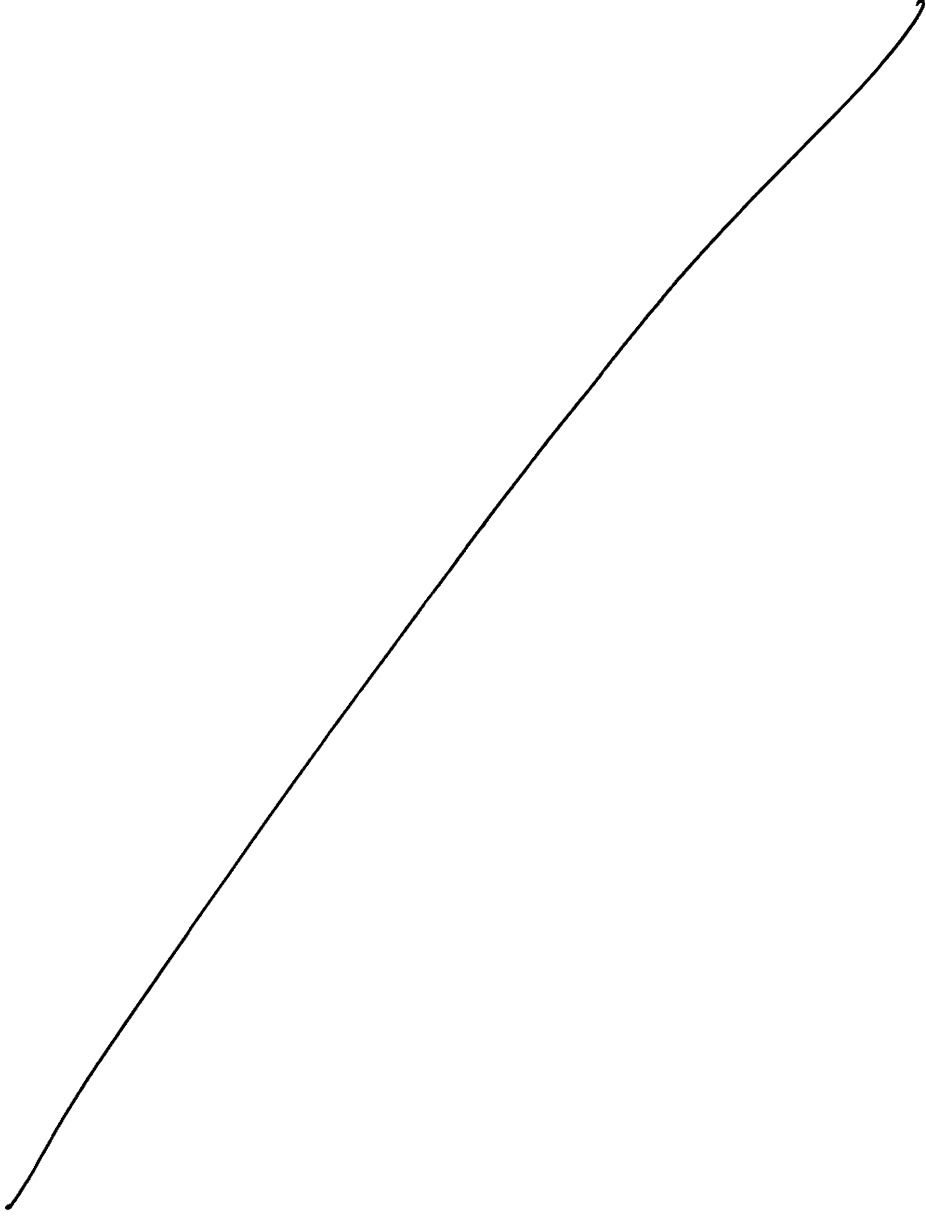
By: _____
Name Printed: _____
Title: _____

INITIALS

Shaik M. Saheb
INITIALS

Phone: _____
Fax: _____
Email: _____
Address: _____
Federal ID No.: _____

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.



INITIALS


INITIALS



SELLER'S MANDATORY DISCLOSURE STATEMENT

(Required by law on transactions involving non-residential properties in California)
DO NOT USE THIS FORM WITH REGARD TO THE SALE OF RESIDENTIAL PROPERTIES

This disclosure statement is intended to be a part of the [X] STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (See paragraph 9.1(a) of said document) or [] (the "Purchase Agreement") dated [], regarding that certain real property commonly known as (street address, city, state, zip): 1955 Flower Street, Bakersfield, CA 93305 (the "Property") wherein Shaik Saheb MD, Inc. Pension Plan is the Seller and Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center is the Buyer. Note: This disclosure statement is not designed nor intended to be used in place of the standard Property Information Sheet published by AIR CRE ("AIR"). Both documents should be used in every transaction involving a sale.

In order to comply with State law concerning disclosures to a potential purchaser, Seller elects to:

- A. Utilize a report prepared by a professional consultant which has been approved by the AIR, i.e., First American Natural Hazard Disclosures, (800) 527-0027, or JCP Property Disclosure Reports, (800) 748-5233. A copy of their report is attached hereto. (Complete paragraph 8, 9, 10, 12 and 13 and sign this statement in the place provided.)
B. Utilize a report prepared by a company of Escrow Holder's choice, with phone number: []. A copy of their report is attached hereto. (Complete paragraphs 8, 9 10, 12, and 13, sign this Statement in the place provided, and attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)
C. Complete this Disclosure Statement without the assistance of a professional consultant. (Complete paragraphs 1 through 13 and sign this Statement in the place provided. Remember to attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)

1. EARTHQUAKE FAULT ZONES. If the Property is located within a delineated Earthquake Fault Zone (a zone that encompasses a potentially or recently active trace of an earthquake fault that is deemed by the State Geologist to constitute a potential hazard to structures from surface faulting or fault creep) California Public Resources Code 52621 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone, and that its development may require a geologic report from a state registered geologist. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a delineated Earthquake Fault Zone.

2. SEISMIC HAZARD ZONES. If the Property is located within a Seismic Hazard Zone as delineated on a map prepared by the California Division of Mines and Geology, California Public Resources Code 52690 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a Seismic Hazard Zone.

3. EARTHQUAKE SAFETY. If (1) the improvements on the Property were constructed prior to 1975, and (2) said improvements include structures with (i) pre-cast (e.g., tilt-up) concrete or reinforced masonry walls together with wood frame floors or roofs or (ii) unreinforced masonry walls, Buyer must be provided with a copy of The Commercial Property Owner's Guide to Earthquake Safety (the "Booklet") published by the California Seismic Safety Commission. Buyer is hereby informed that the Property:

- (a) meets the foregoing requirements, and a copy of the Booklet and a completed "Commercial Property Earthquake Weakness Disclosure Report" is attached hereto. Within five business days of Buyer's receipt of said Disclosure Report, Buyer shall deliver a duly countersigned copy of the same to Escrow Holder with a copy to Seller and Seller's Broker. Escrow Holder is hereby instructed that the Escrow shall not close unless and until Escrow Holder has received the Disclosure Report duly signed by both Seller and Buyer.
(b) does not meet the foregoing requirements requiring the delivery of the Booklet.

4. FIRE PROTECTION. If the Property is located within a designated State Responsibility Area as delineated on a map prepared by the California Department of Forestry, California Public Resources Code 54126 mandates that prospective purchasers be advised that the Property is located within a wildland area which may contain substantial forest fire risks and hazards, that the State may not be responsible to provide fire protection services, and that the Property may be subject to the requirements of Public Resources Code 54291 which requires the periodic removal of brush, the maintenance of firebreaks, and other similar activities. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated State Responsibility Area.

5. FIRE HAZARD. If the Property is located within an area designated as a Very High Fire Hazard Severity Zone pursuant to Government Code 551178 et seq. 551183.5 mandates that prospective purchasers be advised that the Property is located within such a zone and that the Property may be subject to various maintenance, design and/or construction requirements and/or restrictions. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated Very High Fire Hazard Severity Zone.

6. AREA OF POTENTIAL FLOODING. If the Property is located within an area of potential flooding in the event of the failure of a dam as shown on an inundation map designated pursuant to Government Code 58589.5, 58589.1 mandates that prospective purchasers be advised that the Property is located within such an area. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated area of potential flooding.

7. FLOOD HAZARD AREAS. If the Property is located within a designated Federal Flood Hazard Area as delineated on a map prepared by the Federal Emergency Management Agency, Federal Law, ie. 42 U.S.C. 54104a, mandates that prospective purchasers be advised that the Property is located within an area having special flood hazards and that flood insurance may be required as a condition to obtaining financing. In accordance with such law, Buyer is hereby informed that the Property [] is or [] is not within a designated Federal Flood Hazard Area.

8. FLOOD DISASTER INSURANCE. If the Seller or Seller's predecessor-in-interest has previously received Federal flood disaster assistance and said assistance was conditioned upon obtaining and maintaining flood insurance on the Property, Federal law, ie. 42 U.S.C. 55154a, mandates that prospective purchasers be advised that they will be required to maintain such insurance on the Property and that if said insurance is not maintained and the Property is thereafter damaged by a flood disaster, the purchaser may be required to reimburse the Federal Government for the disaster relief provided. Buyer is hereby informed that to the best of the Seller's knowledge Federal flood disaster assistance [] has or [X] has not been previously received with regard to the Property. Note: if such disaster assistance has been received, the law specifies that the required notice be "contained in documents evidencing the transfer of ownership".

9. WATER HEATER BRACING. If the Property contains one or more water heaters, Seller is required by California Health and Safety Code 19211 to certify to the Buyer that all such water heaters have been braced, strapped and/or anchored in accordance with law. Buyer is hereby advised that the required bracing, strapping and/or anchors: [] have been installed [X] have not been installed, or [] Seller does not know whether they have been installed.

10. PRESENCE OF MOLD. If the seller or transferor of property knows of the presence of mold that affects the property and the mold either exceeds permissible exposure limits or poses a health threat then Health and Safety Code 26140, et seq. mandates that prospective purchasers be advised in writing of such mold. In accordance with such law, Buyer is hereby informed that the undersigned [] does or [X] does not know of the presence of such mold effecting the Property.

11. TITLE INSURANCE. In the event that the Purchase Agreement does not at present provide that title insurance will be obtained, Buyer is strongly urged to consider purchasing such insurance, and, in accordance with California Civil Code 51057.6, is advised as follows:

INITIALS

INITIALS

~~IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW. SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED, A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.~~

12. HAZARDOUS SUBSTANCES. Seller is required by California Health and Safety Code §25359.7 to notify potential buyers of the presence of any hazardous substance that Seller knows, or has reasonable cause to believe, is located on or beneath the Property. In accordance with such law, Buyer is hereby notified that:

Seller neither knows nor has reasonable cause to believe that any hazardous substance is on or beneath the Property, or Seller knows or has reasonable cause to believe that the following hazardous substances are on or beneath the Property:

ASBESTOS MAY BE PRESENT
IN THE EXISTING BUT DAMAGED
BUILDING UNITS

13. OTHER: _____

PLEASE NOTE:

While the information contained in or attached to this Disclosure Statement is believed to be accurate as of the date that it was prepared, the applicable laws and the areas covered by the various natural hazard zones, etc. can change from time to time. Prior to the close of escrow, Buyer may wish to again check the status of the Property. Also, the city and/or county in which the Property is located may have established natural hazard zones in addition to those listed above. Buyer is advised to check with the appropriate local agency or agencies.

The descriptions contained within the above disclosure paragraphs are not intended to be full and complete dissertations of all of the possible ramifications to the Buyer and/or the Property. In the event that this document indicates that the Property is affected by one or more of the disclosures, Buyer is advised to:

1. Review the applicable laws in their entirety.
2. Seek advice of counsel as to the legal consequences of the items disclosed.
3. Retain appropriate consultants to review and investigate the impact of said disclosures.

Likewise no representation or recommendation is made BY AIR CRE or by any broker as to the legal sufficiency, legal effect, or consequences of this document or the Purchase Agreement to which it relates.

Date: 4/1/18

SELLER

Shaik Saheb MD, Inc. Pension Plan

By: Shaik Saheb MD

Name Printed: _____

Title: _____

SHAIK M. SAHEB MD
ADMINISTRATOR

Receipt of the above Seller's Mandatory Disclosure Statement is hereby acknowledged:

Date: _____

BUYER

Kern County Hospital Authority, a local
unit of government ("KCHA"), which owns and
operates Kern Medical Center

By: _____

Name Printed: Russell V. Judd

Title: Chief Executive Officer

AIR CRE, 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

NOTICE: No part of these works may be reproduced in any form without permission in writing.

INITIALS

INITIALS



PROPERTY INFORMATION SHEET
(For the sale or leasing of non-residential properties)

PREFACE:

Purpose: This Statement is NOT a warranty as to the actual condition of the Property/Premises. The purpose is, instead, to provide the brokers and the potential buyer/lessee with important information about the Property/Premises which is currently in the actual knowledge of the Owner and which the Owner is required by law to disclose.

Actual Knowledge: For purposes of this Statement the phrase 'actual knowledge' means: the awareness of a fact, or the awareness of sufficient information and circumstances so as to cause one to believe that a certain situation or condition probably exists.

TO WHOM IT MAY CONCERN:

Shaik Saheb MD, Inc. Pension Plan ("Owner"), owns the Property/Premises commonly known as (street address, city, state, zip) 1955 Flower Street, Bakersfield, CA 93305 located in the County of Kern, and generally described as (describe briefly the nature of the Premises or Property) the Property consists of a fee simple interest in 7,840 SF of C-1 City zoned improved land with the street address 1955 Flower Street. APN 138-032-07. (hereinafter "Property"), and certifies that:

- 1. Material Physical Defects. Owner has no actual knowledge of any material physical defects in the Property or any improvements and structures thereon, including, but not limited to the roof, except (if there are no exceptions write "NONE"): ALL BUILDINGS DESTROYED BY FIRE
2. Equipment. A. Owner has no actual knowledge that the heating, ventilating, air conditioning, plumbing, loading doors, electrical and lighting systems, life safety systems, security systems and mechanical equipment existing on the Property as of the date hereof, if any, are not in good operating order and condition, except (if there are no exceptions write "NONE"): DESTROYED BY FIRE
B. Owner has no actual knowledge of any leases, financing agreements, liens or other agreements affecting any equipment which is being included with the Property, except (if there are no exceptions write "NONE"): NONE
3. Soil Conditions. Owner has no actual knowledge that the Property has any slipping, sliding, settling, flooding, ponding or any other grading, drainage or soil problems, except (if there are no exceptions write "NONE"): NONE
4. Utilities. Owner represents and warrants that the Property is served by the following utilities (check the appropriate boxes) [x] public sewer system and the cost of installation thereof has been fully paid, [] private septic system, [x] electricity, [] natural gas, [x] domestic water, [] telephone, and [] other:
5. Insurance. Owner has no actual knowledge of any insurance claims filed regarding the Property during the preceding 3 years, except (if there are no exceptions write "NONE"): INSURANCE PAID SELLER FOR FIRE DAMAGE
6. Compliance With Laws. Owner has no actual knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable government agency or of any casualty insurance company that any work of investigation, remediation, repair, maintenance or improvement is to be performed on the Property, except (if there are no exceptions write "NONE"): NONE
7. Hazardous Substances and Mold. A. Owner has no actual knowledge of the Property ever having been used as a waste dump, of the past or present existence of any above or below ground storage tanks on the Property, or of the current existence on the Property of asbestos, transformers containing PCB's or any hazardous, toxic or infectious substance whose nature and/or quantity of existence, use, manufacture or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare, except (if there are no exceptions write "NONE"): ASBESTOS per a bove
B. Owner represents and warrants that it is not currently, and never has been engaged in the business of hauling waste, and never stored hazardous substances on the Property, except (if there are no exceptions write "NONE"):
C. Owner has no actual knowledge of the existence on the Property of hazardous levels of any mold or fungi defined as toxic under applicable state or Federal law, except (if there are no exceptions write "NONE"): NONE
8. Fire Damage. Owner has no actual knowledge of any structure on the Property having suffered material fire damage, except (if there are no exceptions write "NONE"): DESTROYED BY FIRE
9. Actions, Suits or Proceedings. Owner has no actual knowledge that any actions, suits or proceedings are pending or threatened before any court, arbitration tribunal, governmental department, commission, board, bureau, agency or instrumentality that would affect the Property or the right or ability of an owner or tenant to convey, occupy or utilize the Property, except (if there are no exceptions write "NONE"): DISSOLUTION OF MARRIAGE
Owner has not served any Notices of Default on any of the tenants of the Property which have not been resolved except (if there are no exceptions write "NONE"): NONE
10. Governmental Proceedings. Owner has no actual knowledge of any existing or contemplated condemnation, environmental, zoning, redevelopment agency plan or other land use regulation proceedings which could detrimentally affect the value, use and operation of the Property, except (if there are no exceptions write "NONE"): NONE
11. Unrecorded Title Matters. Owner has no actual knowledge of any encumbrances, covenants, conditions, restrictions, easements, licenses, liens, charges or other matters which affect the title of the Property that are not recorded in the official records of the county recorder where the Property is located, except (if there are no exceptions write "NONE"): NONE
12. Leases. Owner has no actual knowledge of any leases, subleases or other tenancy agreements affecting the Property, except (if there are no exceptions write "NONE"): NONE
13. Options. Owner has no actual knowledge of any options to purchase, rights of first refusal, rights of first offer or other similar agreements affecting the Property, except (if there are no exceptions write "NONE"): NONE
14. Short Sale/Foreclosure. The ability of the Owner to complete a sale of the Property [] is contingent [x] is not contingent upon obtaining the consent of one or more lenders to conduct a 'short sale', ie. a sale for less than the amount owing on the Property. [This paragraph only needs to be completed if this Property Information Sheet is being completed in connection with the proposed sale of the Property] One or more of any loans secured by the Property [] is [] is not in foreclosure.
15. Energy Efficiency. The Property [] has [x] has not been granted an energy efficiency rating or certification such as one from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) or [] Seller/Lessor does not know if the Property has been granted such a rating or certificate. If such a rating or certification has been obtained please describe the rating or certification and provide the name of the organization that granted it:

INITIALS

INITIALS

16. Other. (It will be presumed that there are no additional items which warrant disclosure unless they are set forth herein): _____.

The statements herein will be relied upon by brokers, buyers, lessees, lenders and others. Therefore, Owner and/or the Owner's Property Manager has reviewed and modified this printed statement as necessary to accurately and completely state all the known material facts concerning the Property. To the extent such modifications are not made, this statement may be relied upon as printed. This statement, however, shall not relieve a buyer or lessee of responsibility for independent investigation of the Property. Owner agrees to promptly notify, in writing, all appropriate parties of any material changes which may occur in the statements contained herein from the date this statement is signed until title to the Property is transferred, or the lease is executed.

Date: 4/11/2018
(fill in date of execution)

OWNER
Shaik Saheb MD, Inc. Pension Plan

By: [Signature]
Name Printed: SITAIK M. SAHEB MD
Title: ADMINISTRATOR

Buyer/lessee hereby acknowledges receipt of a copy of this Property Information Sheet on _____. (Fill in date received)

BUYER/LESSEE
Kern County Hospital Authority

By: _____
Name Printed: Russell V. Judd
Title: Chief Executive Officer

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
NOTICE: No part of these works may be reproduced in any form without permission in writing.



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

SUBJECT: Proposed Amendment No. 4 to Personal/Professional Services Agreement with himagine solutions, Inc.

Recommended Action: Approve; Authorize Chairman to Sign

Summary:

The County of Kern and himagine solutions, Inc. entered into a Personal/Professional Services Agreement dated November 14, 2014 (Agt. #09014), Amendment No. 1 (Agt. # 484-2015), Amendment No. 2 (Agt. # 834-2015), and Amendment No. 3 (Agt. # 189-2016) for the period November 14, 2014 through October 31, 2017. The agreement and amendment was assigned to Kern County Hospital Authority effective July 1, 2016.

Kern Medical contracts with himagine solutions, Inc. for remote trauma registrars to abstract patient data and enter into the Kern Medical trauma registry. The Amendment No. 4 to the agreement increases the maximum payable by \$725,000, from \$600,000 to \$1,325,000 to include for additional remote registry support. Each registrar will be scheduled on an as needed basis.

**AMENDMENT NO. 4
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority – himagine solutions, Inc.)**

THIS AMENDMENT TO AGREEMENT, effective this 15th day of March, 2018, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("Kern Medical"), and himagine solutions, Inc., a Florida corporation, with its principal place of business located at 600 Emerson Road, Suite 225, St. Louis, MO 63141.

WITNESSETH:

WHEREAS, County of Kern, a political subdivision of the State of California ("County") and Consultant entered into a Personal/Professional Services Agreement dated November 14, 2014 (Agt. #09014), Amendment No. 1 (Kern County Agt. #484-2015), Amendment No. 2 (Kern County Agt. #834-2015), and Amendment No. 3 (Kern County Agt. #189-2016) for the period November 14, 2014 through October 31, 2017; and

WHEREAS the interest of the County in the ownership and operations of Kern Medical were transferred in its entirety to KCHA and the Personal/Professional Services Agreement, as amended, was assigned by the County to KCHA effective July 1, 2016; and

WHEREAS, the parties to the Agreement desire to reinstate and amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

Term. The Agreement shall be reinstated and shall be extended from November 1, 2017 through October 31, 2020 unless sooner terminated as provided for in the Agreement.

Fees payable by KCHA under the Agreement shall increase by \$725,000, from \$600,000 to \$1,325,000.

Travel Expenses payable by KCHA under the Agreement shall increase from \$ 0 to **\$60,000**.

Services. See Amendment No. 4 to Exhibit A, attached hereto and incorporated herein by this reference, for revised Services.

Other

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

Signature Page to Follow

IN WITNESS WHEREOF, this Amendment No. 4 to the Agreement has been executed as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell Bigler, Chairman
"KCHA"

HIMAGINE SOLUTIONS, INC.

By  _____
Mark Rowland, Chief Financial Officer
"Consultant"

APPROVED AS TO CONTENT:

Kern Medical Center

By  _____
Benjamin Andersen
Associate Hospital Administrator

APPROVED AS TO FORM:

Legal Services Department

By  _____
Hospital Counsel

**AMENDMENT NO. 4
TO
EXHIBIT A
SERVICES**

Consultant shall provide the Services shown below for the Responsible KCHA Department based on the following payment schedule (select one of the following options):

- X Consultant shall invoice KCHA as follows (describe in detail any payment schedule, milestone payments, percentages and retention as applicable):

Professional Fee. As consideration for the trauma registry services provided by Consultant hereunder, KCHA shall pay Consultant an hourly rate of \$60.00 per hour per person. As consideration for Lead Trauma Registrar services provided by the Consultant hereunder, KCHA shall pay Consultant an hourly rate of \$80.00 per hour. For all overtime hours worked by Consultant personnel, the bill rate shall increase by 1.5 times the applicable bill rate for the Consultant personnel in question. All services provided hereunder shall not exceed \$1,325,000 over the term of this Agreement.

Invoices/Payment. Invoices for payment shall be submitted in a form approved by KCHA and list each service performed. Invoices shall be sent to Kern Medical for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made in accordance with section 2 of the Master Terms and Conditions. All services are payable in arrears.

Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Consultant will complete and execute IRS Form W-9 (Exhibit "A-1," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Consultant.

1. Full description of the Services:

Consultant shall provide Health Information Management staffing support services in the form of:

1. Two (2) trauma registrars to remotely abstract patient information from the medical records of Kern Medical trauma patients and enter such information into the Kern Medical trauma registry. Consultant shall focus on prioritizing with Kern Medical the cases to be entered to meet the American College of Surgeons' accreditation for Trauma, as well as for the state of California's trauma registry requirements; and
2. One (1) Lead Trauma Registrar to oversee the day-to-day operations and assist Kern Medical with survey preparation.

2. Dates and location where the Services will take place (include time schedule and/or milestone dates if appropriate):

Services for the trauma registrars will take place at Consultant's office or other remote locations designated by Consultant. Services for the Lead Trauma Registrar will predominately take place at Consultant's office or other remote locations designated by Consultant but some on-site services will also be provided. The maximum hours for all registrar services shall not exceed 3,840 hours over the term of this Agreement; the maximum hours for all auditor services shall not exceed 1,920 hours over the term of this Agreement.



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Agreement with Nova Biomedical Corporation, for purchase of glucose test strips, controls, and service for point of care glucose meters

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical proposes an agreement with Nova Biomedical Corporation, for the purchase of glucose test strips, controls, and service for 71 point of care glucose meters. The agreement is for a term of 5 years, includes group purchasing pricing of \$.345 per test strip, \$5 per vial of control, and service of the 71 point of care glucose meters for the entirety of the term. The not-to-exceed is \$80,000 per year and \$400,000 for the term of the agreement.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel. The Agreement is governed by the terms of the Purchasing Agreement between HealthTrust Purchasing Group, L.P. and Nova, L.P., our Group Purchasing Organization, which Nova claims is confidential and will not release to Hospital Counsel for review.

Consumable Commitment Agreement Form



Nova Biomedical
200 Prospect Street
Waltham, MA 02454
Phone 1-800-458-5813

HPG Agreement – 2236 Pricing Tier 10

This Consumable Commitment Agreement (“Commitment Agreement”) between Nova Biomedical Corporation (“NOVA”) and the Customer identified in SECTION 1, effective as of the date this Commitment Agreement is signed by NOVA, contains the Parties’ commitment with respect to the sale and purchase of NOVA’s StatStrip Point-of-Care Glucose Meter and related equipment (“Equipment”), StatStrip Glucose Strips (“StatStrip Strips”), StatSensor Test Strips (“StatSensor Strips”), and related products (collectively with StatStrip and StatSensor Strips, the “Products”). This Agreement is entered into in connection with that certain Purchasing Agreement, dated March 1, 2015, between HealthTrust Purchasing Group, L.P., and Nova (the “Purchasing Agreement”). The provisions of this Agreement shall be subject to the terms and conditions of the Purchasing Agreement directly related to Nova’s obligations, representations, warranties and covenants to or for the benefit of Customer. In the event of a conflict between the terms of this Agreement and the Purchasing Agreement, the terms of the Purchasing Agreement control. This Agreement is written in “Plain English.” The words “you” and “your” refer to the Customer. Every attempt has been made to eliminate confusing language and create a simple, easy-to-read Agreement.

1. Your Information Supplier

Legal Business Name Kern County Hospital Authority

Address 1700 Mount Vernon Ave

City, State, Zip Bakersfield, CA 93306

Phone # _____ Fax # _____

E-mail Address _____

Federal Tax ID # _____

PO Number _____



2. Agreement Type: Consumable Purchase Program

3. Agreement Commitment Term

The Agreement Term is for a 60 month period. You agree, over the Agreement Term, to honor the committed strip quantity set forth in Table 1 below (the “Committed Quantity”).

If you fail to purchase the Committed Quantity by the end of the Agreement Term, NOVA will ship all remaining Products required to meet the Committed Quantity and you agree to pay immediately any unpaid balance owing under this Agreement. If NOVA is unable to provide you any Product for any reason, the portion of your Committed Quantity directly related to the affected Product will be suspended until NOVA can provide you that Product. You authorize NOVA to insert or correct missing information on this Agreement including your proper legal name, serial numbers, and any other numbers describing the Products. You agree to all terms and conditions contained in this Agreement and any supplement signed by both parties which together with the Purchasing Agreement are a complete statement of our Agreement regarding the listed Products, and supersede any conflicting terms of any purchase order or outstanding invoice.

4. Equipment

You agree to honor the Committed Quantity of Products identified in the following Table 1 to be shipped in equal increments based on the delivery option set forth in Section 5 over the Agreement Term. The prices for the Products listed in Table 1 will not change during the Agreement Term. All Products shall be obtained from NOVA.

TABLE 1

Description	Unit of Measure	Catalog #	Committed Quantity	Committed Price
StatStrip Glucose Strips (1,800 test strips/case)	Case of 1,800 Test Strips	42214	280	\$621.15
Control Solution 1, StatStrip (1 bottle per package)	1 Bottle per Package	41741	Order Quarterly	\$5.00
Control Solution 3, StatStrip (1 bottle per package)	1 Bottle per Package	41743	Order Quarterly	\$5.00
Lancets Safety 28 gauge (4,000 Count, 20 Boxes / 200 Lancets per box)	Case of 4,000 Lancets	50938	Order Quarterly	\$70.00
StatStrip Extended Meter Warranty (extends through the end of the contract)		99813	71	Included

5. LOT SEQUESTERING AND DELIVERY OPTIONS FOR PRODUCTS SHIPPED VIA STANDING ORDER: NOVA will sequester case quantities of "same lot" StatStrip Strips annually (each annual "same lot", a "Sequestered Lot"). NOVA will not sequester box quantities of "same lot" StatSensor Strips annually unless special circumstances exist. You agree to purchase annually during the Agreement Term one hundred percent (100%) of the Sequestered Lot.

Product will ship via a standing order.
Shipment interval options are as follows:

4 Shipments Annually,
1 Shipment Every Quarter to one
central location

Regular shipments of Products sent directly to you in accordance with the shipment interval shown above shall be Net F.O.B. destination via ground with all costs of transportation and insurance paid by Nova. However, any extra shipments, special delivery, and/or air shipments that you request shall be prepaid by Nova and the shipping and handling fees will be invoiced to you for payment pursuant to the payment terms set forth in Section 6 of this Agreement. In order to avoid extra shipping charges on Control Solutions and Linearity Kits, Nova recommends that you order these items in conjunction with your quarterly purchase of Strips

6. PAYMENT: Payment terms for all invoices are 30 days from invoice date.

7. NOVA WARRANTY AND SERVICE: NOVA warrants that the Products will be free from defects in material and workmanship and that they will conform to their respective labeled specifications from the date of delivery through the warranty period. NOVA warrants that any Product with a stated expiration date will be free from defects in material and workmanship and will conform to its labeled specifications from the date of delivery until its respective expiration date, provided the Product has not been opened or damaged. NOVA warrants that any non-meter Products without expiration dates will be free from defects in material and workmanship and that they will conform to their respective labeled specifications for a period of two years from the date of delivery. NOVA further warrants that no Product bearing its name and covered by this Agreement is adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. In the event of a breach of the foregoing, NOVA will, at its option, either replace all non-conforming Products or refund the purchase price.

8. DEFAULT AND REMEDIES: You shall be in default under this Agreement if any of the following events occur: a) you fail to pay any charges when due or fail to perform any other term or condition of this Agreement and such failure continues for thirty (30) days after written notice thereof by NOVA; b) you become insolvent or admit in writing your inability to pay your debts; or c) you do not, or you notify NOVA that you do not intend to, fulfill your Committed Quantity obligation. In the event of your default, NOVA shall be entitled to: a) terminate this Agreement, and (b) declare immediately due and payable and collect from you a sum equal to the Committed Quantity multiplied by the case price set out in Schedule A, less any payments you made prior to the date of such termination. In the event that NOVA fails to perform or observe any obligation in this Agreement, or any obligation in the Purchasing Agreement directly related to NOVA's obligations, representations, warranties, and covenants to you or for your benefit, you shall notify NOVA in writing of the specific nature of such failure and shall request that it be cured. If NOVA does not cure such failure within thirty (30) days of receipt of such notice, you may immediately terminate this Agreement in addition to pursuing any other remedy to which you may be entitled pursuant to this Agreement, the Purchasing Agreement, or otherwise at law or equity.

In addition to all amounts due and payable by reason of default under this Agreement, the breaching party shall be liable for any and all other costs, expenses, and damages, including without limitation reasonable attorney's fees, collection agency fees and expenses, and all other expenses of collection incurred by the non-breaching party. If NOVA has to take possession of the Equipment, you agree to pay the cost of repossession. The net proceeds of the sale of any repossessed Equipment will be credited against what you owe NOVA under this Agreement. THE PARTIES AGREE THAT NEITHER PARTY WILL BE RESPONSIBLE TO THE OTHER TO PAY THE OTHER ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY A PARTY UNDER THIS AGREEMENT. The parties agree that any delay or failure of a party to enforce its rights under this Agreement does not prevent such party from enforcing any rights at a later time.

YOUR ACCEPTANCE

Signature

Print Name

Title

Date

NOVA BIOMEDICAL CORPORATION

Signature

ROBERT FOX

Print Name

DRS 4-11-18

Title Date

REVIEWED ONLY
NOT APPROVED AS TO FORM

By [Signature]
Legal Services Department

**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed Agreement with Stericycle, Inc., for the treatment and disposal of regulated medical and biohazardous waste

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed agreement with Stericycle, Inc., to provide for the removal of pharmaceutical, sharps, and regulated medical waste at the main hospital campus and at the Columbus, Truxtun and Stockdale Clinics. This agreement is for a term of 3 years with a not-to-exceed cost of \$525,000.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to Stericycle's liquidated damages clause that entitles Stericycle to collect liquidated damages for any early termination of the agreement.



Master Service Agreement

Customer Billing Information:

Company Name	<u>Kern County Hospital Authority</u>	Billing Attention	_____
Address 1	<u>1700 Mount Vernon Ave</u>	Billing Name	_____
Address 2	_____	Contact Phone #	_____
City/State/Zip	<u>Bakersfield/CA/93306</u>	Contact Fax #	_____
Contact Title	_____	Contact Email	_____

This Agreement is entered into, and effective as of Date signed by Customer between Kern County Hospital Authority (hereinafter referred to as "Customer"), for itself and on behalf of any of its operating subsidiaries, and Stericycle, Inc., a Delaware corporation, having a principal place of business at 28161 N. Keith Drive, Lake Forest, Illinois 60045 (hereinafter referred to as "Stericycle").

Services to be Provided		
<input checked="" type="checkbox"/> Regulated Medical Waste Disposal Treatment and disposal of medical and Bio-hazardous waste	<input type="checkbox"/> Sharps Disposal Management Comprehensive proactive sharps disposal service with reusable containers	<input type="checkbox"/> Integrated Waste Stream Solutions All-encompassing on-site waste stream management services
<input type="checkbox"/> Pharmaceutical Waste Disposal Help characterize, segregate, transport and properly dispose of pharmaceutical waste	<input type="checkbox"/> Hazardous Waste Disposal Environmentally sound and flexible solution for all hazardous waste streams	<input type="checkbox"/> Medical Product Supplies On-demand product/supplies containers or Mail Back auto replenishment
Service Details are referenced in Corresponding Attachments included herein.		

Agreement Effective Date: Date signed by Customer Master Agreement ID: HealthTrust 2621 Exhibit E-1
Terms of Agreement: 36 Months

See Master Agreement ID (The Master) for services between the Customer and Supplier. The execution of this Customer Agreement constitutes the Customer's agreement to participate in this Agreement. All capitalized terms not defined in this Customer Agreement will survive the term of the GPO agreement. The Members obligation and responsibilities under the Agreement are set forth. The Member shall agree to be bound by and shall comply with all applicable provisions of the Agreement, which is incorporated by reference.

Stericycle, Inc.

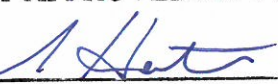
Service Provider Name: Stericycle, Inc.
 Representative Name: Jessica Ontiveroz
 Representative Title: Major Account Executive
 Date: _____
 Signature: _____

Customer

Customer/ Company Name: Kern County Hospital Authority
 Signee Name: Russell Bigler
 Signee Title: Chairman, Board of Governors
 Date: _____
 Signature: _____

By signing above I acknowledge that I am the Customer's authorized officer or agent and that I have the authority to bind Customer to this Agreement. Customer agrees to be bound by the terms and conditions that appear on following pages hereof and comply with Stericycle's Waste Acceptance Policy, both of which are integral parts of this Agreement.

REVIEWED ONLY
NOT APPROVED AS TO FORM

By 
Legal Services Department

GPO Agreement: HPG-2621 (GPO Agreement):

HealthTrust Purchasing Group, LP, a Delaware limited partnership ("HPG") and Stericycle, Inc. ("Stericycle" or "Vendor") have entered into a group purchasing agreement entitled HPG Waste Streams Management Services Agreement HPG-2621, effective November 1, 2012 (the "GPO Agreement") for the benefit of certain third-party beneficiaries (the "Purchasers," as further defined in the GPO Agreement). The GPO Agreement expressly incorporates this Agreement. Vendor offers the services described in this Agreement pursuant to the GPO Agreement, and this Agreement is subject to the terms and conditions of the GPO Agreement. In the event of a conflict between a term or condition in this Agreement and a term or condition in the GPO Agreement, the GPO Agreement controls. The term of this Agreement will survive the term of the GPO Agreement. All capitalized terms not defined in this Agreement have the meanings given to them in the GPO Agreement.

TERMS AND CONDITIONS

- 1. Regulated Medical Waste Services.** Stericycle, Inc. has obtained all necessary licenses, permits, insurance and authorizations required to perform services hereunder and, upon request, shall furnish copies thereof to customer. Stericycle, Inc. shall collect, transport, treat and dispose of all Regulated Medical Waste (except Non-conforming Waste) generated by Customer during the term of this Agreement. Stericycle employees may refuse containers that are determined to be Non-conforming Waste as identified in the Waste Acceptance Policy (WAP). Customer shall place only "Regulated Medical Waste" as defined by 49 CFR 173.134 or by any other federal, state and local regulations. Customer warrants that the waste presented for disposal will not contain any "hazardous", "toxic", or "radioactive" wastes as defined by all applicable laws or regulations and shall be liable for any injury, loss or damage resulting from non-conforming waste. Further definitions are part of this contract under the current WAP. Stericycle reserves the right to change the WAP at any time to ensure compliance with applicable laws or regulations. A copy of Stericycle's Waste Acceptance Policy may also be obtained from your local Stericycle representative. Title to Regulated Medical Waste (other than Non-Conforming Waste) shall transfer to and vest in Stericycle at such time as such waste is loaded onto Stericycle vehicles. Customer shall have title to Regulated Medical Waste at all prior times. Customer shall hold title to any Non-Conforming Waste at all times, whether refused for collection, returned to the Customer for proper disposal after collection or otherwise disposed of in accordance with Customer's instructions or arrangements.
- 2. Recordkeeping and Compliance with Laws** Stericycle and Customer shall keep and retain adequate books and records and other documentation including personnel records, correspondence, instructions, plans, receipts, vouchers, permits, required state registrations, copies of manifests and tracking records consistent with and for the periods required by applicable regulations and guidelines pertaining to generation, storage or handling of Regulated Medical Waste and the services to be performed under this Agreement.
- 3. Term and Pricing** The term ("Term") of this Agreement is established on page one of this document, either 36 or 60 months from the date of execution of this agreement.
 - (a) Customer shall pay Stericycle the prices set forth on the first page of this Agreement. Prices for Services may not be increased for the first twelve (12) months of a 36 month Term or the first twenty four (24) months of a 60 month Term. Thereafter, prices may be increased annually, but by no more than the lesser of (i) three and a half percent (3.5%), or (ii) the percentage increase in Consumer Price Index for all Medical Services (CPI-Medical Services) for the U.S. City Average, 1982-84 = 100, during the then prior twelve (12) month period. Additionally, Stericycle may adjust the Rate Structure (i) to account for operational changes it implements to comply with changes in law, regulatory changes, in the waste treatment location, or to otherwise cover unforeseen, significant cost escalation.
 - (b) Stericycle has instituted a per invoice fuel surcharge to manage and isolate the impact of Diesel fuel price fluctuations. The fuel surcharge is based on the U.S. 'On Highway' Diesel Price Index. A table outlining the Fuel Surcharge can be found in Exhibit D of this agreement.
 - (c) **Termination for Breach** In the event of breach of any provision of this Agreement, the non-breaching party shall notify the breaching party in writing of the specific nature of the breach and shall request that it be cured. If the breaching party does not cure the breach within thirty (30) days of such notice, the non-breaching party may immediately terminate this Agreement on written notice to the breaching party, and such termination shall not preclude the non-breaching party from pursuing any and all remedies available to it at law or in equity.
 - (d) If Customer breaches this Agreement by terminating Stericycle's collections prior to the expiration of its Term or in any other way violates this agreement in such a way that Stericycle's continued performance is rendered impossible or commercially impracticable, then Stericycle shall be entitled to collect from Customer an amount in liquidated damages equal to 50% of Customer's average charge on a monthly basis based on the 12 months' billings prior to the cessation of collections (or based on any lesser period if the contract began less than twelve months earlier) times the number of months, including prorated partial months, remaining until the expiration date of the Term or Extension Term. Customer hereby acknowledges (i) that Stericycle's damages resulting from the premature termination of collections include lost profits, inefficiencies resulting from route changes and reduced treatment plant throughput, increased administrative overhead, unrecoverable sunk training/instruction costs, and other elements of injury, (ii) that such damages are extremely difficult to quantify as they relate to any one customer, and (iii) that the foregoing liquidated damages amount is a reasonable estimate of actual expected damages and is not a penalty. Liquidated damages as described herein is Stericycle's sole remedy for Customer's improper early termination.
 - (e) Stericycle shall have the right to terminate this Agreement at any time by giving Customer at least sixty (60) days notice in the event that it is unable to continue performing its obligations under this Agreement due to the suspension, revocation, cancellation or termination of any permit or required to perform this Agreement or in the event that a change in any law, regulation or ordinance makes it impractical or uneconomical, in Stericycle's sole discretion, to continue performing this Agreement.
 - (f) **Non-appropriation.** Customer, as a government entity, reserves the right to terminate this Agreement in the event insufficient funds are appropriated for this Agreement in any fiscal year under the provisions of California Constitution Article 16 section 18a. Customer's fiscal year is July 1 to June 30 of each calendar year. Upon such termination, Customer will be released from any further financial obligation to Stericycle, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Stericycle will be given 30 days' prior written notice in the event that Customer requires such an action.

- (g) Upon 30 days notice to Stericycle, Customer shall have the right to add or delete mutually acceptable Customer facilities receiving Regulated waste services under this Agreement. This addition or exclusion of any facility participating under this Agreement shall have no effect on the services provided the other participating facilities.
- (h) Any terms or conditions contained in any Purchase Order, Purchase Order Agreement, or other invoice acknowledgment, Order by Customer or proposed at any time by Customer in any manner, which vary from, or conflict with the terms and conditions in this Agreement are deemed to be material alterations and are objected to by Stericycle without need of further notice of objection and shall be of no effect nor in any circumstances binding upon Stericycle unless expressly accepted in writing. If Customer's standard purchase order form is provided to Stericycle in connection with this Agreement, the terms and conditions for that Purchase Order will be superseded by the provisions of this Agreement and the use of the purchase order shall be only to facilitate Customer's payment of fees to Stericycle. Written acceptance or rejection by Stericycle of any such terms or conditions shall not constitute an acceptance of any other additional terms or conditions.

4. Survival Any provision of this Agreement that is meant to survive the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement. This Agreement shall survive the expiration or termination of the GPO Agreement.

5. Billing Stericycle shall provide Customer with monthly, quarterly or annual invoices that are due upon receipt. Customer shall bear any costs that Stericycle may incur in collecting overdue amounts from Customer, including, but not limited to, reasonable attorneys' fees and court costs. Should any amounts due pursuant to this Agreement remain unpaid for more than 30 days from the date of the debt's first invoice, Stericycle shall have the option, without notice to Customer, to suspend service under this Agreement until the overdue amounts collection fees are paid. In the event that Stericycle suspends services under this Agreement for any reason, including the expiration or termination of this Agreement or Customer's breach (see 3, above), Stericycle may remove all containers belonging to it from Customer's premises. Any non-compliant containers will be billed an additional container charge at the current container rate not to exceed 1.25% of Stericycle's cost. Non-compliant containers include containers that are overweight under applicable laws or regulations or containers holding Non-Conforming Waste.

6. Surcharge Stericycle may also impose a 'no waste' surcharge no greater than \$75 in the event that Stericycle attempts to pick up waste at a Customer location (on either a scheduled pick-up or in response to a Customer request) and, through no fault of Stericycle, either (a) there is no Regulated Waste for Stericycle to pick up, (b) waste is not ready for pick-up or (c) the Customer location is closed.

7. Liability for Equipment Customer shall have the care, custody and control of containers and other equipment placed at Customer's premises which is owned by Stericycle and accepts responsibility and liability for the equipment and its contents except when it is being physically handled by employees of Stericycle. Customer agrees to defend, indemnify and hold harmless Stericycle from and against any and all claims for loss or damage to property, or personal injury or death, resulting from or arising in any manner out of Customer's use, operation or possession of any containers and other equipment furnished under this Agreement, except to the extent any such loss or damage to personal property, or personal injury or death is a result of Stericycle's negligence, intentional misconduct, or breach of this agreement. Any damage to such property and equipment, other than normal wear and tear, will be charged to the Customer, and payable to Stericycle as additional service cost.

- a. The liabilities or obligations of Customer with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Customer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. California Health and Safety Code Section 101853(g)

8. Indemnification Stericycle shall indemnify and hold Customer harmless from any liabilities arising from the gross negligence or willful misconduct of Stericycle in the performance of its obligations under this Agreement. Customer shall indemnify and hold harmless Stericycle from any liabilities arising from the gross negligence or willful misconduct of Customer, which shall include, but not be limited to, failure to properly store, package, label, or segregate Regulated Medical Waste and any liabilities relating to Non-Conforming Waste, whether or not collected, transported or treated by Stericycle. Each party agrees to pay the reasonable attorneys' fees and costs incurred by the other in bringing a successful indemnification claim under this Paragraph.

9. Compliance with Laws Stericycle hereby agrees to carry General Liability, Automobile Liability, and Workmen's Compensation Insurance as required by applicable state law, and to otherwise comply with all federal and state laws, rules and regulations applicable thereto and relating to its performance hereunder. As of the date of this Agreement, Stericycle has obtained, and agrees to maintain during the Term of this Agreement, all necessary permits, licenses, zoning and other federal, state or local authorizations required to perform the services under this Agreement and will furnish copies of these to Customer upon request. Customer and Stericycle each hereby agrees to comply with all federal and state laws, rules and regulations applicable to their handling of Regulated Waste and their performance under this Agreement, including, without limitation, all applicable record keeping, documentation and manifesting requirements. Stericycle and Customer shall keep and retain adequate books and records and other documentation including personnel records, correspondence, instructions, plans, receipts, vouchers, copies of manifests and tracking records and any other records or reports or memoranda consistent with and for the periods required by applicable regulatory requirements and guidelines pertaining to storage or handling of Regulated Waste and the services to be performed under this Agreement.

10. Exclusivity Customer agrees to use no other Regulated Medical Waste disposal service or method during the Term of this Agreement and any Extension Terms.

11. Force Majeure. The obligations of either party to perform under this Agreement will be excused during each period of delay caused by acts of God, war or terrorism, or by shortages of power or materials or government orders which are beyond the reasonable control of the party obligated to perform and prevents the party from being able to perform ("Force Majeure Event"). In the event that either party ceases to perform its obligations under this Agreement due to the occurrence of a Force Majeure Event, such party shall: (1) immediately notify the other party in writing of such Force Majeure Event and its expected duration; (2) take all reasonable steps to recommence performance of its obligations under this Agreement as

soon as possible. In the event that any Force Majeure Event delays a party's performance for more than thirty (30) days following notice by such party pursuant to this Agreement, the other party may terminate this agreement immediately upon written notice to such party.

12. Independent Contractor Stericycle's relationship with Customer pursuant hereto is that of an independent contractor, and nothing in this Agreement shall be construed to designate Stericycle as an employee, agent or partner of or a joint venture with Customer.

13. Amendment and Waiver Changes in the types, size and amount of equipment and the frequency of service may be mutually agreed to in writing by the parties, without affecting the validity of this Agreement. All other amendments to this Agreement (other than as provided in 3(b)) shall be effected only by a written instrument executed by the parties. No waiver shall be effective unless submitted in writing by the party granting such waiver. No waiver of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement and no waiver of any breach or duty under this Agreement shall be deemed a waiver of any other breach or later instances of the same duty.

14. Savings Clause In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement; this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such finding shall impair the rights or increase the obligations of Stericycle hereunder, in which event, at Stericycle's option, this Agreement may be terminated.

15. Entire Agreement This Agreement (including any attachments, exhibits and amendments made in accordance with Paragraph 13) constitutes the entire understanding and agreement of the parties and cancels and supersedes all prior negotiations, representations, understandings or agreements, whether written or oral, with respect to the subject matter of this Agreement.

16. Governing Law This Agreement shall be governed by and construed in accordance with the laws in the state of California without regard to the conflicts of laws rules of any jurisdiction.

17. Notices All required notices, or those which the parties may desire to give under this Agreement shall be in writing and sent, in the case of Customer to the Customer's address set forth on the first page of this Agreement, and in the case of Stericycle, to the Stericycle LQ Sales Department address as follows: Attn: Stericycle LQ Sales Department, 4010 Commercial Avenue, Northbrook, IL 60062. Notices shall be effective when received.

18. Assignment Neither party will assign any rights or obligations under this Agreement without the express written consent of the other party. Such consent shall not be unreasonably withheld.

19. Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument. A copy or facsimile of this Agreement shall be as effective as an original.

20 Waste Brokers Stericycle reserves the right to deal solely with the Customer and not with any third party agents of the customer for all purposes relating to this Agreement (other than as contemplated by the GPO Agreement). Customer represents and warrants to Stericycle that it is the medical waste generator and is acting for its own account and not through a broker or agent. Stericycle shall be entitled to terminate this agreement and seek all available legal remedies, including but not limited to liquidated damages, in the amount set forth herein for Customer's breach of this representation and warranty.

Exhibit A - Pricing

Hospital Price Structure	See Attachments for Applicable Locations	
Service Rate Type	Effective Rate	Unit of Measure
Regulated Medical Waste	\$0.40	Per Pound
Trace Chemotherapy/Pathological Waste	\$0.99	Per Pound
Minimum Pickup Fee	\$105.29	Per Stop
No Waste/Minimum Stop Fee	\$105.29	Per Stop
Percent Table/Energy Surcharge	X	Included
CA AB1807 Fee	X	Included
Record Retention	\$9.29	Per Shipping Document

Offsite Price Structure	See Attachments for Applicable Locations	
Recurring Rate Type	Effective Rate	Unit of Measure
Regulated Medical Waste	\$0.40	Per Pound
Trace Chemotherapy/Pathological Waste	\$0.99	Per Pound
Minimum Pickup Fee	\$105.29	Per Stop
No Waste Minimum Stop Fee	\$105.29	Per Stop
Percent Table/Energy Surcharge	X	Included
CA AB1807 Fee	X	Included
Record Retention	\$9.29	Per Shipping Document

Stericycle reserves the right to charge for a minimum container weight for each container type collected per stop at a customer's site. The minimum weight is determined to be 65% of a containers gallon capacity. Stericycle will assign a minimum weight per each container type which equates to 1 lb per each gallon of capacity (e.g., a 30 gallon container has a minimum weight of 19.5lbs). If the average weight of each type of container collected does not meet the average minimum weight in the aggregate for those containers, Stericycle will charge the current per lb rate to the minimum weight to calculate the container price.

Exhibit B - Service Locations

Customer locations, serviced by Stericycle under this agreement

Additional Locations: In the event that Customer acquires, leases, takes control or otherwise adds a location in a Stericycle service area, Customer shall notify Stericycle of the new location, and upon receiving notification, Stericycle shall add those serviced locations under the provisions of this service agreement, via an addendum.

In the event any new Customer Location is party to an existing agreement for services similar to the Services by a vendor other than Stericycle: (i) Customer will use commercially reasonable efforts to terminate such agreement as soon as possible; and (ii) such locations shall immediately become a Customer Location upon the expiration of such agreement.

Cust-Site	Location Name	Type	Address	Service Frequency
6023508-001	Kern Medical Center	Hospital	1700 Mount Vernon Ave, Bakersfield, CA, 93305	Weekly
6022908-001	Sagebrush Medical Plaza	Offsite	1111 Columbus St, Bakersfield, CA, 93305	Weekly
6137156-002	Kern Med Stockdale Offices	Offsite	9300 Stockdale Hwy, Bakersfield, CA, 93311	Every other week
6128799-001	KMC Physicians Group	Offsite	6401 Truxtun Ave, Bakersfield, CA, 93309	Every other week



REGULATED MEDICAL WASTE ACCEPTANCE POLICY

Stericycle policy requires compliance with all applicable regulations regarding the collection, transportation and treatment of regulated medical waste. Federal Department of Transportation (DOT) Regulations require the generator of regulated medical waste to certify that the packaging and documentation of transported regulated medical waste complies with DOT regulations regarding waste classification, packaging, labeling and shipping documentation. To ensure that neither Stericycle nor the generator of regulated medical waste violates applicable regulations, it is imperative that all parties understand the rules regarding proper identification, classification, segregation and packaging of regulated medical waste. The purpose of this policy is to summarize the minimum requirements for preparing your medical waste for collection, transportation and treatment. Additional facility or state-specific waste acceptance policies may apply based on permit specifications. Please contact your local representative for further information. You may also call (866) 338-5120.

REGULATED MEDICAL WASTE

Stericycle accepts medical waste generated in a broad range of medical, diagnostic, therapeutic and research activities. The term "medical waste" includes biohazardous, biomedical, infectious or regulated medical waste as defined under federal, state or local laws, rules, regulations and guidelines. Except as defined by specific state regulations, this **excludes** RCRA hazardous waste pharmaceuticals, all DEA scheduled drugs including controlled substances, bulk chemotherapy, waste containing mercury or other heavy metals, batteries of any type, cauterizers, non-infectious dental waste, chemicals such as solvents, reagents, corrosives or ignitable materials classified as hazardous waste under Federal and State EPA Regulations. In addition, Stericycle **cannot accept** bulk liquids, radioactive materials, or complete human remains (including heads, full torsos and fetuses). Stericycle **cannot accept** these excluded materials packaged as regulated medical waste. All lab wastes or materials which contain or have the potential to contain infectious substances arising from those agents listed under 42 CFR 72.3 are strictly prohibited from medical waste by federal law and must be pretreated prior to disposal. Separate protocol and packaging requirements apply for the disposal of non-hazardous pharmaceuticals. Hazardous waste transportation services may be offered in certain geographical locations, under separate contract. Please contact your local representative for details and packaging specifications.

* *Un-dispensed from DEA Registrant*

WASTE SEGREGATION AND PACKAGING

The generator is solely responsible for properly segregating, packaging and labeling of regulated medical waste. Proper segregation and packaging reduces the potential for accidental release of the contents and exposure to employees and the general public. DOT regulations require (49 CFR 173.197) that all packages of regulated medical waste be prepared for transport in containers meeting the following requirements: 1) rigid; 2) leak resistant; 3) impervious to moisture; 4) of sufficient strength to prevent tearing or bursting under normal conditions of use and handling; 5) sealed to prevent leakage during transport; and 6) puncture resistant for sharps. All regulated medical waste must be accompanied by a properly completed shipping document (See 49 CFR 172.202).

MANAGEMENT OF NON-CONFORMING WASTE

As required by regulation and company policy, Stericycle employees may refuse containers that are non-conforming because of their contents or are improperly packaged, leaking, damaged or likely to create a risk of exposure to employees or the general public. Any waste found to be non-conforming to this Waste Acceptance Policy identified in route to, or at a Stericycle location, may be returned to the generator for proper packaging and disposal, or may be reouted for appropriate destruction; this may include improperly marked regulated medical waste which should have been identified for incineration (i.e. pathological, chemotherapy or non-hazardous pharmaceuticals). Proper segregation and packaging is essential to ensure compliant and safe handling, collection, transportation and treatment of regulated medical waste.

STERICYCLE REGULATED MEDICAL WASTE ACCEPTANCE POLICY CHECKLIST

ACCEPTED REGULATED MEDICAL WASTE

- Sharps - Means any object contaminated with a pathogen or that may become contaminated with a pathogen through handling or during transportation and also capable of cutting or penetrating skin or packaging material. Sharps includes needles, syringes, scalpels, broken glass, culture slides, culture dishes, broken capillary tubes, broken rigid plastic, and exposed ends of dental wires.
- Regulated Medical Waste or Clinical Waste or (Bio) Medical Waste - Means a waste or reusable material derived from the medical treatment of an animal or human, which includes diagnosis and immunization, or from biomedical research, which includes the production and testing of biological products.

ACCEPTED REGULATED MEDICAL WASTE WHICH MUST BE IDENTIFIED AND SEGREGATED FOR INCINERATION

- Trace Chemotherapy Contaminated Waste - RCRA Empty drug vials, syringes and needles, spill kits, IV tubing and bags, contaminated gloves and gowns, and related materials as defined in applicable laws, rules, regulations or guidelines
- Pathological Waste - Human or animal body parts, organs, tissues and surgical specimen (decanted or formaldehyde, formalin or other preservatives as required per hazardous waste rules).
- Non-RCRA Pharmaceuticals - Must be characterized and certified as non-RCRA hazardous material by the generator. Excludes all DEA scheduled drugs, including controlled substances*
- California Only - Solidified Suction Canisters - Suction canisters that have been injected with solidifier materials to control liquids or suction canisters made of high heat resistant plastics such as polysulfone

REGULATED MEDICAL WASTE NOT ACCEPTED BY STERICYCLE

- Untreated Category A Infectious Substances
- Complete Human Remains (including heads, full torsos, and fetuses)
- Bulk Chemotherapy Waste
- Mercury-Containing Dental Waste - Non-contact and contact amalgam and products, chairside traps, amalgam sludge or vacuum pump filters, extracted teeth with mercury fillings and empty amalgam capsules
- Any Mercury Containing Material or Devices - Any mercury thermometers, Sphygmomanometers, lab or medical devices
- RCRA Hazardous Pharmaceutical Waste and all DEA Federal and State controlled substances*
- Chemicals - Formaldehyde, formalin, acids, alcohol, waste oil, solvents, reagents, fixer developer, fluorescein
- Compressed Gas Cylinders, Canisters, Inhalers and Aerosol Cans
- Hazardous or Universal Waste - any other waste determined by Federal or State EPA regulations including but not limited to batteries, bulbs, heavy metals, etc.
- Radioactive Waste - Any container with a radioactivity level that exceeds regulatory or permitted limits; lead-containing materials

*Consult Stericycle Representative for specific requirements

Additional waste acceptance policies may apply based on state or per permit specific requirements. Hazardous waste transportation services may be offered in certain geographical locations, under separate contract. Please refer to your local Stericycle Representative for additional information and options for possible hazardous waste handling. For additional information on container and labeling requirements contact our Stericycle Customer Service Department at (866) 338-5120.

Exhibit D - Energy Charge

Percent of Invoice Fuel Surcharge

Stericycle uses an index-based surcharge that is adjusted monthly. Changes to the surcharge will be effective the first business day of each month. The surcharge will be based on the National U.S. Average 'On Highway' Diesel Fuel Price reported by the U.S. Department of Energy for the prior month to the adjustment. The prices on these indexes are published by the U.S. Dept. of Energy and Stericycle is not responsible for the information provided.

Stericycle Energy Charge Table		
At Least (price per gallon)	But Less Than (price per gallon)	Surcharge (% of Invoice)
0	\$2.75	5.80%
\$2.76	\$3.00	6.30%
\$3.01	\$3.25	6.90%
\$3.26	\$3.50	7.40%
\$3.51	\$3.75	7.90%
\$3.76	\$4.00	8.50%
\$4.01	\$4.25	9.00%
\$4.26	\$4.50	9.60%
\$4.51	\$4.75	10.10%
\$4.76	\$5.00	10.70%
\$5.01	\$5.25	11.20%
\$5.26	\$5.50	11.70%
\$5.51	\$5.75	12.30%
\$5.76	\$6.00	12.80%

If the diesel rate rises above \$6.00, the 12.80% surcharge will be increased 0.6% for every \$0.25 increase in the diesel rate.

Stericycle reserves the right to update or modify the fuel table without prior notice



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed retroactive request of the state Public Works Board of the state of California to sign "Certificate of Kern County Hospital Authority" related to the Kern County Jail Complex, effective April 17, 2018

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

Kern Medical is recommending that your Board retroactively authorize the Chief Executive Officer to sign the attached "Certificate of Kern County Hospital Authority," effective April 17, 2018. The state of California is refinancing lease revenue bonds related in part to the county's new jail complex at the Lerdo campus. Kern Medical provides correctional medicine services to the county at the new jail. As a user of space at the new jail, the state, which views Kern Medical as a "tenant" for purposes of the refinancing, requires that an authorized representative of the authority certify certain matters associated with the usage of that portion of the jail complex where correctional medicine services are provided. By signing the Certificate, the authority certifies that the space will be used for public purposes only, that it will comply with certain recordkeeping requirements, and that the authority will not make changes to the manner in which your Board is appointed or the rights of the county to approve the authority's budget without the consent of the state.

EXHIBIT F-6

<p>\$92,895,000 STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA LEASE REVENUE BONDS (DEPARTMENT OF CORRECTIONS AND REHABILITATION) 2018 SERIES A (KERN JAIL COMPLEX)</p>	<p>\$48,410,000 STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA LEASE REVENUE REFUNDING BONDS 2018 SERIES B (VARIOUS CAPITAL PROJECTS)</p>
---	---

CERTIFICATE OF KERN COUNTY HOSPITAL AUTHORITY

The undersigned, on behalf of the Kern County Hospital Authority (the “Tenant”), hereby certifies the following:

1. The representations stated in the attached Tax Certificate, on behalf of Tenant, are true and correct.
2. The Tenant’s expectations with respect to the usage of the portion of the Kern County Jail Complex with respect to which it is a Tenant (as labeled and described in Exhibit A of the Tax Certificate, the “2018A Project”) are no different than those stated in the Tax Certificate.
3. The Tenant will comply with all recordkeeping responsibilities as specified in Section V of the Tax Certificate with respect to the 2018A Project and with the post issuance compliance responsibilities specified in Section VII of the Tax Certificate with respect to the 2018A Project.
4. Except as described in the Tax Certificate or described in the applicable Tax Questionnaire, absent notification and approval of the Issuer and an opinion of nationally recognized bond counsel acceptable to the Issuer that the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds will not be adversely affected for federal income tax purposes, any space assignment, lease, real property interest, service contract or other arrangement relating to usage of the space entered into with respect to the 2018A Project, will be terminable without penalty or cause on fifty days or less notice by Tenant.*
5. Tenant is a local unit of government separate and apart from the Participating County, established under state law, to provide maintenance, operation, management, and control of the Kern Medical Center and related health care resources. Tenant is governed by a Board of Governors (“BOG”) appointed by the Participating County. The Participating County approves Tenant’s annual budget after the budget is approved by the BOG. Tenant provides health care services to responsible departments of the Participating County. Tenant covenants to make no changes to

* For this purpose, usage does not include arrangements to acquire, construct, install, or repair property. In addition, for this purpose usage does not include limited service contracts solely incidental to the governmental function of the building, such as elevator repair, pest control, and janitorial services; however, general building maintenance agreements (such as a building manager) should be considered usage for this purpose.

the manner in which the BOG is appointed and the rights of the Participating County to approve Tenant's annual budget without the consent of Issuer.

**SPWB 2018 SERIES AB
TAX CERTIFICATE**

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: April 17, 2018

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Russell V. Judd
Chief Executive Officer



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed retroactive Agreement with Randolph Fok, M.D., an independent contractor, for Professional Medical Services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board to approve the proposed retroactive Agreement with Randolph Fok, M.D., an independent contractor, for maternal-fetal/high risk OB services at Kern Medical as well as call coverage, clinic time, and supervision of residents and medical students assigned to the OB/GYN service.

The proposed agreement is from April 1, 2018 through March 31, 2020, in an amount not to exceed \$670,000.

**AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Randolph Fok, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Randolph Fok, M.D., a sole proprietor (“Contractor”), whose principal place of business is located at 2330 Truxtun Avenue, Suite A, Bakersfield, California 93301.

RECITALS

(a) Authority is authorized, pursuant to section 101852 of Part 4 of Division 101 of the Health and Safety Code, to contract for special services with individuals specially trained, experienced, expert, and competent to perform those services; and

(b) Authority owns and operates KMC, a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California (the “Premises”), in which is located the Department of Obstetrics and Gynecology (the “Department”); and

(c) Authority requires the assistance of Contractor to provide professional medical services to patients of KMC and teaching services to resident physicians and medical students, as such services are unavailable from Authority resources, and Contractor agrees to provide such services on the terms and conditions set forth in this Agreement; and

(d) Contractor has special knowledge, training and experience, and is qualified to render such services;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree as follows:

**II.
TERMS AND CONDITIONS**

1. **Term.** This Agreement shall be effective and the term shall commence as of April 1, 2018 (the “Effective Date”), and shall end March 31, 2020, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement.

2.2 Qualifications.

2.2.1 Licensure/Board Certification. Contractor shall at all times during the term of this Agreement be duly licensed as a physician and surgeon in the state of California, practicing in the medical specialty of maternal-fetal medicine, and certified or eligible for certification by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general with subspecialty certification in maternal-fetal medicine, and maintain such certifications at all times during the term of this Agreement.

2.2.2 Medical Staff Status. Contractor shall at all times during the term of this Agreement be a member in good standing of the KMC medical staff with “active” or “courtesy” staff status and hold all clinical privileges on the active or courtesy medical staff appropriate to the discharge of his obligations under this Agreement.

2.2.3 TJC and ACGME Compliance. Contractor shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

2.2.4 Training/Experience. Contractor shall have (i) recent experience in obstetrics and gynecology and maternal-fetal medicine including without limitation, the diagnosis and treatment of women who have complicated or high-risk pregnancies, (ii) an academic background to include teaching and working in an academic medical center, experience working with other clinical departments, teaching residents and medical students, participating in hospital committees, and working on pathways and evidence-based guidelines, and (iii) ongoing acute care hospital experience.

2.3 Loss or Limitation. Contractor shall notify KMC promptly of any loss, sanction, suspension or material limitations of his license to practice in the state of California, Controlled Substance Registration Certificate issued by the Drug Enforcement Administration, right to participate in the Medicare or Medicaid programs, or specialty qualifications for medical staff membership or clinical privileges.

2.4 Standards of Medical Practice. The standards of medical practice and professional duties of Contractor shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for practice established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

2.5 Medical Record Documentation. Contractor shall cause a complete medical record to be timely prepared and maintained for each patient seen by Contractor. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Contractor will conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016–15018, inclusive.

2.6 Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold Authority harmless from any liability which it may incur to the United States or to the state of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case Authority is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish Authority with proof of payment of taxes on these earnings.

2.7 Quality Improvement and Risk Management. Contractor agrees that he shall participate in (i) the quality improvement and risk management programs of KMC and serve on such committees as may be required; (ii) ongoing quality improvement activities, such as audits, which will be conducted annually in the Department in order to evaluate and enhance the quality of patient care; and (iii) risk management activities designed to identify, evaluate and reduce the risk of patient injury associated with care. Contractor shall ensure that the quality improvement program consists of the following integrated components: (i) professional development that provides continuous performance feedback that is benchmarked, evaluated, and rated individually and collectively; (ii) clinical standards that are evidence-based and grounded in industry best practices; (iii) performance improvement that is outcomes-focused and based on quality indicators/metrics with quarterly reporting of same; and (iv) customer satisfaction that is feedback/survey-driven and objectively and comparatively measured, tracked/trended, and analyzed. The appropriate review mechanism will be applied in accordance with the provisions of the KMC medical staff bylaws, The Joint Commission, and applicable law.

2.8 Nonexclusive Services. Contractor understands and agrees that Authority will utilize the services of Contractor pursuant to the terms of this Agreement on a non-exclusive basis. Contractor further agrees that Authority shall retain the option to enter into agreements with other organizations for purposes of securing the services, in its sole discretion.

3. Obligations of Authority.

3.1 Authority Designee. Authority shall designate a primary contact, who will arrange for KMC staff assistance as may be required.

3.2 Space. KMC shall furnish for the use of Contractor such space and facilities as may be deemed necessary by KMC for the proper operation and conduct of the Department. KMC shall, in its sole discretion, determine the amount and type of space and facilities to be provided herein. Contractor shall use the space and equipment solely for the performance of the services required under this Agreement. Contractor shall not use such space or equipment for other business or personal use.

3.3 Use Limitations on Space. The use of any part of the space occupied by the Department for the general or private practice of medicine is prohibited. Contractor shall use the items furnished under this Agreement only for the performance of services required by this Agreement. This Agreement shall not be construed to be a lease to Contractor of any portion of

the Premises, and insofar as Contractor may use a portion of said Premises, Contractor does so as a licensee only, and Authority and KMC shall, at all times, have full and free access to the same.

3.4 Equipment. KMC shall furnish for the use of the Department such equipment as is deemed necessary by KMC for the proper operation and conduct of the Department consistent with community standards. KMC shall keep and maintain this equipment in good order and repair and replace such equipment, as is reasonably necessary and subject to the usual purchasing practices of Authority and KMC and budget constraints.

3.5 Services and Supplies. KMC shall provide or arrange for the provision of janitorial services, housekeeping services, laundry and utilities, together with such other hospital services, including medical records, administrative and engineering services, and expendable supplies as KMC deems necessary for the proper operation and conduct of the Department.

3.6 Control Retained in KMC. In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Contractor shall apprise KMC of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by KMC for follow-up action and evaluation of performance.

4. Payment for Services.

4.1 Compensation. As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth in this paragraph 4.1.

4.1.1 Maternal-Fetal/High Risk OB Coverage. Authority shall pay Contractor an annual fixed fee in the amount of \$286,770 per year for maternal-fetal and high-risk OB coverage as follows: Contractor shall be entitled to receive two (2) payments per month, each payment being equal to \$11,948.75, payable on or before the 10th day and the 20th day of each month during the term of this Agreement. Invoices for payment shall be submitted in a form approved by Authority. Invoices shall be sent to KMC for review and processing on or before the 1st day and 10th day of each month.

4.1.2 Shift Coverage. Authority shall pay Contractor an hourly rate of \$125 per hour for as-needed shift coverage for the obstetrics and gynecology service at KMC (excludes call and the high-risk OB clinic).

4.1.3 Call Coverage. Authority shall pay Contractor for call coverage as follows: (i) Contractor shall be paid a fixed fee in the amount of \$2,400 per 24-hour day for weekend and holiday call coverage assigned (Saturday and Sunday; designated Authority holidays only); (ii) Contractor shall be paid a fixed fee in the amount of \$1,200 for every weekday night of call coverage assigned (Monday through Friday); and (iii) Contractor shall be paid a fixed fee in the amount of \$500 for backup call coverage if called to come to the hospital.

4.4 Quality Bonus. Upon satisfaction of the relevant criteria set forth below and subject to the other terms and conditions set forth in this Agreement, in addition to the fixed-fee compensation set forth in paragraph 4.1, Contractor shall be eligible to receive a quality bonus based on the following measures:

4.4.1 Quality/Safety Measure(s). Contractor shall be eligible to receive a quality bonus in an amount not to exceed \$6,250 for the fiscal year commencing July 1, 2018, and each fiscal year thereafter, if Contractor achieves certain quality/safety measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$6,250 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

4.4.2 Patient Satisfaction Measure(s). Contractor shall be eligible to receive a quality bonus in an amount not to exceed \$6,250 for the fiscal year commencing July 1, 2018, and each fiscal year thereafter, if Contractor achieves certain patient satisfaction measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$6,250 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

4.5 Limitations on Compensation. Except as expressly stated herein, Contractor shall receive no benefits from Authority or KMC, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

4.6 Maximum Payable. The maximum payable under this Agreement shall not exceed \$670,000 over the two-year term of this Agreement.

4.7 Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "B," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

4.8 Professional Fee Billing. KMC shall have the exclusive right to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Contractor to KMC patients during the term of this Agreement. All professional fees generated by Contractor for services rendered to KMC patients during the Term of this Agreement, including both cash collections and accounts receivable, will be the sole and exclusive property of KMC, whether received by KMC or by Contractor and whether received during the term of this Agreement or anytime thereafter. Contractor hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

4.9 High-risk Cesarean Deliveries. Notwithstanding paragraph 4.7 to the contrary, Contractor shall have the exclusive right to bill, collect and retain all professional fees for high-risk Cesarean deliveries provided by Contractor under this Agreement not to exceed 10 such deliveries per year.

4.10 Managed Care Organizations. For and on behalf of Contractor Authority shall have the sole and exclusive right and authority to enter into contractual relationships with HMOs, IPAs, PPOs, PHOs, employer groups, provider networks and other managed care organizations (collectively "Managed Care Organizations"). Contractor shall provide the same quality of care to patients from Managed Care Organizations as is provided to other KMC patients. Upon request from Authority or KMC, Contractor shall execute Managed Care Organization documents as "provider" if deemed necessary or advisable by Authority. Contractor shall not contract with any Managed Care Organization without Authority's prior written consent in each instance.

5. Access to Books and Records. Contractor shall make available, upon written request from Authority or KMC, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement, and Contractor's books, documents and records. Contractor shall preserve and make available such books, documents and records for a period of seven (7) years after the termination or expiration of this Agreement. If Contractor is requested to disclose books, documents or records pursuant to this section for any purpose, Contractor shall notify KMC of the nature and scope of the request, and Contractor shall make available, upon written request of KMC, all such books, documents or records.

6. Anti-referral Laws. Contractor acknowledges that he is subject to certain federal and state laws governing the referral of patients, which are in effect during the term of this Agreement. These laws include (i) prohibitions on payments for referral or to induce the referral of patients, and (ii) the referral of patients by a physician for certain designated health care services to an entity with which the physician (or his or her immediate family) has a financial relationship (Cal. Business and Professions Code sections 650 et seq.; Cal. Labor Code sections 139.3 and 139.31; section 1128B (b) of the Social Security Act; and section 1877 of the Social Security Act). The parties expressly agree that nothing contained in this Agreement shall require either the referral of any patients to, or order of any goods or services from Contractor or KMC. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party shall knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 U.S.C. section 1320a-7b).

7. Assignment. Contractor shall not assign, delegate, sublet, or transfer any interest in or duty under this Agreement. Contractor shall not assign any money due or which becomes due to Contractor under this Agreement without the prior written approval of Authority.

8. Audits, Inspection and Retention of Records. Contractor agrees to maintain and make available to Authority accurate books and records relative to all his activities under this Agreement. Contractor shall permit Authority to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records

or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon Authority herein.

9. **Authority to Bind Authority.** It is understood that Contractor, in his performance of any and all duties under this Agreement, has no authority to bind Authority to any agreements or undertakings.

10. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

11. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

12. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

13. **Compliance with Law.** Contractor shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.

14. **Compliance Program.** Contractor acknowledges that KMC has implemented a compliance program for the purpose of ensuring adherence to applicable federal and state laws, regulations and other standards. Contractor agrees that in the course of performance of his duties described herein that he shall act, and cause his employees to act, in conformance with the policies set forth therein. KMC shall make available such information relating to its compliance program as is appropriate to assist Contractor in adhering to the policies set forth in the compliance program. Contractor and his employees shall participate in compliance training and education as reasonably requested by KMC.

15. **Confidentiality.**

15.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or

identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

15.2 Trade Secrets. The parties acknowledge that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

15.3 Medical Records. The parties agree to maintain the confidentiality of all medical records pertaining to the provision of services under this Agreement in accordance with applicable federal and state laws and regulations including, but not limited to, the California Confidentiality of Medical Records Information Act, codified at section 56.1 of the California Civil Code, California Evidence Code sections 1156 and 1157, and the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations.

15.4 Medical Staff and Committee Records. All records, files, proceedings and related information of Contractor, KMC and the medical staff and its committees pertaining to the evaluation and improvements of the quality of patient care at KMC shall be kept strictly confidential by Contractor. Contractor shall not voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by KMC, which may be given or withheld in the sole discretion of KMC.

15.5 Ownership of Records. All documents, papers, notes, memoranda, computer files and other written or electronic records of any kind ("Documents"), in whatever form or format, assembled, prepared or utilized by Contractor during and in connection with this Agreement shall remain the property of Authority at all times. Upon the expiration or termination of this Agreement, Contractor shall promptly deliver to Authority all such Documents, which have not already been provided to Authority in such form or format as Authority deems appropriate. Such Documents shall be and will remain the property of Authority without restriction or limitation. Contractor may retain copies of the above described Documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of Authority.

15.6 Non-disparagement. Each party agrees that it shall not make or cause to be made, any written (including, but not limited to, any emails, internet postings, remarks or statements) or verbal assertions, statements or other communications regarding the other party's business or each other which may be in any manner whatsoever defamatory, detrimental or unfavorable to

such other party. Each party agrees that these non-disparagement covenants shall survive the termination of this Agreement.

16. **Conflict of Interest.** Contractor covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of his services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

17. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

18. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and Authority acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and Authority acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

19. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

20. **Disqualified Persons.** The parties mutually represent and warrant to one another that they and their respective representatives are not: (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the "Federal health care programs") and/or present on the exclusion database of the Office of the Inspector General ("OIG") or the Government Services Administration ("GSA"); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal governmental agency or department or otherwise declared ineligible from receiving federal contracts or federally approved subcontracts or from receiving federal financial and nonfinancial assistance and benefits. This shall be an ongoing representation and warranty during the term of this Agreement and a party shall immediately notify the other party of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the non-breaching party the right to terminate this Agreement immediately upon written notice.

21. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

22. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with a copy of such verification required in 8 USCA section 1324a. Contractor agrees to indemnify, defend, and hold harmless Authority, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this section 22.

23. **Indemnification and Hold Harmless.** Authority agrees to assume liability for and indemnify and hold Contractor harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Contractor or for which Contractor becomes liable to pay, arising out of or related to the services rendered (including without limitation, those services described in section 2 and Exhibit "A" hereof) or which a third party alleges should have been rendered by Contractor on behalf of Authority or KMC pursuant to this Agreement. The obligation of Authority under this section shall arise as to all services rendered or which a third party alleges should have been rendered by Contractor on behalf of Authority or KMC on and after April 1, 2018 and prior to termination or expiration of this Agreement. This section 23 shall survive termination or expiration of this Agreement and shall apply to all claims made during or after the termination or expiration of this Agreement, which allegedly arise out of services rendered or which allegedly should have been rendered by Contractor during the term of this Agreement; provided, however, that the provisions of this section shall not apply to any services rendered at any location other than KMC without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify or hold Contractor harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

24. **Independent Contractor.** In the performance of the services under this Agreement, Contractor shall be, and acknowledges that Contractor is in fact and law, an independent contractor and not an agent or employee of Authority. Contractor has and retains the right to exercise full supervision and control over the manner and methods of providing services to Authority under this Agreement. Contractor retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Contractor in the provision of services under this Agreement. With respect to Contractor's employees, if any, Contractor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employment taxes whether federal, state or local, and compliance with any and all other laws regulating employment.

25. **Informal Dispute Resolution.** Controversies between the parties with respect to this Agreement, or the rights of either party, or with respect to any transaction contemplated by this

Agreement, shall be resolved, to the extent possible, by informal meetings and discussions among appropriate representatives of the parties.

26. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit "C," attached hereto and incorporated herein by this reference.

27. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

28. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to Authority and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of Authority and Contractor that any such person or entity, other than Authority or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

29. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Contractor, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Contractor will be given 30 days' prior written notice in the event that Authority requires such an action.

30. **Non-collusion Covenant.** Contractor represents and agrees that he has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with Authority. Contractor has received from Authority no incentive or special payments, nor considerations, not related to the provision of services under this Agreement.

31. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.

32. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Contractor. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.

33. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed

received upon receipt; mailed or expressed notices shall be deemed received four (4) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Contractor:

Randolph Fok, M.D.
2330 Truxtun Avenue, Suite A
Bakersfield, California 93301

Notice to Authority:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93301
Attn.: Chief Executive Officer

34. **Signature Authority.** Each party represents that they have full power and authority to enter into and perform this Agreement, and the person(s) signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

35. **Sole Agreement.** This Agreement, including all attachments hereto, contains the entire agreement between the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

36. **Termination.**

36.1 **Termination without Cause.** Either party may terminate this Agreement, without penalty or cause, upon 30 days' prior written notice to the other party.

36.2 **Immediate Termination.** Notwithstanding the foregoing, Authority shall have the right to terminate this Agreement effective immediately after giving written notice to Contractor for any of the following reasons: (i) Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) the issuance of a final order of any governmental agency or court that has competent jurisdiction over the parties, which order requires the termination of this Agreement; (iii) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to Authority or KMC; (iv) the breach of any federal or state law or regulatory rule or regulation or condition of accreditation or certification; (v) the loss or threatened loss of Authority's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; (vi) commission of any unlawful or intentional act by Contractor which would be detrimental to the reputation, character or standing of Authority or KMC; or (vii) commission of a material act of dishonesty, fraud, embezzlement, misappropriation or financial dishonesty by Contractor against Authority or KMC.

37. **Effect of Termination.**

37.1 **Payment Obligations.** In the event of termination of this Agreement for any reason, Authority shall have no further obligation to pay for any services rendered or expenses incurred by Contractor after the effective date of the termination, and Contractor shall be entitled

to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

37.2 **Vacate Premises.** Upon expiration or earlier termination of this Agreement, Contractor shall immediately vacate KMC, removing at such time any and all personal property of Contractor. Authority may remove and store, at Contractor's expense, any personal property that Contractor has not so removed.

37.3 **No Interference.** Following the expiration or earlier termination of this Agreement, Contractor shall not do anything or cause any person to do anything that might interfere with any efforts by Authority to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between Authority and any provider that may replace Contractor.

37.4 **No Hearing Rights.** Termination of this Agreement by Authority or KMC for any reason shall not provide Contractor the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

38. **Time of Essence.** Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Agreement.

39. **Liability of Authority.** The liabilities or obligations of Authority with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Authority and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Agreement as of the day and year first written above.

CONTRACTOR

By 
Randolph Fok, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO FORM:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

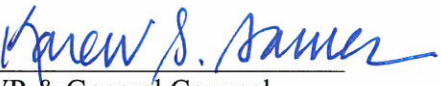
By 
VP & General Counsel
Kern County Hospital Authority

EXHIBIT “A”
DESCRIPTION OF SERVICES
Randolph Fok, M.D.

Contractor shall provide services, as assigned by the Department chair, as follows:

1. Serve as Chief, Division of Maternal-Fetal Medicine.
2. Provide coverage for high-risk OB clinic at KMC to see, manage and treat patient, interact with Department staff and train resident physicians and medical students; supervise resident physicians and medical students during all assigned clinical activity.
3. Provide mutually agreed upon as-needed coverage for the obstetrics and gynecology service at KMC including labor and delivery and the outpatient clinic (excludes call and the high-risk OB clinic).
4. Provide regular and scheduled rounds with resident physicians and Department staff to discuss patients of special interest and needs.
5. Give lectures to Department staff and resident physicians on subjects in maternal-fetal medicine, prenatal diagnoses and obstetrics.
6. Design and participate in clinical research projects; assist resident physicians in designing and conducting clinical research.
7. Consult with Department staff and assist in the management of in-house obstetrical patients.
8. Perform ultrasound examinations, genetics consultations, and other consultations on patients referred to KMC.
9. Provide training to resident physicians in the performance and interpretation of obstetrical ultrasound.
10. Participate in Department and hospital quality improvement programs as required by the KMC medical staff bylaws, rules, regulations and policies.
11. Make every effort to attend Department staff meetings, the annual medical staff meeting, and committee meetings assigned by the president of the medical staff.

[Intentionally left blank]

EXHIBIT "B"
IRS FORM W-9

EXHIBIT "C"

INSURANCE

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by Authority. Any requirement for insurance to be maintained after completion of the work shall survive the termination or expiration of this Agreement.

Authority reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

1. Workers' Compensation and Employers Liability Insurance:

- (a) Required if Contractor has employees. If Contractor currently has no employees, Contractor's written confirmation of such will be required before execution of this Agreement. If Contractor engages any employees during the term of this Agreement or any extensions thereof, Contractor agrees to obtain the specified Workers' Compensation and Employers Liability insurance.
- (b) Workers' Compensation insurance with statutory limits as required by the California Labor Code.
- (c) Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- (d) Waiver of Subrogation: The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Authority for all work performed by Contractor, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- (c) If Contractor has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.

- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
- (e) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 below for full Additional Insured wording.
- (f) The insurance provided to Authority as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by Authority.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between Authority and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

- (a) Minimum Limits: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
- (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
- (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 for full Additional Insured wording.
- (e) Required Evidence of Insurance: Certificate of Insurance.

4. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.

5. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.

6. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:

- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
- (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
- (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.

7. Documentation:

- (a) The Certificate of Insurance must include the following reference: “**Agreement for Professional Services.**”
- (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1, 2 or 3 above.
- (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
- (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
- (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
- (f) Upon written request, certified copies of required insurance policies must be provided to Authority within 30 days.

8. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.

9. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. Authority, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, Authority may purchase the required insurance, and without further notice to Contractor, Authority may deduct from sums due to Contractor any premium costs advanced by Authority for such insurance. These remedies shall be in addition to any other remedies available to Authority.

[Intentionally left blank]



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

SUBJECT: Proposed Agreement with Charter Communications Operating, LLC on behalf of its operating subsidiary Spectrum, an independent contractor.

Requested Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed agreement with Charter Communications, LLC on behalf of its operating subsidiary Spectrum for the purchase of hosted voice and internet services. The agreement would be for hosted voice (phone and fax lines) for 1902 B Street, Suite A, Bakersfield, CA 93301. We have temporary phone lines being installed under the existing Charter Communications Master Service Agreement (MSA); however, these phone lines will not meet the long-term business needs of the clinic. To be efficient and meet the needs of our patient, we need to have hosted voice for the clinic and our existing MSA is for fiber only, which is unavailable at that clinic location for at least 3 months. This proposed agreement will be for hosted voice services via Coax, which we will utilize until fiber is available, at which point, we will switch back to the existing MSA terms. The proposed agreement is for 36 months with a monthly service cost of \$569.00. We will discontinue this service at the time the fiber services become available at this location.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to Charter's limitation of liability which shall not exceed the cost of three months of applicable services, binding arbitration, waiver of the right to a trial by jury, lack of indemnification language, and the agreement being governed by the laws of New York with the venue of any legal action being New York, rather than California where the services will be rendered.

SERVICE ORDER



Service Agreement Period

Account Executive

Reserved
Install Date

Bryan.Orton@charter.com

Service Address
1902 B ST, Building
STE Suite A,
BAKERSFIELD, CA
93301

Billing Address
1902 B ST, Building STE
Suite A, BAKERSFIELD,
CA 93301

Business Name
Kern County Hospital
Authority

Tax ID:

Tax Exempt:

**Initial if
Premise Owner**

Account Number:
103457888

Directory Information

YPHV: NONE
1902 B ST Building STE, Suite A, BAKERSFIELD, CA, 93301

Caller ID
Kern Laser Cent

Total Services

Hosted Voice	QTY	MRC	NRC	Business Phone	QTY	MRC	NRC
Hosted Voice Service	1	0.00		Spectrum Business Voice	1	49.99	
Hosted Voice Data Service	1	0.00		(661) 843-7981			
Premium Hosted Voice	8	280.00		Promo Discount	1	-10.00	
Cisco 508	8	40.00		Bundle Discount	1	-10.00	
Business Internet	QTY	MRC	NRC				
Spectrum Business Internet Max	1	299.99					
Spectrum WiFi	1	0.00					
Security Suite	1	0.00					
Vanity Email	1	0.00					
Cloud Backup	1	0.00					
Domain Name Registration	1	0.00					
Promo Discount	1	-20.00					
Webhosting	1	0.00					
Bundle Discount	1	-140.00					
Spectrum WiFi AP	1	0.00					
One Time Charges	QTY	MRC	NRC				
Installation	2		0.00				

Total One Time Charge \$0.00

Estimated Monthly Total \$489.98

Prices do not include taxes, equipment and fees

I (the customer) understand that I am responsible for all equipment and payment of all applicable services and products provided by Bright House Networks, LLC's parent, Charter Communications Operating, LLC and its subsidiaries providing the Services ("Spectrum Business"). By signing below, I acknowledge that I have been provided the Services Master Agreement (the "Subscriber Agreement"), which is available at business.brighthouse.com, and that I agree to the terms of the Subscriber Agreement. WITHOUT LIMITING THE FOREGOING, I ACKNOWLEDGE THAT I HAVE READ AND UNDERSTAND THE ARBITRATION PROVISION SET FORTH IN THE SUBSCRIBER AGREEMENT AND THAT I WILL BE BOUND BY IT UNLESS I OPT OUT. Business TV, Equipment charges and Ancillary Services are delivered on a month-to-month basis and subject to increases. Spectrum Business customers will receive a complimentary WiFi Hotspot with any new Internet Services ordered unless otherwise noted above.

Spectrum Business Voice customers must agree to the following:

For each phone number identified above, "INT" signifies that international calling is permitted. I acknowledge that additional international calling fees apply.

Spectrum Business Voice service customer premise equipment ("Spectrum Business CPE") is electrically powered and, in the event of a power outage or Spectrum Business network failure, Enhanced 9-1-1 ("E911") services may be unavailable. When you dial 911, your service address is automatically provided to an emergency services provider. Spectrum Business CPE must not be moved to a new service address without first contacting Spectrum Business to identify your new service location. If you move the Spectrum Business CPE to a new service address without authorization and dial 911, you will need to provide your address to the 911 operator or your call may be misdirected to the wrong location or wrong emergency provider. During the first 72 hours after initiating service or advising us of an address change, if you dial 911, you must provide your new service address to the emergency operator. This is necessary to ensure emergency services are dispatched to your new service address because the emergency operator may not have the new service address in their records. In some locations, depending on the equipment used by local governments to provide 911 service, you will always need to convey the 911 service location information to the emergency operator. You must ensure that all alarm, security, medical and/or other monitoring systems and services are tested to validate proper operation after Spectrum Business Voice service is installed.

By signing my name below, I acknowledge that I have received and understand this notice and acknowledgement and agree to the obligations described above.

Authorized Name _____ Authorized Signature _____ Date _____



**Spectrum Business Voice
Letter of Authorization**

Company Name: Kern County Hospital Authority

Billing Address: 1902 B ST, Building STE Suite A, BAKERSFIELD, CA 93301

I want to change my service provider. By checking the boxes below, I designate Spectrum¹ to become my new voice service provider in place of my current provider(s) for the following telephone numbers:

(661) 843-7980

(Identify individual numbers or contiguous range(s))

I want to change my Local Service Provider. By checking here and signing below, I authorize Spectrum to become my Local Service Provider in place of my current Local Service Provider for the telephone number(s) listed above.

I want to change my intraLATA (Local Toll) Service Provider. By checking here and signing below, I authorize Spectrum to become my intraLATA Service Provider in place of my current intraLATA Service Provider for the telephone number(s) listed above.

I want to change my interLATA (Long Distance) Service Provider. By checking here and signing below, I authorize Spectrum to become my interLATA Service Provider in place of my current interLATA Service Provider for the telephone number(s) listed above. I understand that this authorization also designates Spectrum as my International Service Provider.

I understand that I may choose only one Local, one intraLATA (Local Toll), and one interLATA (Long Distance) carrier for each telephone number listed above. I confirm that Spectrum may notify my current Telephone Service Provider(s) of my request for Spectrum to become my new Service Provider and to obtain my customer account records from my current Telephone Service Provider(s).

I understand that I will not be charged a fee by Spectrum to change my service provider.

I am at least 18 years of age and I am authorized to change the service providers for the telephone numbers listed above. My signature on this Letter of Authorization designates Spectrum to act as my agent for purposes of the preferred carrier changes designated above and authorizes Spectrum to become my local, intraLATA (local toll), interLATA (long distance), and international telephone service provider.

(Authorized Customer Signature)

(Date Signed)

(Printed Name)

(Title)

Note: To complete your order, you must confirm your service provider selection by checking the boxes next to each statement. Should you have any questions, please call your Spectrum account representative.

**REVIEWED ONLY
NOT APPROVED AS TO FORM**

By 
Legal Services Department

¹ "Spectrum" refers to Charter Communications Operating, LLC and its subsidiaries providing you the Services.

**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Agreement with HR Knowledge to provide a cloud based software program for position control management

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed software agreement with HR Knowledge to provide a cloud based software program for position control management. The Position Control Management Software offered by HR Knowledge will provide KCHA the capability to track approved positions and status of each, provide labor cost tracking, cost projections, and provide real time reporting to management staff. HR Knowledge was selected as the preferred vendor due to their unique offering of a standalone software program, meaning it does not require the purchase of a complete integrated Human Resources Management System (HRMS) and it will integrate with our current HRMS Ultimate Software.

TERM:

A 24-month term, 30-day written termination notification required.

LENGTH OF CONTRACT COST:

One-Time Implementation Cost: \$13,900

Monthly Hosting Fees: \$26,400 (\$1,100 x 24)

Custom Reporting: \$5,700

Total: \$46,000

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to HR Knowledge's limitation of liability to the cost of the agreement and the agreement being governed by Massachusetts' law rather than California.



SOFTWARE AS A SERVICE STATEMENT OF WORK

Prepared for: Kern County Hospital
Authority

Wednesday, March 21, 2018

CORPORATE OFFICE
15 Berkshire Road
Suite B
Mansfield, MA 02048

WALTHAM OFFICE
1377 Main Street
Suite 208
Waltham, MA 02451

P 508.339.1300
F 508.339.1349

www.hrknowledge.com

YOUR **INTEGRATED SOLUTION** FOR
HUMAN RESOURCES,
BENEFITS BROKERAGE, AND
MANAGED PAYROLL SERVICES



SOW for Software Implementation Services for Kern County Hospital Authority

Project Title: Position Control	Services Performed by: HR Knowledge, Inc. 15 Berkshire Road Suite B Mansfield, MA 02048	Services Performed for: Kern County Hospital Authority 1700 Mt Vernon Avenue Bakersfield CA 93306
---	--	---

This Statement of Work ("SOW") is issued pursuant to the signed Client Services SOW between Kern County Hospital Authority ("Client") and HR Knowledge, Inc. ("HR Knowledge"), effective April 2, 2018.

HR Knowledge owns ExecView (the "Software"), a web-based human resource management solution which is hosted and supported by HR Knowledge. The Client desires to obtain access and use of the services of the Software for management of its human resources and payroll needs; and, HR Knowledge is willing to enter into an agreement with the Client whereby the Client will obtain access and use of the services of the Software through the Internet.

Now therefore, in consideration of the above, the parties agree as follows:

I. Scope of Services

- I.I HR Knowledge will deliver the Client all the services set forth in its Statement of Work ("SOW") incorporated by reference to this SOW as Appendix A. HR Knowledge shall deliver the services in accordance with the specifications set forth in the SOW. Any changes to the SOW must be in writing and signed by the parties.
- I.II HR Knowledge will deliver services to the Client within 60 business days upon execution of this SOW. HR Knowledge will work diligently to complete the delivery of services on schedule and will keep the Client informed of its progress. In the event that HR Knowledge is unable to deliver the services in the time frame here stated, through no fault of the Client, the Client in its sole discretion may (i) grant HR Knowledge an extension of time for delivery of services, (ii) terminate this SOW under the provisions set forth in Section IV of the SOW.
- I.III If after 30 business days, the Client has not completed the required actions necessary for HR Knowledge to complete delivery of its services, then, the Client shall no longer be eligible for a refund. HR Knowledge in its sole discretion may grant an extension of time for the Client to complete its required actions or terminate this SOW under the provisions set forth in Section IV of the SOW.
- I.IV HR Knowledge will complete all work off-site through high speed internet connection. Installation and training will be done through Go to Assist unless otherwise agreed to in writing. The Client shall provide such cooperation as is reasonably required by HR Knowledge to complete its delivery of services. The Client shall be responsible for adding the necessary links to its existing Intranet to enable its employees to access and use the services. Any hardware or software necessary for the Client's employees to access and use the services shall be the responsibility of the Client.
- I.V HR Knowledge shall notify the Client in writing upon completion of the services whereupon the Client shall have 30 days to notify HR Knowledge of any non-conformity of the services and HR Knowledge shall have 30 days to correct such non-conformity.



I.VI HR Knowledge shall provide training to no more than three employees selected by the Client for training. HR Knowledge shall train the employees to enable the employees to make full use of the features and functionality of the services. HR Knowledge in its sole discretion may provide such training remotely via the Internet and /or telephone. The Client shall coordinate with HR Knowledge as to the date and time(s) for such training, which, unless otherwise agreed to in writing, shall be completed within 15 days of completion and delivery of the services

II. Scope of Support Services

HR Knowledge shall provide basic support to the Client as part of its monthly fee arrangement. Basic support shall include:

- Research and correction of technical problems that occur with the use of the services,
- Research and correction of interface problems between the Client and the Software, and
- Resolution of questions regarding the use, operations, and features of the Software.

III. Fees and Payment

The Client shall pay HR Knowledge fees for the services set forth in the Fee Schedule incorporated and referenced in this SOW as Appendix B. The fees are due as follows: 100% of the fee is due as stated in Appendix B if the fee is less than \$6,000; otherwise see chart below.

Due Dates
50% due upon acceptance of proposal
25% due upon delivery of successful test following implementation
25% due within 20 days following implementation date
*Payments are due upon receipt via ACH or wire transfer

Bill To Address	Client Project Manager
Kern County Hospital Authority 1700 Mt Vernon Avenue Bakersfield CA 93306	Lori Ambrose

IV. Termination of SOW

- IV.I In 30 days from the date of the Client’s written notice of termination to HR Knowledge. The Client forfeits all money paid to HR Knowledge at the time of its notice of termination.
- IV.II If the Client fails to make any payment due under SOW, and fails to cure such breach within 10 days after receiving written notice from HR Knowledge, then HR Knowledge may immediately and without further notice terminate this SOW and declare all sums due and payable immediately.
- IV.III If either party materially breaches any term or condition of this SOW and fails to cure such breach within 30 days after receiving written notice of the breach. The non-breaching party may terminate this SOW upon written notice at any time following the end of such 30-day period.
- IV.IV This SOW may terminate immediately upon notice by HR Knowledge if a receiver is appointed to the Client, an assignee is appointed for the benefit of creditors of the Client, or in the event of Client’s insolvency or Client’s inability to pay debts as they become due, except as may be prohibited by



applicable bankruptcy laws. Such termination shall not be deemed a material breach of this SOW, and the Client shall not incur any additional liability due to such termination.

V. Limitation of Liability

In no event shall HR Knowledge's liability arising out of or relating to this SOW exceed the sum of fees paid by the Client for the services provided by the Software. In no event shall HR Knowledge be liable to the Client for any consequential or incidental losses, including but not limited to lost profits, loss of business, loss of use or of data, any unauthorized access to, alteration, theft or destruction of the Client's computers, computer systems, data files, programs or information, or costs of procurement of substitute goods or services, or for any indirect, special or consequential damages however caused under any theory of liability and whether or not HR Knowledge has been advised of the possibility of such damage. The parties agree that the terms in this limitation of liability section represent a reasonable allocation of risk.

VI. Warranty and Indemnification

- VI.I HR Knowledge represents and warrants that while this SOW remains in effect, (i) the services shall conform to the written specifications contained in the SOW; and, (ii) HR Knowledge shall provide the Software and services in professional manner in accordance with industry standards.
- VI.II HR Knowledge shall indemnify, defend and hold harmless the Client from any and all claims, causes of action, liability, judgments, penalties, costs and expenses (including attorney's fees and costs of suit) resulting from any allegation that the Software or Services infringes the intellectual property rights of third parties, including without limitation, any party's rights under or in any patent, trademark, copyright or trade secret. This indemnification obligation shall survive the termination of this SOW.
- VI.III The Client shall indemnify, defend and hold harmless HR Knowledge from any and all claims, causes of action, liability, judgments, penalties, costs and expenses (including attorney's fees and costs of suit) resulting from any allegation that an employee of the Client or any party associated with the employee of the Client misused the Software and services hosted by HR Knowledge resulting in damages to a third party. This indemnification obligation shall survive the termination of this SOW.

VII. Intellectual Property

HR Knowledge exclusively owns the Software and all intellectual property rights, title and interest in any ideas, concepts, know-how, documentation or techniques HR Knowledge provides under this SOW. The Client agrees that and acknowledges that no title, interest, or ownership or any aspect of the Software shall pass to the Client under this SOW and that HR Knowledge retains all rights, title and interest, including all rights under patent, trademark and copyright law, for the Software.

VIII. Confidentiality

In Connection with the business relationship that arises out of this SOW, HR Knowledge and the Client may provide each other with confidential information and trade secrets, including without limitation, information on their respective organization, business, finances, personnel, services, systems, pricing structure, proprietary products and processes, transactions and/or business relations. Each party agrees to retain in confidence all information disclosed by the other. Each party shall only use the other's information as contemplated by, and in connection with the performance of this SOW. HR Knowledge is aware that Client is a government entity and is subject to the California Public Records Act, *Cal.Govt.Code §6250 et*



seq., the Brown Act, *Cal.Govt.Code §54950 et seq.*, and other laws pertaining to government entities. Information required by law to be disclosed will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation.

IX. General Provisions

- IX.I In the event of HR Knowledge goes out of business, the Client will receive a password to the source code directly from HR Knowledge, HR Knowledge’s accounting firm, and/or HR Knowledge’s Law Firm. The release of a password shall not grant the Client the right to use the Software on behalf of third parties or in a service bureau environment; however, this license shall extend on an enterprise-wide basis to the Client and to its affiliates and subsidiaries. The Client shall not reverse engineer, decompile or disassemble the Software.
- IX.II Neither party may assign any of its rights or delegate any of its obligations under this SOW, whether by operation of law or otherwise without the express written consent of the other party. Assignment without consent shall be null and void.
- IX.III In the event of HR Knowledge is sold as a full entity, all contracts signed with HR Knowledge will be valid for a minimum of two (2) years from the commencement date of this SOW. Such provision will be incorporated within the SOW effectuating the sale of HR Knowledge.
- IX.IV This SOW shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without reference to conflict of laws or choice of laws rules. All legal actions relating to this SOW shall be brought in the state or federal courts located Massachusetts.



Acknowledgment & Signature

This SOW between HR Knowledge, Inc. and Kern County Hospital Authority, is to be effective March 21, 2018. The SOW constitutes the entire understanding of the parties relating to the subject matter set forth herein. This SOW may not be modified except in writing signed by both parties.

HR Knowledge Authorization:

HR Knowledge, Inc.
15 Berkshire Road
Suite B
Mansfield, MA 02048

Name: _____
Title: _____
Signature: _____
Date: _____

Client Authorization:

Kern County Hospital Authority
1700 Mt Vernon Avenue
Bakersfield CA 93306

Name: _____
Title: _____
Signature: _____
Date: _____

**REVIEWED ONLY
NOT APPROVED AS TO FORM**

By *[Signature]*
Legal Services Department



Appendix A: Outline of Services

1. **Objective:** To automate the position control administration process to improve efficiency, accuracy while promoting manager self-service and access to information.
2. **Solution:** This web-based solution will be available on managers' desktops computers using Internet Explorer and will provide them access to their direct reports' position control guidelines.
3. **Features/Benefits:** The Software is a web-based solution therefore all clients are on the most recent version of the ExecView software.
4. **Modules in ExecView:**
 - Position Control
 - Develop staffing plans and budgets
 - Track all current jobs and associated rates of pay for each employee
 - Track requested, approved, open and filled positions
 - Maintain an audit trail of changes to the above
 - Track staffing history for each position
 - How position is funded
 - Report on Budgeted vs. Forecast vs. Actual headcount and expenditure

Appendix B: Fees and Payment

1. **One-Time Implementation Costs:** One-time cost for implementing the Software for an employee count up to 5,000. Please check off the modules required.

Due Dates	Total	
Base Set Up Position Control Module (Includes 1 EIN)	\$9,100	<input checked="" type="checkbox"/>
		<input checked="" type="checkbox"/>
		<input type="checkbox"/>
Each Additional EIN Set Up	\$6,500	<input type="checkbox"/>
		<input type="checkbox"/>
*Optional: HR Knowledge Hosting Set Up (Server, Backup, Static IP Address) <i>Must be paid in full at the acceptance of this SOW.</i>	\$4,800	<input checked="" type="checkbox"/>
Total Cost for One-Time Fees	\$13,900	<input checked="" type="checkbox"/>
Payments are due upon receipt via ACH or wire transfer		



2. **Monthly License Fees:**

Due Dates	Total	
Position / Budget / Requisition Control Base (Unlimited Users)	\$600	✓
*Optional Report Writer (Unlimited Users)	\$300	✓
Monthly Hosting	\$200	✓
<i>*Additional Customization set up will be priced individually</i>		
Total Cost for Monthly Fees	\$1100	✓
Payments are due upon receipt via ACH or wire transfer		

3. **Training Fees:** All training is done remotely via internet and/or telephone unless otherwise specified. Four (8) hours of training is included. "Train the Trainer" is included for the life of the contract.

Due Dates	Total	
8 Hours of Training	<i>Included</i>	✓
*Optional On-Site Training: \$1,200 per day, plus travel and expenses		<input type="checkbox"/>
Total Cost for On-Site Training	\$	<input type="checkbox"/>
Payments are due upon receipt via ACH or wire transfer		

HR Knowledge Authorization:

HR Knowledge, Inc.
15 Berkshire Road
Suite B
Mansfield, MA 02048

Client Authorization:

Kern County Hospital Authority
1700 Mt Vernon Avenue
Bakersfield CA 93306

Name: _____

Name: _____

Title: _____

Title: _____

Signature: _____

Signature: _____

Date: _____

Date: _____



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Proposed discussion and recommendation to Kern County Board of Supervisors to appoint a qualified candidate to the Kern County Hospital Authority Board of Governors to fill the Community Member at Large vacancy created by the resignation of Colleen McGauley, effective July 1, 2018, term to expire June 30, 2021

Recommended Action: Discuss; Make Recommendation; Refer to Kern County Board of Supervisors to Make Appointment

Summary:

Kern Medical has received three applications from qualified candidates to fill the Community Member at Large vacancy on your Board created by the resignation of Colleen McGauley, effective July 1, 2018. The qualified candidates, listed below in alphabetical order, are:

1. **Raji K. Brar** – Ms. Brar is a resident of Bakersfield. She local businesswoman who, along with her family, owns and operates various franchises in Kern and Tulare counties and a construction and real estate development division. Since 2003, she has worked as the Chief Operating Officer of Countyside Market & Restaurants. She has extensive community involvement and has served on the Kern Health Systems Board of Directors since 2015. She is a graduate of California State University, Bakersfield and holds a Master of Science degree in health care administration. According to her application, she meets the following specific qualifications to serve on the Board of Governors: 1) knowledge of healthcare delivery systems; 2) knowledge of healthcare policy and regulatory issues including current and projected healthcare trends; 3) knowledge of human resources in large organizations; 4) an understanding of budgeting process, revenue cycle, financial reports and basic accounting principles; 5) experience with managing hospital services and understanding of the healthcare needs of the hospital authority’s patient populations; 6) and experience in advocating for safety net populations including the pursuit of public funding for the delivery of healthcare services. Her resume and application are attached. She has cleared the required background check.
2. **Donna L. Chaffee** – Ms. Chaffee is a resident of Bakersfield. She is a senior level business leadership professional who works as a Vice President and Controller for Ability Answering Service in Bakersfield. She graduated from the University of Phoenix with an MBA in 1997 and holds a Ph.D. in counseling and human services from Capella University. Her community involvement includes service as a counselor and parenting class instructor at the Bakersfield Pregnancy Center and community member on the Citizens Oversight Committee. According to her application, she meets the following specific qualifications to serve on the Board of Governors: 1) knowledge of human resources in large organizations; and 2) an understanding of budgeting process, revenue cycle, financial reports and basic accounting principles. Her resume and application are attached. The results of the required background check are pending.

Members, Board of Governors

April 18, 2018

Page 2 of 2

3. **Nicolas T. Ortiz** – Mr. Ortiz is a resident of Bakersfield. He has served as the President and Chief Executive Officer of the Greater Bakersfield Chamber of Commerce since 2015. He has served on the Board of Directors of the Bakersfield Homeless Center/Alliance Against Family Violence and Sexual Assault since 2010 and the Board of Directors of CALM Zoo Foundation since 2011. He is a member of Bakersfield Rotary Club. He graduated from the University of California, Santa Cruz with a Bachelor of Arts degree in politics. According to his application, he meets the following specific qualifications to serve on the Board of Governors: 1) knowledge of healthcare policy and regulatory issues including current and projected healthcare trends; 2) an understanding of budgeting process, revenue cycle, financial reports and basic accounting principles; and 3) experience in advocating for safety net populations including the pursuit of public funding for the delivery of healthcare services. His resume and application are attached. He has cleared the required background check.

The hospital authority Bylaws for Governance provides that your Board may make a recommendation to the Board of Supervisors from the pool of qualified candidates to fill the vacancy.

Therefore, it is recommended that your Board discuss the applications received from qualified candidates, make a recommendation to fill the vacancy from the pool of qualified candidates, and refer the recommendation to the Kern County Board of Supervisors to make the appointment.

Raji K. Brar

1251 Brar Family Court
Bakersfield, CA 661-703-5832
rajibrar@gmail.com

Background

Currently, I along with my family own and operate multiple businesses in and around Kern and Tulare counties. We have various different franchises; Subway, Pizza Hut, Taco Bell and Shell Gas Stations, along with a Construction & Real Estate Development Division. In the past I have had the privilege of being the first Sikh Women ever elected to a City Council Seat in the State of California. For this historic achievement, I was honored as "Women of the Year," by the California State Senate. In 2016, I was chosen by Bakersfield Life Magazine as "20 Under 40," people to watch. I was born and raised in the Central Valley. I am a dedicated wife and the proud mother of two young boys and a little girl.

Community Service

2015 –Present

- Director Central Valley Regional Water Quality Control Board (Appointed by Governor Brown)
- Director Kern Health Systems (Appointed by Kern County Supervisor Perez)
- Director/ Founder Bakersfield Sikh Women's Association
- Director Rio Bravo Greeley Educational Foundation Board
- Member Kern County Hispanic Chamber of Commerce Government Relations Committee
- Director Subway Franchisee Advertising Fund

2015-2017

- Director Kern County Fair Board (Appointed by Governor Brown)
- Director Cal State University Bakersfield Alumni Association Board
- Director Girls Scouts of Central California South

2006-2008

- Council Member City of Arvin
- Vice –Chair Arvin Redevelopment Agency
- Board Member San Joaquin Valley Air Pollution Control District
- Secretary Arvin Chamber of Commerce

Education

Cal State University Bakersfield

2002 Masters of Science Health Care Administration
2000 Bachelor of Science Biology, Chemistry Minor

Experience

2003-Current

Countryside Market & Restaurants

Chief Operating Officer

2001-2003

Clinica Sierra Vista, Bakersfield, CA

Executive Assistant to CEO

2000-2001

BC Laboratories, Bakersfield, CA

Chemist

Kern County Hospital Authority Board of Governors

APPLICATION

APPLICATION DEADLINE: April 9, 2018 at 5:00pm

Applications must be received by this deadline at the address listed below on the application.

Please fill out all information on this form, print clearly using blue ink only. If you have questions, please call (661) 326-2102.

Mail or deliver your completed application to:

Kern Medical
ATTN: Chief Executive Officer
1700 Mount Vernon Avenue, Room 1232
Bakersfield, CA 93306

Brav Raji K.
Last Name First Name Middle Initial

1251 Brav Family Ct BLIFd CA 93314
Home Address City State Zip Code

661 703-5832
Home Phone Cell Phone

rajibrav@gmail.com
Email Address (Required)

Countryside Market & Restaurant COO 661 703-5832
Employer Title Work Phone

21959 Hwy 46 Lost Hills CA 93249
Employer Address City State Zip Code

BOARD OF GOVERNORS QUALIFICATION CATEGORIES

I meet the following Board of Governors specific qualification categories (mark all that apply):

- Knowledge of healthcare delivery systems
Knowledge of healthcare policy and regulatory issues as well as current and projected healthcare trends
Knowledge of human resources in large organizations
An understanding of budgeting process, revenue cycle, financial reports and basic accounting principles
Experience with managing hospital services and understanding of the healthcare needs of the Kern County Hospital Authority's patient populations
Experience in advocating for safety net populations including, but not limited to, the pursuit of public funding for the delivery of healthcare services

APPLICANT RESPONSIBILITIES

I understand that by submitting this application:

- I am a full-time resident of the County of Kern and at least 18 years of age;
I agree to participate as a Member of the Kern County Hospital Authority Board of Governors;
I have signed and submitted with this Application the background investigation form, which authorizes background and security screening;
I have submitted with this Application a current resume or curriculum vitae;
I agree to comply with the laws of the state of California as they pertain to conflicts of interest.

Applicant Signature

Date 4/2/18

Donna L. Peltier-Chaffee PhD

8801 St. Cloud Lane Bakersfield, CA 93311 | 661-428-3658
dpchaf@earthlink.net

Senior-Level Business Leadership Professional Accounts Payable and Receivable | Team Leadership | Human Resources

Possesses a 23-year background in all aspects of Human Resources and business leadership including billing, staff training, & project leadership. Skilled in analyzing staff and project progress to ensure complete adherence to budget requirements. A strong background in thoroughly researching customer concerns to create effective resolutions.

- Human Resources
- Project Leadership
- Accounts Payable and Receivable
- Customer Satisfaction
- Conflict Resolution
- Budget Control
- Facilities Management
- Staff Training and Development
- Research Methodologies
- Organizational Leadership
- Customer Service
- Time Management

PROFESSIONAL EXPERIENCE

Ability Answering Service 1994 – Present
Vice President/Controller

- Possess full control and accountability for Human Resources operations at the Ability Answering Service.
- Ensure the highest level of accuracy during the processing of Accounts Receivables and Payables to minimize any delays in operations or errors in financial reporting.
- Consistently create positive, individualized customer interactions to drive retention and satisfaction.

Bakersfield Pregnancy Center 2017 – Present
Counselor & Parenting Class Instructor

- Help client communicate feelings, relationship issues, and sort options regarding possible pregnancy.
- Offer educational training on parenting subjects in a classroom setting or one-on-one.
- Verify pregnancy test with client when a nurse is not available.
- Community liaison on mobile medical unit; work in the community with vulnerable population offering a multitude of services/referrals as needed.

Citizens Oversight Committee 2017 – Present
Community Member

- Responsible for overseeing and monitoring the expenditures of how and when Kern High School bonds are spent.
- Help committee provide an annual report on how bond funds were used in the past year.
- Review projects to confirm they meet the standards & goals set forth in original design.

EDUCATION & CREDENTIALS

Ph.D., Counseling & Human Services, Capella University, 2018

Masters of Business Administration, University of Phoenix 1997

Kern County Hospital Authority Board of Governors

APPLICATION

RECEIVED

APR 12 2018

Kern Medical Administration Office

APPLICATION DEADLINE: April 9, 2018 at 5:00pm

Applications must be received by this deadline at the address listed below on the application.

Please fill out all information on this form, print clearly using blue ink only. If you have questions, please call (661) 326-2102.

Mail or deliver your completed application to:

Kern Medical
ATTN: Chief Executive Officer
1700 Mount Vernon Avenue, Room 1232
Bakersfield, CA 93306

Chaffee Donna L
Last Name First Name Middle Initial

8801 St Cloud LN Bakersfield CA 93311
Home Address City State Zip Code

661-654-0203 661-428-3658
Home Phone Cell Phone

dpchaf@earthlink.net
Email Address (Required)

Ability Answering Service Controller 661-327-7911
Employer Title Work Phone

2105-24th St Bakersfield CA 93301
Employer Address City State Zip Code

BOARD OF GOVERNORS QUALIFICATION CATEGORIES

I meet the following Board of Governors specific qualification categories (mark all that apply):

- Knowledge of healthcare delivery systems
Knowledge of healthcare policy and regulatory issues as well as current and projected healthcare trends
Knowledge of human resources in large organizations
An understanding of budgeting process, revenue cycle, financial reports and basic accounting principles
Experience with managing hospital services and understanding of the healthcare needs of the Kern County Hospital Authority's patient populations
Experience in advocating for safety net populations including, but not limited to, the pursuit of public funding for the delivery of healthcare services

APPLICANT RESPONSIBILITIES

I understand that by submitting this application:

- I am a full-time resident of the County of Kern and at least 18 years of age;
I agree to participate as a Member of the Kern County Hospital Authority Board of Governors;
I have signed and submitted with this Application the background investigation form, which authorizes background and security screening;
I have submitted with this Application a current resume or curriculum vitae;
I agree to comply with the laws of the state of California as they pertain to conflicts of interest.

Donna L Chaffee
Applicant Signature

4-5-18
Date

Nicholas T. Ortiz

11612 Crabbet Park Drive □ Bakersfield, CA 93311 □ Cellular: 661.304.9863

Personal Email: nickortiz00@yahoo.com

Work Experience:

Greater Bakersfield Chamber of Commerce

Bakersfield, CA

April, 2015 – Present

President & CEO

- Chief executive overseeing all operations of the Greater Bakersfield Chamber of Commerce – Kern County's premier industry organization, which represents over 1,100 local and California businesses
- Serve as the organization's principal spokesperson on business and public policy issues
- Manage a staff of seven, and work with hundreds of volunteers to carry out the mission of the Chamber
- Serve on local Boards and Commissions on behalf of the Chamber

Western States Petroleum Association (WSPA)

Bakersfield, CA

May, 2011 – April, 2015

Manager, Production Regions

- Directed the advocacy and community engagement efforts for upstream operations in the San Joaquin Valley, Central Coast, and Southern California regions for California's leading petroleum association
- Regularly interfaced with members of the state executive branch, members of Congress, state legislators, and local elected officials on behalf of WSPA
- Led the development of the Kern County Oil & Gas Environmental Impact Report – a landmark program to streamline oil and gas permitting in Kern County, California.

Pacific Gas and Electric Company (PG&E)

Bakersfield, CA

May, 2010 – May, 2011

Local Area Manager, Government Relations

- Served as the lead public affairs representative in Kern County representing PG&E's interests at the local and regional level
- Served on company teams managing statewide initiatives including customer rates and pipeline safety
- Managed the company's charitable contribution, political contribution, and trade association budgets for Kern County

Greater Bakersfield Chamber of Commerce

Bakersfield, CA

December, 2007 – April, 2010

Government Affairs Manager

- Led the advocacy efforts of the Greater Bakersfield Chamber of Commerce – the region's premier industry organization, which represents over 1,100 local and California businesses

- Staffed the Chamber's Board of Directors, Government Review Council, and Political Action Committee

Office of California State Assemblywoman Nicole M. Parra

Bakersfield, CA

June, 2007 – December, 2007

District Director

- Served as the Assemblywoman's lead local staffer, responsible for local office management and personnel oversight
- Responsible for ensuring the citizens and businesses in the 30th District received high quality constituent services

United Way of Kern County (UWKC)

Bakersfield, CA

September, 2006 – June, 2007

Self Sufficiency Coordinator/Project Manager

- Responsible for staffing and furthering the policy goals of Bakersfield Mayor Harvey Hall's Ten Year Plan to End Homelessness Initiative
- Led the Housing Affordability efforts of UWKC, including community, government, and public relations
- Led development of the County's HUD Continuum of Care Application

Silicon Valley Leadership Group (SVLG)

San Jose, CA

July, 2005 – September, 2006

Associate Director, Communications

- Directed strategic and press communications for a trade association representing over 200 of Silicon Valley's and California's largest corporations
- Managed and coordinated key events including the annual CEO Summit and the annual Public Policy Luncheon.
- Worked with community partners to highlight SVLG member company involvement in their communities.

Education:

University of California, Santa Cruz

- B.A. in Politics (2004)

Community Service:

- Board Member, Bakersfield Homeless Center/Alliance Against Family Violence and Sexual Assault (2010-Present)
- Board Member, CALM Zoo Foundation (2011-Present)
- Member, Bakersfield Rotary Club (2017-Present)

Kern County Hospital Authority Board of Governors

APPLICATION

APPLICATION DEADLINE: April 9, 2018 at 5:00pm

Applications must be received by this deadline at the address listed below on the application.

Please fill out all information on this form, print clearly using blue ink only. If you have questions, please call (661) 326-2102.

Mail or deliver your completed application to:

Kern Medical

ATTN: Chief Executive Officer

1700 Mount Vernon Avenue, Room 1232

Bakersfield, CA 93306

Ortiz	Nicholas	T
Last Name	First Name	Middle Initial
11612 Crabbet Park Dr	Bakersfield	CA
Home Address	City	State
661.735.8073	661.331.0313	93311
Home Phone	Cell Phone	
nortiz@bakersfieldchamber.org		
Email Address (Required)		
Greater Bakersfield Chamber of Commerce	President & CEO	661.327.4421
Employer	Title	Work Phone
1725 Eye Street	Bakersfield	CA
Employer Address	City	State
		93301
		Zip Code

BOARD OF GOVERNORS QUALIFICATION CATEGORIES


I meet the following Board of Governors specific qualification categories (mark all that apply):

- Knowledge of healthcare delivery systems
- Knowledge of healthcare policy and regulatory issues as well as current and projected healthcare trends
- Knowledge of human resources in large organizations
- An understanding of budgeting process, revenue cycle, financial reports and basic accounting principles
- Experience with managing hospital services and understanding of the healthcare needs of the Kern County Hospital Authority's patient populations
- Experience in advocating for safety net populations including, but not limited to, the pursuit of public funding for the delivery of healthcare services

APPLICANT RESPONSIBILITIES

I understand that by submitting this application:

1. I am a full-time resident of the County of Kern and at least 18 years of age;
2. I agree to participate as a Member of the Kern County Hospital Authority Board of Governors;
3. I have signed and submitted with this Application the background investigation form, which authorizes background and security screening;
4. I have submitted with this Application a current resume or curriculum vitae;
5. I agree to comply with the laws of the state of California as they pertain to conflicts of interest.



Applicant Signature

April 3, 2018

Date



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Comments Regarding Budget Variances for Operating Expenses – February 2018

Recommended Action: Receive and File

Summary:

The following items have budget variances for the month of February 2018:

Indigent Funding:

Each month, Kern Medical only recognizes ninety-five percent of the total accrued amount receivable from indigent funding. This is a conservative approach that reserves five percent of the total receivable indigent funding to account for the possibility that some funding could be taken back by the funding sources at a later time due to changes in calculations or in the method that funds are allocated among California's public hospitals.

Other Revenue:

Other revenue has an unfavorable budget variance for February due to an adjustment for over accrued Medical Education Tuition in prior months.

Registry:

Registry nurses expense has an unfavorable budget variance on both a month to date and a year to date basis. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while aggressively trying to recruit full time employed nurses.

Medical Fees:

Medical fees have an unfavorable budget variance for the month of February mainly because of an under accrual for Locum Tenens contracted physician services in prior months.

Supplies Expense:

Supplies expense has an unfavorable budget variance for the month of February mainly due to higher than average pharmaceutical expenses due in large part to the following reasons: activity from the expansion of clinics led to a \$106K increase in clinic requests for medication; Lerdo expenses increased by \$87K due to a growing syphilis threat; Campus Pharmacy increase of \$445K is due to the cost of newer oncology medication; and a general increase in regular drug costs. Although the current month pharmaceutical expenses of are higher than the budgeted amount, they are comparable to the year-to-date trend.

Owned and Operated by the Kern County Hospital Authority
A Designated Public Hospital

1700 Mount Vernon Avenue | Bakersfield, CA 93306 | (661) 326-2000 | KernMedical.com

Purchased Services:

Purchased services have an unfavorable budget variance for February because of being under accrued for Health Advocates expenses in prior months while contract terms with the vendor were being negotiated. Health Advocates are engaged to assist the Admitting staff with checking Medi-Cal eligibility of patients and helping patients qualify for Medi-Cal. They have been very successful and their efforts have resulted in a large increase of Kern Medical patients qualifying for Medi-Cal. Out-of-network expenses were also higher than average for the month of February. Out-of-network expenses are for our patients that need health care services that are not currently provided by Kern Medical. These patients are often referred to other health care providers to perform the services for the patients. These providers then bill Kern Medical for the services provided for Kern Medical patients. Medical services performed for Kern Medical patients by providers outside of Kern Medical are classified as out of network services in the Kern Medical financial statements.

Other Expenses:

Other expenses are slightly over budget for the month of February due to an increase in office rent expense. There are several new leases for office and clinic space that were not included in the fiscal year 2018 budget.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – FEBRUARY 2018**

APRIL 2018



3-Month Trend Analysis: Revenue & Expense

February 28, 2018

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
Gross Patient Revenue	\$ 68,313,864	\$ 69,489,102	\$ 66,665,924	\$ 66,561,668	0.2%	\$ 62,969,164
Contractual Deductions	(48,939,529)	(49,557,631)	(47,450,661)	(49,586,045)	(4.3%)	(45,371,615)
Net Revenue	19,374,335	19,931,471	19,215,263	16,975,623	13%	17,597,550
Indigent Funding	8,967,443	9,759,609	8,099,626	8,716,833	(7%)	7,687,780
Correctional Medicine	1,976,127	1,613,842	1,976,127	1,808,304	9%	1,976,045
County Contribution	285,211	285,211	285,211	268,493	6%	284,511
Incentive Funding	0	0	0	0	0%	0
Net Patient Revenue	30,603,116	31,590,132	29,576,227	27,769,253	7%	27,545,885
Other Operating Revenue	858,742	901,952	678,646	963,783	(30%)	1,077,187
Other Non-Operating Revenue	29,787	99,900	76,352	31,123	145%	28,652
Total Operating Revenue	31,491,645	32,591,984	30,331,226	28,764,159	5.4%	28,651,725
Expenses						
Salaries	12,614,029	12,670,987	11,419,506	11,851,337	(4%)	10,299,399
Employee Benefits	5,741,843	5,975,264	5,673,757	5,858,341	(3%)	5,002,670
Contract Labor	1,150,813	1,090,377	1,214,313	837,963	45%	798,458
Medical Fees	1,312,030	1,421,410	1,649,990	1,315,244	25%	1,453,623
Other Professional Fees	1,989,125	990,253	1,576,529	1,606,685	(1.9%)	1,901,957
Supplies	4,850,911	5,152,027	4,225,180	3,903,245	8%	4,117,447
Purchased Services	1,494,550	2,966,046	2,445,408	1,417,865	72%	1,675,850
Other Expenses	1,253,241	1,357,142	1,185,564	1,178,348	1%	1,342,454
Operating Expenses	30,406,541	31,623,504	29,390,248	27,969,029	5%	26,591,856
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,085,105	968,480	940,978	795,130	18%	2,059,868
EBIDA Margin	3%	3%	3%	3%	12%	7%
Interest	(9,379)	10,827	52,869	38,958	36%	20,344
Depreciation	513,049	440,285	459,696	435,998	5%	467,888
Amortization	41,505	38,790	39,450	22,876	72%	28,424
Total Expenses	30,951,715	32,113,407	29,942,263	28,466,862	5.2%	27,108,512
Operating Gain (Loss)	539,930	478,578	388,963	297,298	31%	1,543,212
Operating Margin	1.7%	1.5%	1.3%	1.0%	24%	5%

Year-to-Date: Revenue & Expense

February 28, 2018

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 569,567,451	\$ 569,045,017	0.1%	\$ 527,183,106	8%
Contractual Deductions	(420,465,541)	(429,459,526)	(2.1%)	(401,700,018)	5%
Net Revenue	149,101,910	139,585,491	7%	125,483,087	
Indigent Funding	72,120,684	75,649,657	(5%)	80,728,821	(11%)
Correctional Medicine	15,446,731	15,693,497	(2%)	15,797,418	(2%)
County Contribution	2,281,688	2,330,137	(2%)	2,292,627	(0.5%)
Incentive Funding	0	0	0%	1,698,630	(100%)
Net Patient Revenue	238,951,013	233,258,781	2%	226,000,584	6%
Other Operating Revenue	8,200,743	8,363,272	(2%)	7,961,491	3%
Other Non-Operating Revenue	349,324	270,105	29%	264,023	32%
Total Operating Revenue	247,501,079	241,892,158	2%	234,226,098	6%
Expenses					
Salaries	98,017,578	98,378,868	(0.4%)	88,510,521	11%
Employee Benefits	43,406,545	48,513,387	(11%)	43,161,380	0.6%
Contract Labor	9,526,238	7,163,146	33%	6,926,405	38%
Medical Fees	10,893,914	11,233,496	(3%)	11,133,850	(2%)
Other Professional Fees	11,355,914	13,943,728	(19%)	13,187,425	(14%)
Supplies	35,008,610	33,259,401	5.3%	32,198,659	9%
Purchased Services	15,994,886	12,305,044	30%	11,221,201	43%
Other Expenses	11,325,934	10,219,841	11%	10,236,312	11%
Operating Expenses	235,529,619	235,016,912	0.2%	216,575,753	9%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	11,971,460	6,875,246	74%	17,650,345	(32%)
EBIDA Margin	5%	3%	70%	8%	-36%
Interest	163,933	338,100	(52%)	181,892	(10%)
Depreciation	4,146,549	3,783,843	10%	3,751,518	11%
Amortization	252,487	198,531	27%	196,835	28%
Total Expenses	240,092,588	239,337,385	0.3%	220,705,998	9%
Operating Gain (Loss)	7,408,492	2,554,773	190%	13,520,101	(45%)
Operating Margin	3.0%	1.1%	183%	6%	(48%)

3-Month Trend Analysis: Cash Indicators

February 28, 2018

		DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
CASH							
	Total Cash	60,025,766	56,860,816	44,899,756	51,245,587	-12%	66,947,825
	Days Cash On Hand	61	56	43	51	(17%)	70
	Days In A/R - Gross	90.10	91.09	91.08	76.00	20%	96.2
	Patient Cash Collections	\$ 16,423,850	\$ 19,544,737	\$ 15,579,288	N/A	N/A	\$ 18,569,997
	Patient Cash Goal	\$ 18,963,009	\$ 17,300,912	\$ 17,306,437	N/A	N/A	\$ 18,569,997
	Projected Year End Cash Balance	59,085,203	59,085,203	59,085,203	N/A	N/A	N/A

3-Month Trend Analysis: Operating Metrics

February 28, 2018

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
Operating Metrics						
Total Expense per Adjusted Admission	20,652	19,203	21,044	19,648	7%	19,442
Total Expense per Adjusted Patient Day	4,291	4,084	4,034	3,891	3.7%	3,847
Supply Expense per Adjusted Admission	3,237	3,081	2,969	2,694	10.2%	2,953
Supply Expense per Surgery	1,831	2,047	1,359	1,656	(18%)	1,826
Supplies as % of Net Patient Revenue	16%	16%	14%	14%	2%	15%
Pharmaceutical Cost per Adjusted Admission	1,326	1,463	1,436	1,101	30%	982
Net Revenue Per Adjusted Admission	\$ 12,927	\$ 11,918	\$ 13,505	\$ 11,717	15%	\$ 12,621

Year-to-Date: Operating Metrics

February 28, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	19,475	19,335	1%	18,579	5%
	Total Expense per Adjusted Patient Day	3,922	3,829	2%	3,688	6%
	Supply Expense per Adjusted Admission	2,840	2,687	5.7%	2,710	5%
	Supply Expense per Surgery	1,457	1,753	(17%)	1,810	(20%)
	Supplies as % of Net Patient Revenue	15%	14%	2.8%	14%	2.8%
	Pharmaceutical Cost per Adjusted Admission	1,226	1,097	12%	1,063	15%
	Net Revenue Per Adjusted Admission	\$ 12,094	\$ 11,276	7%	\$ 10,563	14%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH FEBRUARY 28 , 2018

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
109,315	115,068	(5,753)	-5.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	948,698	998,630	(49,931)	-5.0%
1,882,774	1,981,868	(99,093)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	16,339,790	17,199,779	(859,989)	-5.0%
0	177,265	(177,265)	-100.0%	COUNTY REALIGNMENT FUNDS	0	1,538,404	(1,538,404)	-100.0%
1,077,242	1,133,939	(56,697)	-5.0%	MEDI-CAL SUPPLEMENTAL FUNDING	9,348,921	9,840,970	(492,049)	-5.0%
1,967,671	2,071,233	(103,562)	-5.0%	PRIME - NEW WAIVER	17,076,575	17,975,342	(898,767)	-5.0%
1,915,929	2,016,767	(100,838)	-5.0%	GPP - NEW WAIVER	16,627,525	17,502,658	(875,133)	-5.0%
1,146,695	1,207,047	(60,352)	-5.0%	WHOLE PERSON CARE	9,951,675	10,475,447	(523,772)	-5.0%
0	13,646	(13,646)	-100.0%	MEANINGFUL USE	1,827,500	118,427	1,709,073	1443.1%
8,099,626	8,716,833	(617,207)	-7.1%	SUB-TOTAL - GOVERNMENTAL REVENUE	72,120,684	75,649,657	(3,528,972)	-4.7%
1,976,127	1,808,304	167,823	9.3%	CORRECTIONAL MEDICINE	15,446,731	15,693,497	(246,767)	-1.6%
285,211	268,493	16,718	6.2%	COUNTY CONTRIBUTION	2,281,688	2,330,137	(48,449)	-2.1%
10,360,964	10,793,630	(432,666)	-4.0%	TOTAL INDIGENT CARE & COUNTY FUNDING	89,849,103	93,673,290	(3,824,188)	-4.1%

OTHER REVENUE

FOR THE MONTH FEBRUARY 28, 2018

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
52400000-MEDICAL POSTGRAD EDUC TUITION	106,794	333,766	(226,973)	2,219,907	2,896,614	(676,706)
52700000-STAFF DEVELOPMENT EDUC FEES	2,344	654	1,689	9,347	5,679	3,668
52701000-TRAUMA EDUCATION REG FEES	0	82	(82)	350	713	(363)
53200000-CAFETERIA REVENUE	77,655	79,844	(2,189)	604,991	692,932	(87,941)
55200000-FINANCE CHARGES-PATIENT AR	13,569	19,317	(5,748)	156,263	166,657	(10,394)
56700000-SALE OF SCRAP AND WASTE	0	94	(94)	(23)	814	(836)
56800000-REBATES AND REFUNDS	66,891	70,796	(3,905)	658,222	614,404	43,817
56801000-DRUG CO. CASH BACK	0	0	0	10,896	0	10,896
57000000-XRAY COPY FEES	0	5	(5)	0	39	(39)
57001000-PHOTOCOPY FEES	1,845	1,620	225	15,260	14,062	1,198
57002000-JURY WITNESS FEES	0	294	(294)	456	2,555	(2,099)
57003000-MEDICAL RECORDS FEES	17,917	2,696	15,221	35,662	23,394	12,269
57790000-PHYSICIAN PRO FEE-ER LOCKBOX	14,462	42,345	(27,884)	154,196	367,496	(213,300)
57800000-OTHER REVENUE	387	29,657	(29,270)	100,757	257,384	(156,627)
57802000-CANCELLED OUTLAWED WARRANTS	4,492	(56)	4,548	43,233	(488)	43,721
57803000-GRANTS - KHS	19,419	115,068	(95,649)	1,956,233	998,630	957,603
57804000-GRANT-SONG BROWN	0	74	(74)	0	644	(644)
57805000-MADDY FUNDS-EMERG MEDICAL SVCS	0	41,590	(41,590)	203,850	360,944	(157,094)
57806000-PRIMARY CARE INCENTIVE PAYMENT	0	0	0	16,129	0	16,129
57807000-VETERANS ADMIN REVENUE	3,728	7,137	(3,408)	24,031	61,935	(37,904)
57808000-JAMISON CENTER MOU	72,339	26,654	45,685	181,812	231,320	(49,508)
57811000-PATERNITY DECLARATION REV	0	1,094	(1,094)	8,490	9,498	(1,008)
57812000-FEDERAL INMATE REVENUE	0	0	0	0	0	0
57813000-PEDIATRIC FORENSIC EXAMS	(800)	9,268	(10,068)	65,000	80,435	(15,435)
57814000-FOUNDATION CONTRIBUTIONS	0	0	0	27,745	0	27,745
57814100-DONATED EQUIPMENT	69,641	0	69,641	71,395	0	71,395
57816000-PAY FOR PERFORMANCE	0	0	0	85,237	0	85,237
57820000-WORKERS COMPENSATION REFUNDS	0	12,328	(12,328)	111	106,989	(106,878)
TOTAL OTHER OPERATING REVENUE	678,646	963,783	(285,137)	8,200,743	8,363,272	(162,529)
OTHER NON-OPERATING REVENUE						
OTHER MISCELLANEOUS REVENUE	224	813	(589)	1,787	7,057	(5,270)
INTEREST ON FUND BALANCE	76,128	30,310	45,818	347,537	263,048	84,489
TOTAL OTHER NON-OPER REVENUE	76,352	31,123	45,229	349,324	270,105	79,218

**KERN MEDICAL
BALANCE SHEET**

	February 2018	February 2017
CURRENT ASSETS:		
CASH	\$44,899,756	\$67,951,424
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	206,940,644	211,724,589
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(162,699,411)	(170,972,902)
-NET OF CONT ALLOWANCES	44,241,233	40,751,687
MD SPA	5,160,683	3,289,285
HOSPITAL FEE RECEIVABLE	989,764	2,905,132
CPE - O/P DSH RECEIVABLE	6,686,764	7,205,676
MENTAL HEALTH MOU	481,293	42,917
MANAGED CARE IGT (RATE RANGE)	11,031,446	12,783,998
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	3,561,338	3,786,065
PRIME RECEIVABLE	15,595,724	19,002,887
AB85/75% DEFAULT PCP RECEIVABLE	7,518,192	1,796,369
GPP (Global Payment Program)	2,952,205	5,282,419
WPC (Whole Person Care)	9,792,536	(8,079,244)
INTEREST ON FUND BALANCE RECEIVABLE	123,342	56,305
MANAGED CARE IGT (SPD)	(1,438,996)	68,546
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY14	0	0
WAIVER RECEIVABLE FY15	(11,223,792)	(23,770,144)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	5,333,961	3,003,846
PREPAID MORRISON DEPOSIT	805,491	776,510
INVENTORY AT COST	4,339,587	3,448,620
TOTAL CURRENT ASSETS	122,949,932	113,227,128
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,401	170,615
EQUIPMENT	49,202,633	45,021,437
BUILDINGS	82,462,625	82,462,622
CONSTRUCTION IN PROGRESS	14,078,432	2,703,027
LESS: ACCUMULATED DEPRECIATION	(87,758,488)	(81,796,460)
NET PROPERTY, PLANT & EQUIPMENT	58,155,604	48,561,241
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	12,953,983	11,103,913
ACCUMULATED AMORTIZATION INTANGIBLES	(10,802,856)	(10,425,592)
NET INTANGIBLE ASSETS	2,151,127	678,321
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	72,002,645	49,355,076
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	72,915,618	50,261,545
TOTAL ASSETS	\$256,172,280	\$212,728,235

KERN MEDICAL BALANCE SHEET		
	February 2018	February 2017
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$22,205,518	\$16,488,878
ACCRUED SALARIES & EMPLOYEE BENEFITS	22,237,680	13,371,535
INTEREST PAYABLE	63,803	72,043
OTHER ACCRUALS	5,676,214	5,024,440
ACCRUED CWCAP LIABILITY	0	354,469
CURRENT PORTION - CAPITALIZED LEASES	1,418,221	67,093
CURR LIAB - COP 2011 PAYABLE	1,085,718	1,032,670
CURR LIAB - P.O.B.	1,263,064	827,256
MEDICARE COST REPORT LIAB PAYABLE	699,619	2,612,055
MEDI-CAL COST REPORT LIABILITY	922,325	738,571
INDIGENT FUNDING PAYABLE	16,124,533	8,741,373
DSH PAYABLE FY14	24,746,355	24,746,355
CREDIT BALANCES PAYABLES	4,723,140	4,822,131
DEFERRED REVENUE - COUNTY CONTRIBUTION	4,715,828	4,066,390
TOTAL CURRENT LIABILITIES	105,882,018	82,965,259
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	1,131,693	2,217,410
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	5,321,944	1,924,541
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,201,203	5,354,890
NET PENSION LIABILITY	329,935,445	345,262,534
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,722,232	17,201,707
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,917,723	3,528,303
L.T. P.O.B. PAYABLE 03	16,695,541	18,326,891
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	3,474,640	4,149,059
ACCRUED WORKERS' COMPENSATION PAYABLE	6,773,000	0
DEFERRED INFLOWS - PENSIONS	22,238,926	15,299,688
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	3,830,085	8,902,292
TOTAL LONG-TERM LIABILITIES	421,373,447	432,361,805
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	39,814,215	53,334,317
RETAINED EARNINGS - PRIOR YEAR	(310,897,400)	(355,933,146)
TOTAL NET POSITION	(271,083,185)	(302,598,829)
TOTAL LIABILITIES & NET POSITION	\$256,172,280	\$212,728,235



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 18, 2018

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

The Chief Executive Officer has provided the attached 3-month trend Analysis: Volume and Strategic Indicators for Kern Medical



150 YEARS
Health for Life.

**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – FEBRUARY 2018**

APRIL 2018



3-Month Trend Analysis: Volume and Strategic Indicators

February 28, 2018

		DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
VOLUME							
	Adjusted Admissions (AA)	1,499	1,672	1,423	1,449	(2%)	1,394
	Adjusted Patient Days	7,213	7,863	7,423	7,315	1%	7,046
	Admissions	853	855	761	754	1%	770
	Average Daily Census	132	130	142	136	4%	139
	Patient Days	4,105	4,020	3,970	3,809	4%	3,891
	Available Occupancy %	61.9%	60.6%	66.3%	63.6%	4%	64.9%
	Average LOS	4.8	4.7	5.2	5.0	3%	5.1
	Surgeries						
	Inpatient Surgeries (Main Campus)	214	236	220	259	(15%)	256
	Outpatient Surgeries (Main Campus)	227	208	218	232	(6%)	230
	Total Surgeries	441	444	438	491	(11%)	486
	Births	238	213	188	212	(11.5%)	187
	ER Visits						
	Admissions	425	467	395	396	(0.3%)	402
	Treated & Released	3,638	3,928	3,447	3,550	(3%)	2,807
	Total ER Visits	4,063	4,395	3,842	3,946	(3%)	3,209
	Trauma Activations	256	198	198	N/A	N/A	200
	Outpatient Clinic Visits						
	Total Clinic Visits	10,408	12,582	11,079	10,283	8%	10,230

Year-to-Date: Volume and Strategic Indicators

February 28, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	12,328	12,379	(0.4%)	11,880	4%
	Adjusted Patient Days	61,213	62,502	(2%)	59,845	2%
	Admissions	6,653	6,447	3%	6,374	4%
	Average Daily Census	136	134	1%	132	3%
	Patient Days	33,034	32,551	1%	32,151	3%
	Available Occupancy %	63.5%	62.6%	1%	61.8%	3%
	Average LOS	5.0	5.0	(2%)	5.0	(2%)
	Surgeries					
	Inpatient Surgeries (Main Campus)	1,871	1,905	(2%)	1,886	(1%)
	Outpatient Surgeries (Main Campus)	1,913	2,058	(7%)	2,038	(6%)
	Total Surgeries	3,784	3,963	(4.5%)	3,924	(4%)
	Births	1,738	1,815	(4%)	1,770	(2%)
	ER Visits					
	Admissions	3,439	3,384	2%	3,204	7%
	Treated & Released	29,722	30,338	(2%)	26,644	12%
	Total ER Visits	33,161	33,722	(2%)	29,848	11%
	Trauma Activations	1,957	N/A	N/A	1,547	N/A
	Outpatient Clinic Visits					
	Total Clinic Visits	92,580	87,865	5%	83,240	11%

3-Month Trend Analysis: Payor Mix

February 28, 2018

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
PAYOR MIX - Charges						
Commercial FFS	5.2%	5.4%	3.5%	6.0%	(42%)	4.1%
Commercial HMO/PPO	4.7%	4.6%	5.8%	7.1%	(18%)	4.2%
Medi-Cal	30.7%	31.1%	30.4%	28.6%	6%	29.3%
Medi-Cal HMO - Kern Health Systems	31.5%	31.8%	31.2%	27.5%	13%	30.4%
Medi-Cal HMO - Health Net	9.3%	9.4%	9.2%	8.1%	13%	9.3%
Medi-Cal HMO - Other	1.1%	1.1%	1.1%	1.0%	12%	1.3%
Medicare	10.6%	10.8%	10.8%	9.8%	11%	10.3%
Medicare - HMO	2.5%	1.8%	2.7%	2.5%	6%	2.0%
County Programs	0.3%	0.3%	0.4%	1.3%	(72%)	2.3%
Workers' Compensation	0.7%	0.5%	0.3%	1.7%	(84%)	0.6%
Self Pay	3.5%	3.1%	4.7%	6.6%	(28%)	6.2%
Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

February 28, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	5.1%	4.2%	20%	4.2%	20%
	Commercial HMO/PPO	5.8%	5.9%	(1%)	5.9%	(1%)
	Medi-Cal	29.9%	27.7%	8%	27.7%	8%
	Medi-Cal HMO - Kern Health Systems	30.7%	29.1%	5%	29.1%	5%
	Medi-Cal HMO - Health Net	9.0%	10.8%	(17%)	10.8%	(17%)
	Medi-Cal HMO - Other	1.1%	1.1%	(6%)	1.1%	(6%)
	Medicare	10.1%	8.6%	18%	8.6%	18%
	Medicare - HMO	2.1%	1.9%	12%	1.9%	12%
	County Programs	0.5%	2.5%	(82%)	2.5%	(82%)
	Workers' Compensation	0.9%	0.6%	55%	0.6%	55%
	Self Pay	4.8%	7.5%	(37%)	7.5%	(37%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

February 28, 2018

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
Labor Metrics						
Productive FTEs	1,291.95	1,343.23	1,394.82	1,388.40	0.5%	1,444.33
Non-Productive FTEs	276.84	230.75	202.61	208.32	(3%)	226.24
Contract Labor FTEs	76.54	77.62	89.22	65.32	37%	64.86
Total FTEs	1,568.79	1,573.98	1,597.43	1,596.72	0.04%	1,670.57
FTE's Per AOB Paid	6.33	6.21	6.03	6.11	(1%)	6.64
FTE's Per AOB Worked	5.21	5.30	5.26	5.31	(1%)	5.74
Labor Cost/FTE (Annualized)	133,628.02	134,845.27	123,585.03	122,602.69	0.8%	115,652.93
Benefits Expense as a % of Benefitted Labor Expense	60%	61%	68%	67%	1%	65%
Salaries & Benefits as % of Net Patient Revenue	64%	62%	62%	67%	(7%)	58%

Year-to-Date: Labor and Productivity Metrics

February 28, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,359.77	1,348.03	1%	1,232.25	10%
	Non-Productive FTEs	215.25	206.41	4%	226.90	(5%)
	Contract Labor FTEs	86.74	64.63	34%	64.41	35%
	Total FTEs	1,575.02	1,554.44	1%	1,459.15	8%
	FTE's Per AOB Paid	6.17	6.04	2%	5.88	5%
	FTE's Per AOB Worked	5.32	5.24	2%	4.97	7%
	Labor Cost/FTE (Annualized)	128,708.65	131,254.71	(2%)	126,919.98	1.4%
	Benefits Expense as a % of Benefitted Labor Expense	59%	66%	(10%)	65%	(9%)
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(4%)	61%	3.0%

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Health and Safety Code Section 101855(j)(2)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 18, 2018, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

 X Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Health and Safety Code Section 101855(e)(1)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 18, 2018, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

 X Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 18, 2018, to consider:

- X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6)

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on April 18, 2018, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Shavonda Mosley, et al.
v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100175
SDS –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Health and Safety Code Section 101855(j)(2)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 18, 2018, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

 X Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –